

ORH Policy Update July 25, 2025

- ❖ **Recissions Act of 2025**
- ❖ **2026 Budget Process**
- ❖ **HR-1 Reconciliation Bill**
- ❖ **Rural Transformation Fund**

What is happening in DC?

Rescissions Act of 2025

- 1974 Impoundment Control Act
 - Created the process by which the president can formally disclose to Congress the appropriated money it intends to not spend.
 - Congress has 45 days to act on President's request
- Signed by Trump on July 18, 2025
- Include \$9.4B from NPR, PBS and USAID
- Presidents Emergency Plan for AIDS Relief (PEPFAR) - \$400M
- No health care related programs included in the budget
- Trump has said he wants another package, may do so within 45-day window of FY ending

2026 Budget Appropriations

- Fiscal year begins October 1, 2026
- Currently operating under a Continuing Resolution (CR). On March 15, 2025, the President signed a full-year CR that continues funding the federal government through the 2025 FY.
- CR retains 2024 level of funding with cuts to funding for nondefense programs & services by \$13 billion and increasing defense spending by \$6 billion.
- The CR extended various expiring programs and authorities, such as telehealth waivers and the hospital-at-home program
- The CR extended the 2018 Farm Bill through September 30, 2025
- The bill eliminated Medicaid DSH cuts through September 30, 2025

2026 Budget Appropriations Timelines (Normal Times)

- President's budget request (first Monday in February) A detailed request for each department & agency. ...
- Congressional hearings (February – spring) ...
- Budget resolution (April 15) ...
- Appropriations bills (Sept. ...
- Continuing resolution (only if necessary)

2026 Budget Appropriations Timelines (Non-Normal Times)

- President released his “skinny budget” May 2, 2025
- President released his “budget in brief” May 30, 2025
- Reconciliation has been taking up all the oxygen
- Continuing resolution
- House sent home until September

What is happening in DC?

2026 Budget Appropriations

- Department of Defense Appropriations Act of 2026 (House)
- Department of Transportation Appropriations Act of 2026 (House Committee)
- Department of Housing and Urban Development Appropriations Act of 2026 (House Committee)
- Financial Services and General Government Appropriations (House Subcommittee)
- Interior, Environment, and Related Agencies Appropriations Act (House Committee)
- 2026 Military Construction, Veterans Affairs, and Related Agencies (MilCon-VA) Appropriations Act (Senate Committee/Procedural Vote)

2026 Budget Appropriations - HHS Budget (Labor Education HHS)

- ❖ HHS: \$94.7 billion (-\$31.3 billion from FY2025)
- ❖ Department reorganization
 - Administration for a Healthy America
 - HRSA (Health Resource Services Administration)
 - SAMHSA (Substance Abuse & Mental Health Services Administration)
 - CDC (Centers for Disease Control & Prevention)
 - Office of Assistant Secretary of Health

<https://www.hhs.gov/sites/default/files/fy-2026-budget-in-brief.pdf>

2026 Budget Appropriations - HHS Budget

Rural Programs

- Rural Communities Opioid Response Program - \$145M
- Rural Residency Planning and Development Program - \$12.7M

Health Centers-

- \$1.8b discretionary/\$4.3b in mandatory

HRSA Workforce

- National Health Service Corp. - \$474M
- Teaching Health Center Graduate Medical Education - \$175M

Telehealth

- Office for the Advancement of Telehealth- \$42M

2026 Budget Appropriations - HHS Budget

Uncertain Funding

- Rural Health Research and Policy Development
- Rural Maternity and Obstetrics Management Strategies
- Rural Health Care Services Outreach Programs
- CDC Office of Rural Health

Not Funded

- Medicare Rural Hospital Flexibility Program (Flex) (authorization language in process)
- Small Hospital Improvement Program (SHIP)
- State Offices of Rural Health
- Rural Hospital Stabilization Pilot Program
- Area Health Education Centers (AHEC)

HR 1 Implementation Schedule



Budget Reconciliation Act Implementation Dates For Select Medicaid & Health Provisions

by [Geraldine Doetzer](#)

Notes:

- This chart identifies implementation dates for **select** health provisions of the [Senate engrossed version](#) of the budget reconciliation bill that was signed into law on July 4, 2025.
- A single provision may have multiple entries to reflect multi-stage implementation across more than one deadline.
- Additional relevant dates and information are identified in the third column (for example, sunset dates for temporary provisions, deadlines for federal agency rulemaking or guidance, overlapping rulemaking deadlines, or areas where administrative discretion may impact implementation).
- Color coding is used to distinguish between the different programs addressed—Medicaid (no color), **Medicare** and **Marketplace**.

