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Illinois Department of
Healthcare and Family Services

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Illinois awarded \$193 million to expand healthcare access in rural areas

Amid federal budget cuts to rural healthcare, Illinois will steward funds to support the state's rural healthcare infrastructure and drive sustainable change in underserved rural communities

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Illinois has been awarded \$193,418,216 million per year for five years through the \$50 billion federal Rural Healthcare Transformation Program (RHTP) fund, which will be utilized to expand equitable access to healthcare and to eliminate barriers to care that many residents of rural communities face. All 50 states applied for the RHTP funding, and a total of \$10 billion will be available each year over five years, beginning in fiscal year 2026.

While this funding will provide support to improve healthcare access in rural Illinois communities, it will be far from enough to counteract the cuts imposed to the Medicaid program through various provisions in the Trump Administration's budget bill. According to an estimate from KFF, the Trump Administration's budget bill is expected to cut \$137 billion from rural healthcare providers nationally, nearly three times the \$50 billion allocated in the fund.

The Illinois Department of Healthcare and Family Services (HFS), in strategic partnership with its sister agencies and interested parties, utilized the federal Centers for Medicare & Medicaid's (CMS) five strategic goals from the RHTP Notice of Funding Opportunity (NOFO), to develop a comprehensive plan to strengthen Illinois' rural healthcare system for the future. The plan outlines a vision built on three key categories of initiatives designed to incentivize health system transformation and create regional partnerships, increase the use of technology and mobile health services, and expand the rural healthcare workforce within the state.

Specifically, Illinois' application supports the following:

- **Transforming Rural Healthcare Delivery:** Incentivize hospital and health provider transformation initiatives, including the establishment of regional health care partnerships, service line transformation, population health management, and value-based care.
- **Overcoming Geographic Barriers of Care:** Create opportunities for individuals in rural settings to receive appropriate access to services, including specialty care, while remaining in their communities through the deployment of mobile and telehealth services and by strengthening emergency response systems.
- **Building a Resilient Rural Healthcare Workforce:** Address urgent gaps in the rural healthcare workforce by offering access to scholarship, training, apprenticeship, and incentive programs through the state's university and community college systems and in partnership with rural healthcare employers across the state.

Roughly 1.9 million people, or 15% of Illinois' population, live in rural areas of the state. RHTP funding will be directed to entities that serve these individuals in rural census tracts across Illinois. Eighty-five counties, or more than two thirds of the counties in the state, include these types of census tracts as designated by the federal Health Resources and Services Administration (HRSA). Within this framework, particular attention will be paid to sub-populations, such as individuals living with chronic disease and those with mental health conditions.

Each initiative category has been informed by significant engagement with the rural health provider community. During the application process, HFS consulted with six key stakeholder groups to identify challenges and shape proposed initiatives. Engagement spanned nine state agencies, over 20 provider associations, as well as discussions with rural hospitals, community health centers, CMHCs, universities and community colleges, legislators, and vendors.

Value-based payment initiatives, hospital transformation grants, and practice transformation through team-based care will all be tools to strengthen hospital and provider partnerships. Infrastructure investments in emergency medical services, mobile health, and mobile crisis units will help overcome geographic barriers that can affect

rural residents' ability to access to care. Further, foundational investments like scholarships, university program expansion, expansion of community college programming, and regional training and certification programs will assist with the construction of a resilient rural workforce.

The goal of this funding distribution is to work towards improving health outcomes for all Illinois residents. Individuals living in rural areas often face worse health outcomes due to structural barriers that prevent them from being able to access the critical healthcare services they need. These communities have higher rates of many conditions including hypertension, diabetes, and infant and maternal mortality rates.

"Illinois will use every available federal dollar to maximize our ongoing state efforts to support rural communities, eliminate barriers to essential services, and transform care at the community level," **said Governor JB Pritzker**. "Federal funding is critical and welcomed, but this comes as Donald Trump and his disastrous budget bill strip billions from rural healthcare providers and threaten rural healthcare access for our residents — an overall loss that cannot be ignored. Here in Illinois, we refuse to leave rural communities behind in our efforts to expand access to critical healthcare services."

