STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	**Business Unit Number**	**Department**
2026-27	4140	Health Care Access and Information

Hyperion Budget Request Name	**Relevant Program or Subprogram**
4140-099-BCP-2026-MR	3861- Rural Health Transformation

Budget Request Title
Rural Health Transformation Program Implementation

Budget Request Summary
The Department of Health Care Access and Information (HCAI) requests Federal Trust Fund expenditure authority of $126,364,000 ($11,396,000 in state operations; $114,968,000 in local assistance) in 2026-27, to administer the Rural Health Transformation (RHT) Program, developed in response to Section 71401 of Public Law 119-21. HCAI also requests provisional language granting public contract code exemption authority for this funding to allow the RHT program to be implemented within the required timeframe, as well as provisional language authorizing the use of a third-party administrator to operate the program.

Requires Legislation (submit required legislation with the BCP)	**Code Section(s) to be Added/Amended/Repealed**
☐ Trailer Bill Language ☒ Budget Bill Language ☐ N/A	N/A

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	**Department CIO** Ajmal Aminee	**Date** 5/14/2026

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	**Date**	**Reviewed By**	**Date**
Matthew Ortiz	5/14/2026	Scott Christman	5/14/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Elizabeth Landsberg	5/14/2026	K Jones for Kim Johnson	5/14/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	**Date submitted to the Legislature**
Joseph Donaldson	5/14/2026

A. Problem Statement

Summary

California's rural health landscape has undergone transformation over the past decade driven by workforce shortages, financial instability among small and rural hospitals, and geographic disparities in access to care. Rural communities have higher rates of chronic disease, older populations, and limited provider availability, making targeted investments in transformation an opportunity to improve access to health services.

To address these challenges, HCAI proposes the Rural Health Transformation (RHT) Program. This initiative will create a statewide network of regional care collaboratives using a Hub-and-Spoke network model anchored by rural hospitals and supported by clinics, birthing centers, and community providers. The RHT program aims to improve access, quality, and sustainability of care in rural regions through innovative care delivery strategies, workforce expansion, and modernization of technology infrastructure. This allows every Californian, regardless of geography, to receive the care they need.

HCAI requests Federal Trust Fund expenditure authority of $126,364,000 ($11,396,000 in state operations; $114,968,000 in local assistance) in FY 2026-27 to implement the RHT program as outlined in the application submitted to the Centers for Medicare & Medicaid Services (CMS) in November 2025.

Table 1: State Operations and Local Assistance Costs

Category	SFY 2026
State Operations	11,396,000
Local Assistance	114,968,000
Total Costs	**126,364,000**

Category	SFY 2026
State Operations Personnel	3,246,000
State Operations Contractors	3,523,000
Indirect Cost de minimis (10%)	4,627,000
Local Assistance	114,968,000
Total Costs	**126,364,000**

State operations costs are capped by the federal grant rules at 10 percent of the RHT program funds, which were approved by and is consistent with other agreements previously approved by the CMS. As this is a five-year federal program with annual awards, HCAI intends to submit subsequent CMS approved Notices of Award annually to the Joint Legislative Budget Committee pursuant to Control Section 28.00 in the annual budget. This aligns with the CMS's approval of a time-limited expenditure authority of administrative costs through December 31, 2032.

The funds will support state operations and local assistance to develop, implement, administer and evaluate the RHT program, and a series of grant types. The substantial amount of funding provided through the RHT program to HCAI results in a short turnaround time to launch programs,

hire staff, and support the operations of the programs. HCAI will use a portion of the state operations funds in this request to contract for necessary services (e.g., third-party administrator (TPA)/staff augmentation, grant award oversight, and operational support) to effectively manage the process and expend the RHT program funds.

The use of a TPA for grantee monitoring and payment disbursement will allow state staff to focus on key functions that should remain in-house (e.g., fiscal accountability, compliance, and program effectiveness). By leveraging both methods, the State is able to achieve rapid scalability while meeting the responsibilities for overseeing funds and evaluating program impact, including ensuring equitable distribution.

The increased complexity and volume of grants will call for state staff to conduct strategic planning, research and evaluation, and fiscal management to align with California's health accessibility agenda.

