AI and the Rural Health Transformation Program (RHTP)

Five insights from the Centers for Medicare & Medicaid Services (CMS) Notice of Funding Opportunity (NOFO) for state RHTP leaders.

Authored by Natalia Vargas, MPH

CMS rescores part of each state's RHTP funding every year. The NOFO states: *"you will receive more funding as you make progress in your initiative goals."* Staff in state offices of rural health and state Medicaid offices manage many federal programs at once, so time for policy detail is short.

Themis Digital Health outlined the NOFO components that show how AI is woven into the federal guidance. The goal is to help state leaders build an implementation strategy that responds to the outcomes CMS wants. Each insight below pairs what the NOFO says with items to build into your solicitation plans. The vendors you select can then deliver results that match CMS guidance and exceed expectations, which positions your state to earn funding again in the next cycle.

Why this matters to your program

Funding follows progress
CMS rescores each year, and initiative points can rise toward the full score potential as a state implements.

Vendors carry the work
The workplans, metrics and reports your vendors produce become your state's reporting to CMS.

Solicitations set the standard
Vendors deliver what a solicitation asks for, so the items below belong in your plans before awards are made.

1 Earn more funding by showing progress, not only plans

WHAT THE NOFO SAYS

In the first budget period, a state can receive up to half of its "full score potential" on initiative-based factors. Later periods can earn greater percentages based on how well a state has implemented its initiatives. Support beyond year one also depends on "satisfactory progress."

BUILD INTO YOUR SOLICITATIONS

Require each vendor to submit a workplan with milestones, owners and dates. Ask for regular progress reports in a format your state can reuse for annual reporting. Consider tying vendor payments to milestones.

2 Every initiative needs measurable outcomes

WHAT THE NOFO SAYS

Each initiative must include at least four outcomes, and one must be at a county or community level. Each initiative must also identify at least four quantifiable metrics. States report progress on these metrics in annual reporting.

BUILD INTO YOUR SOLICITATIONS

Name the metrics in the solicitation, and require a baseline before any AI tool goes live. Five AI measures are enough to start: time per task, rework or error rate, use of approved tools, incidents reported and closed, and staff confidence. Ask vendors which outcome they can report by county or community.

3 Make AI count by tying it to a scored initiative

WHAT THE NOFO SAYS

AI appears in the training and technical assistance use of funds, which lists "remote monitoring, robotics, artificial intelligence, and other advanced technologies." AI also appears as an example: "AI diagnostic tools in rural clinics." In its applicant webinar, CMS gave no AI-specific scoring criteria. Technology points sit in three equal factors: remote care (F.1), data infrastructure (F.2) and consumer-facing technology (F.3).

BUILD INTO YOUR SOLICITATIONS

Require every AI proposal to name the scored initiative it supports and the outcome it will move. Avoid funding AI as a stand-alone line item.

4 Protect future funding by planning AI costs beyond the grant

WHAT THE NOFO SAYS

Initiative scoring has five categories worth up to 20 points each, and sustainability is one of the five. The NOFO states: "States are strongly discouraged from using funds for projects that will not be sustainable."

BUILD INTO YOUR SOLICITATIONS

Require a three-year total cost for each AI tool, including license renewals, training and support. Ask who pays after grant funds end. Require contract terms for data return and exit.

5 States must be able to account for AI that subrecipients use

WHAT THE NOFO SAYS

States must submit required performance assessments, evaluations and financial reports. States must also confirm that they will cooperate with any CMS-led evaluation or monitoring. The "Tech innovation" goal includes improving data sharing and strengthening cybersecurity.

BUILD INTO YOUR SOLICITATIONS

Keep a statewide inventory of funded AI tools. Ask every funded hospital and vendor the same ten questions on data use, model training, business associate agreements and incident reporting. Require a short AI use policy.

Themis reading: The NOFO does not require an AI inventory or policy. Themis Digital Health suggests both because they make the reporting in insights 1 and 2 possible.

LIMITS TO KEEP IN VIEW

- States must invest in at least three of the eleven permitted uses.
- The Rural Tech Catalyst Fund is capped at the lesser of 10% of a state's funding or $20 million per budget period.
- Replacing an electronic medical record (EMR) system is capped at 5% of a budget period's funds where a certified system exists.

DATES

- The NOFO schedules year-two award determinations for October 31, 2026.
- States may spend each period's funds through the end of the following fiscal year.

How Themis Digital Health can help

Free AI gap check
A 20-minute call on where your program and solicitation plans stand against these five insights.

RHTP outcomes and sustainability support NEW
AI-specific metrics, performance and data tracking, and dashboards and visualizations for RHTP activities, including rapid AI-assisted custom builds. Sustainability planning for grantees.

State AI strategy and roadmap
A state-specific AI strategy with policies, templates, vendor questions and training for a state program or association.

RHTP AI Scribe and Clinical Workflow Audit
A review of AI tools and workflows at your funded organizations.

Book at www.themisdigitalhealth.com or write to consulting@themisdigitalhealth.com.

Sources: CMS, Rural Health Transformation Program NOFO CMS-RHT-26-001 (September 2025); CMS RHTP applicant webinar transcript; Kaiser Family Foundation (KFF), "A Closer Look at the $50 Billion Rural Health Transformation Program." Quoted phrases come from the NOFO. Insights and "build into your solicitations" items are Themis Digital Health's interpretation. General information only, not legal, compliance or grant advice. Program rules and award details change, so verify against the current CMS documents before acting.