

The GOP's \$50 billion rural health fund is coming up short, hospital leaders say

The cash amounts to just 5% of the cuts, and comes with plenty of red tape

By [Daniel Payne](#)

Sept. 14, 2026

Payne talked with hospital executives, policymakers, and people involved in planning the rural health fund for this story. It is the fifth installment in [STAT's Unraveled series](#), which explores the consequences of President Trump's unprecedented cuts to the health care safety net.

WASHINGTON — Last summer, Republican lawmakers were worried. They were planning to cut \$1 trillion from Medicaid over the next decade, and they knew hospitals in their districts and states would suffer. Before passing their tax-cut law, they added in \$50 billion over the next five years. This rural health fund was intended to help health care providers prepare for the new challenges ahead.

When hospital leaders first discussed the idea of the fund with lawmakers, they were hopeful, despite the fund being just 5% of the \$1 trillion expected to be cut from Medicaid over the next decade.

“An infusion of cash to sustain operations was going to be critical, and that was the intent of the \$50 billion,” said Lisa Harvey-McPherson, vice president of government relations at Northern Light Health.

This cash would have made a major difference, she and other leaders who met with lawmakers said. It would have allowed hospitals to fill the gap for care that wouldn't be covered through Medicaid after the cuts, or expand charity care.

But by its implementation, the fund changed — both in size and in scope. Hospitals' hopes for a large cash infusion were dashed.

The fund now focuses on creating new programs to rethink rural health, instead of filling in financial gaps. Added by federal health officials were spending caps, increased focus on achieving political goals — including the Make America Healthy Again priority of tackling chronic disease and diet issues — and ballooning optimism about artificial intelligence.

States were required to submit proposals to receive the funds. Many prioritized bolstering a clinical workforce for rural areas and investing in technology to make care more efficient and accessible, according to a review from the Bipartisan Policy Center.

In recent weeks, the Trump administration has announced some of the initiatives the fund will back, including drone-based drug deliveries and AI image diagnosis in Alaska, expanded remote patient monitoring in West Virginia, medical equipment upgrades in North Dakota, new provider workforce initiatives in Alabama, and prenatal services in Indiana.

The reality of the rural fund has left hospital leaders disappointed. Some have signaled to state leaders that they aren't interested in the fund in its current form, worried they won't have the capital required to sustain programs built with the money. Others are taking part — but remain skeptical of the fund's ability to remake rural care, especially with new challenges on the horizon.

“It's hard to think about transformation,” said Randy Clark, senior vice president of Northern Light Health who leads three hospitals in the system, “when you're thinking about survival.”

The need to transform

Maine, which has become a bellwether for rural care across the country, has plenty of clinicians and health system leaders hungry for transformation. They recognize the current system is unsustainable — especially with less government money expected in the coming years. Rural transformation funds are starting to be released in the state: \$30 million to upgrade electronic health records infrastructure, \$12 million to boost the community health workforce and evidence-based

practices in rural areas, and \$30 million in investments in rural hospitals to improve their financial footing.

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Thomas Judge, founding executive director of LifeFlight of Maine, which is increasingly filling in the gaps where traditional rural providers are retracting, said the system needs to be “reengineered.”

The traditional payment models aren’t working, he and other providers in the area said, and technology or other innovation could make rural care more accessible and higher quality, even if the fund doesn’t directly pay for uncompensated care.

In Maine, for example, the money could help fund a more centralized system for transferring patients between facilities, said Damian Flowers, an emergency room doctor at MDI Health. Such a system could make sure ambulances are available where they’re needed while also helping move patients to appropriate care faster.

A part of the funding could also be used to make some care more sustainable, such as dentistry, which has never been profitable, suggested Lori Dwyer, the president and CEO of Penobscot Community Health Care, which operates throughout Maine.

With a revenue crisis on their hands, and as many system leaders are deciding which facilities or services to close in the coming years, opportunities to spend funds in a way that might help providers are increasingly important.

“Everybody’s trying to fill in holes with the yet-to-be-distributed [Rural Health Transformation Program] money,” said Tim Clifford, a longtime physician in Bucksport. “But they don’t know how much they’re going to get, and they don’t know how big the holes are that they’re going to need to fill.”

Following the money

The Centers for Medicare and Medicaid Services, the agency tasked with distributing the funding to states, instructed leaders to put Make America Healthy Again goals in their applications. The agency also suggested workforce development, technological innovation, new care

models, and sustained access as pillars for the funding. Half of the fund will be equally distributed among states, while CMS has discretion on how the other half is used.

The funding, according to an agency fact sheet, is meant to create programs that are sustainable after the five years of federal dollars are spent. It also stipulates that no more than 15% should be used on incentive payments that go directly to providers.

Sen. Susan Collins (R-Maine) told reporters as the 2025 tax-cut law was coming together that she was working to boost the rural health fund to \$100 billion, noting that the proposed cuts had grown through the legislative process. She voted against the bill's final passage.

Sen. Josh Hawley (R-Mo.) has proposed legislation to double the size and timeline of the fund, which could be part of a growing conversation about how to save rural hospitals at risk of closure as the Medicaid cuts come into effect and Democrats possibly gain power.

Lobbyists representing hospitals have also begun working to roll back the cuts — or blunt them through new funding. But for now, questions about the fund in its current form remain, and health systems are facing difficult choices about which programs they will be able to afford.

“What CMS and Dr. Oz have done is good for a different time,” Harvey-McPherson said. “It is good for a time when we have a stable base.”