California's RHT program includes three interrelated initiatives designed to achieve the goals in Section 71401 of Public Law 119-21 and the CMS-RHT-26-001 Notice of Funding Opportunity (NOFO). Together, they form a comprehensive strategy to expand access, strengthen the workforce, and modernize technology infrastructure in rural communities.

Initiative 1: The Rural Health Transformative Care Model Initiative

The Rural Health Transformative Care Model (TCM) initiative establishes coordinated, regional Hub-and-Spoke networks. These networks link rural hospitals, clinics, alternate birth centers, and community providers to hubs and telehealth systems. This allows patients to get the right care, at the right time, and close to home. The model integrates standardized care pathways, evidence-based models, evaluates rural payment approaches, and supports a digital "nervous system" to stabilize services, and improve health outcomes.

Initiative 2: The Rural Health Workforce Development Initiative

The Rural Health Workforce Development initiative builds upon existing efforts to sustain a homegrown rural health workforce that allows people access to high-quality care close to home. The initiative aligns data-informed planning with pipeline development, practical training, and retention supports to expand primary, maternity, and allied health capacity across rural communities.

Initiative 3: The Rural Health Technology and Tools Initiative

The Rural Health Technology and Tools initiative equips rural providers with modern technology, skills, and shared services. This allows rural providers to deliver coordinated, high-quality primary, maternity, and specialty care services. The initiative helps providers put technology infrastructure in place (e.g., connectivity, cybersecurity, virtual care platforms, consumer-facing apps and technology) to advance clinical integration and efficiency.

Awarding Process: Selection and Criteria

HCAI is proposing to provide different types of subawards to a variety of subrecipients that will fulfill the RHT program objectives in targeted rural regions statewide. Subrecipients will include hospitals, clinics, Tribal health programs, and healthcare providers throughout rural regions that HCAI identifies as suitable partners to develop Hub-and-Spoke networks. Some of the awards will be specifically to add, expand, or enhance critical technology and tools to enable widespread interoperability and coordination among healthcare providers in targeted rural regions.

- HCAI will determine subaward recipients based on factors including, but not limited to: Strategic locations to directly support rural communities in greatest need

- Hospital and facility capability, readiness, and willingness to participate in Transformative Care Models (e.g., as demonstrated by processes and programs in use)
- Financial criteria that indicate hospital hubs are financially stable enough to effectively participate in the initiatives.

HCAI will provide subawards to community colleges and other educational institutions in or near rural regions that will contribute to learning pathways, clinical education, licensing programs, scholarships, and other approaches to expand a capable workforce in rural California.

HCAI will implement a structured grant administration process spanning the full lifecycle of each award to support accountability, transparency, and effective management of these funds. Funding setup will include alignment of budgets and timelines to allow for consistency and accountability, and standardized materials will be prepared to support consistent administration and program oversight. Award criteria will be finalized following community needs and capacity assessments. In most cases, eligible entities will submit proposals through a formal review and scoring process. Selected applications and subawards will undergo a formal verification process to confirm compliance with funding requirements prior to disbursement. Monitoring and closeout activities will include deliverable tracking, financial reconciliation, and performance evaluation to support responsible implementation and measurable impact aligned with RHT program objectives.

Rural Health Transformation Background

As part of Public Law 119-21, the federal government established the RHT program for states to reimagine and improve healthcare delivery systems in rural communities. Administered by the CMS, the RHT program provides $50 billion in funding over five budget periods from federal fiscal year 2026-27 through 2030-31. CMS will actively collaborate with states throughout the life of each project since funding is awarded through cooperative agreements.

The RHT program is designed to address challenges in rural healthcare by supporting strategic investments in innovation, infrastructure, partnerships, and workforce development.

Every state was eligible to apply. The application had to be submitted by a designated state agency and include a letter of endorsement signed by the state's governor.

Funding will be distributed in five budget periods, with the first period lasting 10 months and subsequent periods lasting 12 months each. Awardees were announced December 29, 2025, with future award determinations scheduled annually through 2029. States will have until the end of the following federal fiscal year to expend funds from each budget period.

This proposal seeks to align California's strategic priorities with the RHT program's goals by leveraging federal support to strengthen rural health systems, expand access, and improve outcomes for underserved communities across the state.