"This funding is an important start for Illinois as we work to improve health outcomes in our rural communities, and I look forward to working with our state officials to ensure these funds are used to their fullest impact," **said Representative Nikki Budzinski, (IL-13)**. "However, this increased need exists only because of Medicaid cuts pushed by the Trump Administration and passed by Republicans in Washington. While this funding is a welcome and necessary stopgap, it is simply not enough to address the strain rural health care providers are facing with these cuts. I will continue fighting for a health care system that allows our rural communities not just to survive, but to thrive."

"An investment in our rural healthcare system is an investment in a more equitable future for Illinois," **said HFS Director Elizabeth M. Whitehorn**. "This funding will support innovative and sustainable transformations to the rural health system and drive improved health outcomes for rural community residents in our state."

"Illinois is fortunate to have innovative rural leaders working to improve the health of their communities," **said IDPH Director Dr. Sameer Vohra**. "This federal funding will help support the health of residents across the state by investing in programs that expand partnerships, strengthen technological innovation, and build a more resilient health workforce. IDPH is proud to work with HFS, hospitals, providers, and community partners to ensure these resources create a lasting impact."

“IHA appreciates the administration’s efforts to secure these Rural Health Transformation Program funds, which come at a crucial time for hospitals as they serve rural communities across the state,” **said AJ Wilhelmi, President & CEO, Illinois Health and Hospital Association.** “The economic realities our rural hospitals are facing threaten access to healthcare services for millions of patients. In recent years, many rural hospitals have had to make painful decisions to close critical service lines such as obstetrics, while other rural hospitals have closed. The financial pressures from skyrocketing prescription drug costs and the severe workforce shortages in rural Illinois necessitate that these important resources be distributed to hospitals as effectively and efficiently as possible to support the healthcare and jobs that our rural hospitals provide.”

“Rural hospitals are essential to the health and economic vitality of communities across Illinois,” **said Tracy Warner, Executive Director, ICAHN.** “Through this initiative, ICAHN—working in partnership with the State and rural hospitals—is advancing innovation and technology, strengthening the health care workforce, and supporting local economies to build sustainable models of care that keep high-quality services close to home.”

“The Rural Health Transformation Program presents an opportunity for lasting, foundational change to our healthcare system,” **said Ollie Idowu, President & CEO, Illinois Primary Healthcare Association.** “The Illinois Primary Healthcare Association is proud to work with our state and federal leaders to secure vital investments for under-resourced communities across Illinois. We look forward to using these investments to strengthen community health centers and improve access for those who need it most.”

“We are excited that Illinois has received a Rural Health Transformation Program grant to strengthen rural health and expand vital behavioral health services,” **said Blanca Campos, CEO, Community Behavioral Healthcare Association.** “CBHA is committed to working closely with the state and stakeholders to enhance access to mental health and substance use care. Together, we aim to strengthen the behavioral health workforce, advance innovative and cost-effective care models, and leverage technology to ensure coordinated, high-quality services. We look forward to implementing this transformative initiative to broaden access to essential care across Illinois’ rural communities.”

“The announcement from CMS funding for the Rural Health Transformation Program to the State of Illinois represents an unprecedented opportunity for critical work that needs

to be done in order to advance rural health and healthcare to ultimately support better health outcomes," **said Dr. Hana Hinkle, Assistant Dean, Rural Health Professions, Director, National Center for Rural Health Professions, Director, Illinois, AHEC Network Program, University of Illinois College of Medicine Rockford.** "Part of the funding we are focused on supporting through the University of Illinois College of Medicine Rockford's National Center for Rural Health Professions will be in expanding our evidence-based pathways for students across all levels to support their pursuit of careers in the health professions in rural communities. We know through our decades of experience in this space that creating meaningful opportunities for students directly impacts our ability to recruit and retain quality trained health professionals in rural areas in the future and we are committed to expanding these efforts. This program helps us to fully support persistent areas of great need, and we look forward to working across our many rural hospital and community partners and with the State of Illinois to help realize the incredible potential of rural healthcare, through workforce development and other important innovations."

HFS will continue engaging with stakeholders on next steps regarding funding distribution. Staff planning and implementation are underway in partnership with other state agencies as well as with federal CMS.

More information about Illinois' RHTP application is available [here](#).

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