Implementation Dates	Provision Summary (Section of Senate Engrossed Version)	Additional Relevant Dates/Info
Upon Enactment	Rule Moratoria <ul style="list-style-type: none"> • Medicare Savings Programs (71101) • Medicaid Eligibility & Enrollment (71102) • Long-Term Care Facilities Staffing (71111) 	Sunsets on 9/30/34
Upon Enactment	Defunding Planned Parenthood and other “prohibited entities”¹. (71113)	Sunsets after one year (7/4/26)



Implementation Dates	Provision Summary (Section of Senate Engrossed Version)	Additional Relevant Dates/Info
Upon Enactment	Medicare Eligibility Restrictions for Lawfully Present Non-citizens: For new applicants who are not citizens, Medicare coverage will only be available to lawful permanent residents (e.g. green card holders), Cuban/Haitian entrants, or COFA migrants. (71201)	
Upon Enactment:	State Directed Payments (SDPs): New SDPs subject to limit on provider rates not to exceed 100% of Medicare (Medicaid expansion states) or 110% of Medicare (Medicaid non-expansion states). State plan rate applies if there is no published Medicare payment rate (e.g., adult dental). (71116)	
12/31/25	Rural Health Transformation Fund (One-Time Application): Deadline for CMS Administrator to approve or deny applications for funding. If an application is approved, a state shall be eligible for an allotment under this for each of fiscal years 2026-2030. (71401)	Submission period start date to be specified by CMS; applications close no later than (NLT) 12/31/25 .
FY2026-2030 10/1/2025-9/30/2030	Rural Health Transformation Fund (Funding Allotment): Funding allotted to states by CMS Administrator (\$10 billion per year, 50% evenly across all approved States and 50% based on criteria set forth in statute; \$50 billion total). (71401)	

What is the Rural Health Transformation Fund?

- Provision in HR 1 to minimize impacts of HR 1
- \$50 billion (\$10 billion each year over 5 years)
- Rural Fund - 50% is equal to each state, 40% is by a formula, and 10% is discretionary
- There is no matching fund requirement
- No more than 10% of the funds provided to states can be used for administrative expenses
- States must submit their application by Dec. 31, 2025
- Currently no guidance or NOFO available.... Holding our breadth.
- One-time funds that will not replace Medicaid cuts

A state application must have:

- A plan to carry out three or more activities listed below
 - to improve access to hospitals, other health care providers and health care items and services furnished to rural residents of the State;
 - to improve health care outcomes of rural residents of the State;
 - to prioritize the use of new and emerging technologies that emphasize prevention and chronic disease management;
 - to initiate, foster, and strengthen local and regional strategic partnerships between rural hospitals and other health care providers to promote measurable quality improvement, increase financial stability, maximize economies of scale, and share best practices in care delivery;
 - to enhance economic opportunity for, and the supply of, health care clinicians through enhanced recruitment and training;
 - to prioritize data and technology driven solutions that help rural hospitals and other rural health care providers furnish high-quality health care services as close to a patient's home as is possible;
 - that outlines strategies to manage long-term financial solvency and operating models of rural hospitals in the State; and
 - that identifies specific causes driving the accelerating rate of 16 stand-alone rural hospitals becoming at risk of closure, conversion, or service reduction;
- A certification that none of the amounts provided under this subsection shall be used by the State for an expenditure that is attributable to an intergovernmental transfer, certified public expenditure, or any other expenditure to finance the non-Federal share of expenditures required under any provision of law, including under the State plan established under this title, the State plan established under title XIX, or under a waiver of such plans; and
- Such other information as the Administrator may require.

How the funds can be used? 3 or more of the following activities:

- Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.
- Providing payments to health care providers for the provision of health care items or services, as specified by the Administrator.
- Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases.
- Providing training and technical assistance for the development and adoption of technology-enabled solutions that improve care delivery in rural hospitals, including remote monitoring, robotics, artificial intelligence, and other advanced technologies.
- Recruiting and retaining clinical workforce talent to rural areas, with commitments to serve rural communities for a minimum of 5 years.
- Providing technical assistance, software, and hardware for significant information technology advances designed to improve efficiency, enhance cybersecurity capability development, and improve patient health outcomes.
- Assisting rural communities to right size their health care delivery systems by identifying needed preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care service lines.
- Supporting access to opioid use disorder treatment services (as defined in section 1861(jjj)(1)), other substance use disorder treatment services, and mental health services.
- Developing projects that support innovative models of care that include value-based care arrangements and alternative payment models, as appropriate.
- Additional uses designed to promote sustainable access to high quality rural health care services, as determined by the Administrator.

Rural Health Facility Eligible Entities:

- A hospital that is located in a rural area, or is treated as rural (there are specific definitions here), or is located in a rural census track of an MSA;
- A critical access hospital;
- A sole community hospital;
- A Medicare Dependent hospital;
- A low-volume hospital;
- A rural emergency hospital;
- A rural health clinic;
- A FQHC;
- A community mental health center
- A health center receiving a grant under section 330 of the Public Health Service Act;
- An opioid treatment program that is located in a rural census track of a MSA; and
- A certified community behavioral health clinic that is located in a rural census track of a MSA.

What's Happening in DC?

What next?

- ❖ Continue to understand the impact of cuts on you and your facility.
Utilize the implementation calendar to help your facility and patients understand when they will be impacted.
- ❖ Continue to share the impacts with people in your community, local and state leaders, local news outlets.
- ❖ Contact and host your **federal and state** legislators
You can find all your legislators and contact information [here](#).
- ❖ Stay on top of things with the [National Rural Health Association](#)
Great Advocacy and updates on legislation/budgets
If you need assistance, please let me know

What's happening in Salem?

- Special Session for Transportation

Friday, August 29th

- Legislative Days

September 29th

- 2026 Legislative Session

January 2026 – 35 days

Thanks for all you do!!