B. Justification

Program Description

The RHT program is a statewide initiative developed by HCAI to strengthen access, quality, and sustainability of health care across rural and frontier communities. The RHT program envisions a connected, resilient rural health system that delivers person-centered care through a skilled workforce, modernized infrastructure, and locally responsive partnerships guided by federal statute and aligned with CMS strategic goals.

Proposed Solution

Initiative 1: The Rural Health TCM Initiative

The Rural Health TCM Initiative reduces access gaps in rural and frontier California by implementing evidence-based care models through regional Hub-and-Spoke networks. These networks will expand local access to primary, maternity, specialty, and chronic condition care, reduce rural bypass, and strengthen financial sustainability for rural hospitals. The goal of the TCM is` that families and older adults receive timely, high-quality care closer to home by integrating telehealth, behavioral health, and community-based workforce strategies. This initiative also evaluates payment structures to support long-term viability and leverages technology to create a digitally connected system of care.

Strategic Objectives and Use of Funds

1. Establish Regional Hub-and-Spoke Networks

- Goal: Create scalable, evidence-based care networks that connect rural clinics and hospitals to regional hubs.
- Activities & Funding:
    - Fund governance and operational structures for Hub-and-Spoke networks.
    - Support telehealth nodes, remote monitoring tools, and consumer-facing technologies to extend care into homes.
    - Provide resources for accelerator partners to incubate innovative workforce strategies, technology solutions, and payment models.

2. Implement Evidence-Based Care Models

- Goal: Deploy proven models to improve outcomes in primary, maternity, and chronic disease care.
- Activities & Funding:
    - Invest in the Project Extension for Community Healthcare Outcomes (ECHO) for tele-mentorship and specialty care training.
    - Implement the OB Nest prenatal care program for virtual maternity care and home monitoring.
    - Integrate behavioral health through tools like the California Child and Adolescent Mental Health Access Portal (Cal-MAP) and the Perinatal Psychiatry Access Program (PPAP) for timely e-Consults.
    - Fund training and technology to operationalize these models across rural sites.

3. Evaluate Rural Pathways to Value-Based Payment

- Goal: Position rural providers to participate in sustainable payment models.
- Activities & Funding:
    - Conduct state and national assessments of rural payment reform opportunities.
    - Develop a blueprint for operational, workforce, and technology investments proposed for value-based care.
    - Allocate funds for targeted financial and infrastructure improvements to enable participation in innovative payment programs.

4. Expand and Support Rural Workforce Capacity

- Goal: Address workforce shortages and strengthen local provider capacity.
- Activities & Funding:
    - Fund training for community health workers (CHWs), doulas, midwives, licensed vocational nurses (LVNs), and allied health professionals.
    - Support obstetric fellowships for family medicine physicians and advanced practitioners.
    - Provide incentives for allied health professionals to pursue upskilling in telehealth and remote monitoring.
    - Cover costs for the onboarding, supervision, and integration of new roles into clinical workflows.

5. Create a Digital "Nervous System" of Telehealth Components

- Goal: Build a fully integrated telehealth infrastructure across Hub-and-Spoke networks.
- Activities & Funding:
    - Conduct gap assessments for telehealth readiness at each site.
    - Fund hardware (e.g., tablets, neonatal warmers), software, and connectivity solutions.
    - Support the implementation of remote monitoring and consumer-facing tools for chronic disease management and maternity care.

6. Transformation Payments

- Goal: Stabilize financially distressed rural hospitals and enable participation in the Rural Health TCM.
- Activities & Funding:
    - Provide Transformative Payments to hospitals that are strategically important to retain effective operations for targeted rural regional access with conditions tied to implementing the Rural Health TCM components.
    - Support modernization of billing systems, sustainable staffing models, and community partnerships.
    - Fund five-year transformation plans to reduce insolvency risk and strengthen regional care delivery.

Initiative 2: Rural Health Workforce Development

The Rural Health Workforce Development Initiative will support health care access in rural and frontier California by continuing efforts to build a sustainable, locally rooted health workforce. This initiative invests in career pathways, training capacity, and retention strategies to allow for rural, including Tribal, communities to increase access to high-quality care. The initiative will create long-term pipelines for students and professionals to train and remain in rural communities through coordinated planning, educational partnerships, and targeted incentives.

