

Hospitals Contemplate AI Adoption With Rural Health Funding

Sep 5, 2025, 5:13 PM EDT | *Cara Smith* (csmith@iwpnews.com), *Christian Robles* (crobles@iwpnews.com)

| Inside Washington Publishers

(Inside Health Policy)

At least 10 hospitals hope to tap into the rural health fund to set up artificial intelligence infrastructure but will simultaneously need to update their antiquated health technology systems, which could prove too costly for rural hospitals even with the funding allocated in the One Big Beautiful Bill, according to an AI policy expert. But leveraging partnerships between rural hospitals, private AI companies and larger hospitals systems could boost AI integration in underserved medical centers.

The Trump administration is eager to implement AI health technologies in both the private and public health care sectors to save costs and relieve workforce challenges. But questions remain about how to best regulate AI at the state and federal levels to promote patient safety and accuracy.

Sylvia Trujillo, vice president of public policy and regulatory affairs at health IT company OCHIN, said at the Health Datapalooza Conference Friday (Sept. 5) the rural health care fund is an opportunity to set up AI infrastructure in rural hospitals.

"We are in conversations with 10 [rural hospitals], and they have pulled together already trusted partnerships to address some of their challenges, but many of them do not have the funding to upgrade their antiquated systems, and so they're just out in the cold," Trujillo said. She added that rural hospitals still need a foundational technology investment in order to fully integrate AI into their care systems.

"The answer has to be trusted networks of independent organizations," Trujillo said. "In rural communities, they are firstly independent, and we're good with that, but it means that they also have to leverage economies of scale and shared learnings."

Health AI partnerships are creating medical commons around emerging technologies that support safety net providers, among other medical hospitals and centers. But a patchwork of AI regulations can make it more difficult for hospitals to adopt AI programs and partnerships, according to Trujillo.

States, rather than the federal government, are poised to lead in the regulation of AI in health care because lawmakers in Congress are struggling to pass a comprehensive federal AI bill and a moratorium

freezing states' ability to regulate AI. Meanwhile, it's unclear how significantly provisions in President Donald Trump's AI Action Plan will deter states from enacting legislation. "We must support rural and underserved providers to not just be end users and employers, but part of the innovation ecosystem, so that they can also find opportunities to drive revenue in the use of the tools that they help develop," Trujillo said.

Leading community health group National Association of Community Health Centers President and CEO Kyu Rhee told *Inside Health Policy* the Rural Health Transformation Fund can be used to implement ambient AI systems in "every exam room in a community health center."

Rhee is pushing for the use of AI scribes because there are significant data showing they improve doctors' ability to focus on patients and reduce data entry time for doctors.

AI technologies are ready to be widely adopted at community health centers, but costs are a barrier. "AI for all means you've got to have now in your exam room something that wasn't there before, just like I use the stethoscope, the otoscope, AI the [electronic medical record], is there," he said. "There are opportunities for the public sector to step up and support tech and AI for all."