Strategic Objectives and Use of Funds

1. Statewide Workforce Mapping and Planning

- Goal: Develop a dynamic data platform to identify workforce gaps and guide targeted investments.
- Activities & Funding:
    - Build and maintain a statewide workforce mapping tool to track supply and demand by county and Medical Service Study Area.
    - Use findings to prioritize funding for training programs, clinical placements, and retention strategies.
    - Align education and training programs with projected workforce needs to address maldistribution and optimize service delivery.

2. Strengthen Training Pathways and Clinical Placement Networks

- Goal: Create a pipeline of rural students entering health professions and expand rural training capacity.
- Activities & Funding:
    - Fund K-12 student health career exposure programs and partnerships with local schools, colleges, and rural health facilities.
    - Support career counseling, mentorships, internships, and wraparound services for students from rural communities.
    - Provide scholarships, stipends, and apprenticeships for individuals pursuing health careers or upskilling.
    - Develop a clinical placement network connecting health profession students (Registered Nurse (RNs), allied health, graduate-level) to rural facilities, including Tribal clinics.
    - Invest in onboarding, precepting, and supervision to expand rural facilities' capacity for training rotations.

3. Retention and Relocation

- Goal: Keep talent in rural communities and make relocation practical when needed.
- Activities & Funding:
    - Offer retention and relocation bonuses tied to a five-year rural service commitment.
    - Provide temporary housing assistance and wraparound supports for relocating staff.

- Foster regional collaborations to create shared staffing pools and coordinated scheduling across rural sites.
- Track performance through metrics such as time-to-fill for priority roles, multi-year retention, and conversion of paid rotations to employment.

Initiative 3: Rural Health Technology and Tools Initiative

The Rural Health Technology and Tools Initiative will strengthen California's rural health care delivery system by modernizing technology infrastructure and expanding access to digital health tools. This initiative equips rural providers with the technical capacity needed to improve clinical care, enhance efficiency, and support statewide priorities such as the Rural Health TCM and Workforce Development. The initiative will reduce disparities in telehealth utilization, improve access to timely health data, and foster regional collaboration through targeted investments in technology, grant funding, and expert technical assistance. This will ultimately lead to enabling high-quality, affordable, and coordinated care.

Strategic Objectives and Use of Funds

1. Infrastructure Enhancement

- Goal: Expand access to interoperable, secure, and efficient technology systems for rural providers.
- Activities & Funding:
  - Conduct comprehensive assessments of regional Hub-and-Spoke networks and rural communities to identify technology gaps.
  - Invest in upgrades for EHR systems, practice management tools, telehealth platforms, e-Consult systems, and health information exchange.
  - Strengthen cybersecurity and interoperability to allow safe and seamless data sharing.

2. Grant Funding

- Goal: Provide financial support for technology adoption and modernization.
- Activities & Funding:
  - Launch a multi-year grant program prioritizing rural sites with the greatest need.
  - Fund acquisition and implementation of tools essential for the Rural Health TCM participation, including, but not limited to:
    - Telehealth and e-Consult platforms.
    - Population health and revenue cycle systems.
    - Screening tools and interoperability solutions.
  - Emphasize sustainability and care coordination in funding decisions.

3. Technical Assistance

- Goal: Build local capacity and work towards successful technology implementation.
- Activities & Funding:
  - Establish a Rural Technical Assistance Center (RTAC) to provide:
    - On-site and virtual support for technology planning and deployment.
    - Vendor management and workflow optimization.

        - Training and certification programs for data security and privacy.
    - Offer hands-on assistance to overcome barriers such as prior authorizations and revenue cycle inefficiencies.

4. Regional Collaboration

- Goal: Reduce costs and improve efficiency through shared services.
- Activities & Funding:
    - Convene regional partners to identify common technology needs.
    - Facilitate group purchasing agreements and shared service models for EHR, telehealth, and cybersecurity.
    - Engage vendors to streamline onboarding processes and manage shared licenses.

5. Consumer Empowerment

- Goal: Enable patients to actively participate in their health care.
- Activities & Funding:
    - Promote development and adoption of digital tools for patient self-monitoring data and health information access.
    - Educate patients on using these digital tools to improve communication with providers.
    - Support integration of patient-generated data into provider workflows.

The request for contract code exemption authority allows HCAI to successfully implement the RHT program during its lifespan and significantly reduces the potential for delays in designing, implementing, and awarding grants.

Given the scope and complexity of administering these grants in a short timeline, HCAI plans to leverage a TPA with previously approved current year funding to manage the administration of RHT activities. TPAs will allow for scalability and specialized experience to administer and monitor these programs and allow HCAI to focus on strategic oversight, financial management and oversight, and policy development. The reduced administrative burden will increase the ability to execute and deliver grant agreements in a timely manner.

Contract/consulting resources of $3.52 million in 2026-27 are requested as follows:

- **Program Management**: HCAI will engage program management consultants to provide specialized, time-limited support to support successful implementation of the RHT program during the fixed federal funding period. Contracting for these services is more cost-effective than hiring permanent civil service staff for roles that will sunset with the program. Consultants will assist with strategic planning, program design, and governance development, including establishing a Rural Health Policy Council (RHPC). They will provide subject matter expertise in rural health systems, financing, and IT infrastructure; develop evaluation frameworks to measure program impact; support research and data analysis to inform evidence-based decisions; and lead community outreach and communications to engage rural and Tribal communities. This approach supports accelerated implementation, compliance with state and federal requirements, and strong stakeholder engagement throughout the RHT program performance period.
- **TPAs for Grants**: HCAI will engage a contractor to serve as a TPA for grants related to rural health technology and tools improvement, and Hub-and-Spoke implementations. The

contractor will assist HCAI with execution of subaward payments by creating grant management plans, award and monitoring protocols, and oversight processes. Additionally, they will provide technical assistance to grantees in relation to documentation required to issue payments, monitor grantees' service obligations, and close grant agreements. The contractor will also design a data dashboard to track subrecipient outcomes and performance, enabling continuous improvement and accountability.

Table 2: Total Direct Costs and Indirect Costs

The following table summarizes the proposed RHT program total spending by Direct Costs and Indirect Costs:

Budget Categories	SFY 2026
Personnel	3,246,000
Consultant/ Contractor/ Subrecipient	118,491,000
Total Direct Costs	**121,737,000**
Indirect Cost de minimis (10%) of MTDC	4,627,000
Grand Total	**126,364,000**

C. Departmentwide and Statewide Considerations

The RHT program is strategically aligned with priorities of equitable, data-informed, and person-centered care across rural and frontier communities. The RHT program's design supports CMS strategic goals and complements key statewide initiatives, creating a unified framework for sustainable health system transformation.

Integration with Statewide Initiatives

The RHT program complements and reinforces several major California health initiatives including:

- Governor's Master Plan for Aging: The RHT program supports the Plan's goals by improving care coordination, expanding access to aging-in-place services, and leveraging integrated data systems to deliver whole-person care in rural settings.
- Children and Youth Behavioral Health Initiative (CYBHI): The RHT program aligns with CYBHI's vision for a coordinated, data-driven behavioral health system. The RHT program expands behavioral health access in rural areas and allows for services to be informed by timely, actionable data via the Data Exchange Framework (DxF) through tools like Cal-MAP and PPAP.
- BH-CONNECT Demonstration: HCAI is partnering with DHCS to support the implementation of BH-CONNECT, a Medicaid Section 1115 Demonstration approved by CMS in December 2024. While BH-CONNECT focuses on behavioral health focused workforce, the RHT program will complement that by training the primary and maternity care workforce to provide whole-person integrated care.
- DxF and the Office of Patient Advocate (OPA): The RHT program will leverage DxF to enable secure, real-time data exchange across rural health systems, improving care coordination and continuity. The OPA's quality reporting functions will support transparency, performance tracking, and informed decision-making for patients and caregivers.

Access Considerations

The RHT program prioritizes high-need geographies and populations, including Tribal communities, agricultural workers, older adults, and individuals with chronic conditions. HCAI's expanding focus on regional disparities in access, cost, and quality of care provides a strong foundation for enhancing public reporting, system accountability, and evidence-based policymaking. The RHT program strengthens the state's ability to identify and address gaps in rural health outcomes by using and integrating datasets from the Health Care Payments Database (HPD), Office of Health Care Affordability (OHCA), and workforce initiatives.

D. Outcomes and Accountability

California's RHT program will use a structured performance and evaluation framework with specific and measurable metrics aligned with initiative objectives that meet the statutory requirements of Public Law 119-21, §71401(h)(2)(A) and align with CMS reporting expectations. Initiative-specific metrics will track measures from FY1 through FY5 to inform both the ongoing operation of the program and a structured evaluation, including access to primary, maternity, and specialty care; chronic disease management; workforce capacity; telehealth utilization; and health information exchange and technology capability among providers and with patients. The Metrics and Evaluation Plan is further supplemented by the milestones detailed in the attached workplan, aligning with CMS expectations for staged, continuous improvement across initiatives throughout the program. Metrics will directly inform the program evaluation and each initiative's impact on access, quality, and sustainability of rural health systems. Metrics will inform a comprehensive evaluation of the RHT program that will continue through the program period and culminate in a final report shared with CMS, as further detailed in the workplan. The following section specifies the metrics used for evaluation within and across the Rural Health TCM, Workforce Development, and Technology and Tools initiatives. Metric baselines are provided where available or will be collected at the facility or regional level as noted in FY1. The 5-Year Targets have been developed based on national and state quality targets, including Healthy People 2030 where applicable.

Table 5: Overview of Initiative Outcome Metrics

Measures were aligned with Healthcare Effectiveness Data and Information Set (HEDIS) whenever applicable.

Outcome Measures by Initiative	Total
Transformative Care Model	6
Facility- or regional-level metrics designed to assess impact at a county or community level of granularity: • Percentage of persons 18–85 years of age who had a diagnosis of hypertension (HTN) and whose blood pressure (BP) was adequately controlled (<140/90 mm Hg) during reporting period. • Percentage of persons 18–75 years of age with diabetes (type 1 or type 2) whose most recent glycemic status (hemoglobin A1c [HbA1c] or glucose management indicator [GMI]) was >9.0 percent. • Percentage of persons 45–75 years of age who had appropriate screening for colorectal cancer. • Percentage of deliveries that received a prenatal care visit in the first trimester. • Vaginal births per 100 women with previous Cesarean deliveries (Vaginal Birth after Cesarean (VBAC) Rate, Uncomplicated).	

- Number of virtual visits or e-Consult completed for patients with chronic conditions (e.g., diabetes, hypertension), maternity and other specialty needs (Cardiology, GI, Dermatology, Neurology, Urology, Oncology, Gynecology).

Workforce Development	5

Statewide rural metrics:

- Number of licensed health workers with a primary practice location in rural areas (including but not limited to LVNs, RNs, Nurse Practitioners (NPs), Physician's Assistants (PAs), licensed allied professionals and other advanced practitioners).
- Number of certified health workers in rural areas as determined by list of certified allied health professionals developed in statewide planning tool.
- Number of individuals who participated in education and training programs supported by RHT.

Facility- or regional-level metrics designed to assess impact at a county or community level of granularity:

- Time to hire for primary and maternity care providers and allied health professionals.
- Number of virtual visits or e-Consult completed for patients with chronic conditions (e.g., diabetes, hypertension), maternity and other specialty needs (Cardiology, GI, Dermatology, Neurology, Urology, Oncology, Gynecology).

Technology and Tools	6

Statewide rural metrics:

- Number of rural hospitals reporting a connection to a national network or Qualified Health Information Organization (QHIO).
- Primary care providers reporting data exchange capabilities, including electronically receiving event notifications.

Facility- or regional-level metrics designed to assess impact at a county or community level of granularity:

- Number of grantees that have completed a standardized security risk assessments in the last 3 years.
- Number of grantees whose data is managed by a technology with sustained cybersecurity certification.
- Number of unique visits of patient portal to access records during reporting period.
- Number of virtual visits or e-Consult completed for patients with chronic conditions (e.g., diabetes, hypertension), maternity and other specialty needs (Cardiology, GI, Dermatology, Neurology, Urology, Oncology, Gynecology).

Table 6: Workforce Development Initiative Outcome Metrics and KPIs

Outcome Measure	Baseline (if available)	Five-Year Target (FY5)	Data Source	Reporting Frequency
Number of licensed health workers with a primary practice location in rural areas (including but not limited to LVNs, RNs, NPs, PAs, licensed allied professionals and other advanced practitioners)	Primary Care: 3637 (total count) Maternal Health: 985 (total count)	Increase the number of licensed primary care and maternal health workers in rural areas by 2 percent	Baseline: HCAI License/Survey Data Annual Updates: To be reported by facilities in participating regions	Bi-annually for license/survey data Annually for self-report from facilities
Number of certified health workers in rural areas as determined by list of certified allied health professionals developed in statewide planning tool	Baseline numbers to be collected in FY1 among participating rural facilities	Increase the number of certified health workers in rural areas by 2.5 percent, to be set based on baseline data	To be reported by facilities in participating regions	Annually
Number of individuals who participated in education and training programs supported by RHT	Baseline numbers to be collected in FY1 among grantees	Increase the number of participants who participated in educational and training programs by five percent.	To be reported by grantees	Annually
Time to hire for primary and maternity care providers and allied health professionals	Baseline numbers to be collected in FY1 among grantees	Reduce average time to hire for primary and maternity care providers and allied health professionals by five percent compared to baseline	To be reported by grantees	Annually

Table 7: Technology & Tools Initiative Outcome Metrics and KPIs

Outcome Measure	Baseline	Five-Year Target (FY5)	Data Source	Reporting Frequency
Number of rural hospitals reporting a connection to a national network or QHIO	Baseline numbers to be collected in FY1	Increase the number of rural hospitals reporting a connection to a national network or QHIO by five percent	DxF Participant Directory	Annually
Primary care providers reporting data exchange capabilities, including electronically	59 percent of primary care providers in California report they are "Often" or "Sometimes"	Increase the percentage of primary care providers in California reporting they are "Often" or "Sometimes" automatically notified of	American Board of Family Medicine Continuous Certification Questionnaire	Annually

receiving event notifications	automatically notified of their patients' admit, discharge, or transfer status	their patients' admit, discharge, or transfer status by three percentage-point increase		
Number of grantees that have completed a standardized security risk assessments in the last three years	Baseline numbers to be collected in FY2 among rural facilities awarded grants	80 percent of grantees have had a standardized security risk assessment in the last three years	To be reported by grantees	Annually
Number of grantees whose data is managed by a technology with sustained cybersecurity certification	Baseline numbers to be collected in FY2 among rural facilities awarded grants	80 percent of grantees whose data is managed by a technology with sustained cybersecurity certification	To be reported by grantees	Annually
Number of unique visits of patient portal to access records during reporting period	Baseline numbers to be collected in FY2 among rural facilities awarded grants	Increase number of unique visits of patient portal to access records by six percent compared to baseline	To be reported by grantees	Annually

Table 8: Cross-Initiative Outcome Metric

Outcome Measure	Baseline (if available)	Five-Year Target (FY5)	Data Source	Reporting Frequency
Number of virtual visits or e-Consult completed for patients with chronic conditions (e.g., diabetes, hypertension), maternity and other specialty needs (Cardiology, GI, Dermatology, Neurology, Urology, Oncology, Gynecology)	Baseline numbers to be collected in FY1 among participating TCM providers and grantees	Increase number of virtual or e-Consult visits for patients by 10 percent, to be set based on baseline data	Healthcare Payments Database (HPD)	Annually

The number of telehealth visits and e-Consults for patients with chronic conditions, maternity needs, and specialty care will increase through integrated implementation of the three proposed initiatives. Telehealth and e-Consults serve as core strategies for specialty care access within the Transformative Care Model initiative. The Workforce Development and Technology and Tools initiatives are designed to strengthen and sustain this model by ensuring expansion of workforce capacity through telehealth upskilling programs, provider retention and relocation and building and strengthening the digital "nervous system" to enable telehealth infrastructure.

Table 9: Available Data Sources

Data Source	Description	Who Collects	Data Source Update Frequency
Healthcare Payments Database (HPD)	The HPD is California's All Payer Claims Database. The HPD is a research database comprised of healthcare administrative data: claims and encounters generated by transactions among	HCAI	Annually

Data Source	Description	Who Collects	Data Source Update Frequency
	payers and providers on behalf of insured individuals.		
HCAI License Survey Data	HCAI License Survey Data collects information from licensed health care professionals at the time of electronic licensure registration and renewal. HCAI collaborates with the Department of Consumer Affairs and various licensing boards to collect this data.	HCAI	Bi-Annually
HCAI Patient Discharge Data	The HCAI Patient Discharge Dataset consists of a record for each inpatient discharge from a California-licensed hospital. Licensed hospitals include general acute care, acute psychiatric, chemical dependency recovery, and psychiatric health facilities	HCAI	Annually
DxF Participant Directory	The DxF Participant Directory is a listing of health and social service organizations' choices of Intermediaries and/or technologies to Exchange Health and Social Services Information (HSSI) under California's Health and Human Services (CalHHS) DxF.	HCAI	Weekly
American Board of Family Medicine Continuous Certification Questionnaire (CCQ)	The American Board of Family Medicine administers the CCQ as a required component of their continued certification process. Family physicians take this web-based survey on a rolling basis every year based on their initial year of certification.	American Board of Family Medicine	Annually
Statewide Workforce Mapping and Planning Tool	The Statewide Workforce Mapping and Planning Tool will be developed by HCAI during the first year of RHT implementation to map existing rural and frontier workforce supply, identify demand trends, and pinpoint county-level capacity gaps across licensed professionals and allied health roles.	HCAI	Annually
RHT Grantee Surveys	HCAI will administer regular RHT surveys to collect self-reported information from grantees to track relevant outcome measures.	HCAI	Annually

Data Collection and Analysis Capabilities

HCAI currently administers several large-scale datasets and existing reporting mechanisms. HCAI will coordinate with other agencies, including DHCS and the California Department of Public Health, to regularly update data from the sources specified above to evaluate the progress of RHT program implementation and success.

Evaluation Timeline

HCAI will undertake a comprehensive evaluation of the RHT program informed by the metrics outlined above, in cooperation with any CMS evaluation and monitoring. The program will establish baseline measures, launch dashboards, and begin collection of participant provided-data in FY1. The program will proceed with ongoing evaluation to inform program activities and conclude with a final evaluation to be submitted to CMS, as further detailed in the workplan.

Supplemental Information

HCAI also requests public contract code exemption authority and authority to utilize a third-party administrator.

1. The Department of Health Care Access and Information may execute grants and contracts, including exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts and grants entered into or amended pursuant to the federal Rural Health Transformation Program shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code (excepting Chapter 3, commencing with Section 12100), and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services. This exemption does not apply to procurements overseen by the California Department of Technology.

2. The Department of Healthcare Access and Information may contract with a third party nonprofit organization to implement the requirements of the federal Rural Health Transformation Program.

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Rural Health Transformation Program Implementation

BR Name: 4140-099-BCP-2026-MR

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Salaries and Wages Earnings - Temporary Help	0	2,081	0	0	0	0
Total Salaries and Wages	**$0**	**$2,081**	**$0**	**$0**	**$0**	**$0**
Total Staff Benefits	0	1,165	0	0	0	0
Total Personal Services	**$0**	**$3,246**	**$0**	**$0**	**$0**	**$0**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	4,627	0	0	0	0
5340 - Consulting and Professional Services - External	0	3,523	0	0	0	0
54XX - Special Items of Expense	0	114,968	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$123,118**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$126,364**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0890 - Federal Trust Fund	0	11,396	0	0	0	0
Total State Operations Expenditures	**$0**	**$11,396**	**$0**	**$0**	**$0**	**$0**
Local Assistance - 0890 - Federal Trust Fund	0	114,968	0	0	0	0
Total Local Assistance Expenditures	**$0**	**$114,968**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$126,364**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3861 - Rural Health Transformation	0	126,364	0	0	0	0
Total All Programs	**$0**	**$126,364**	**$0**	**$0**	**$0**	**$0**

Personal Services Details

Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150900 - Staff Benefits - Other	0	1,165	0	0	0	0
Total Staff Benefits	**$0**	**$1,165**	**$0**	**$0**	**$0**	**$0**

Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Personal Services	**$0**	**$1,165**	**$0**	**$0**	**$0**	**$0**