FROM HERE: LOCAL INSIGHTS FOR BETTER POLICY

Rural Health Transformation Program

How our region can access federal funding to strengthen community healthcare infrastructure and build resilient delivery systems

Key Points

- **H.R.1 creates a dual coverage crisis** nationwide through Medicaid cuts and changes to private insurance subsidies
- **Rural Health Transformation Program offers a limited response,** just 5% of the $911 billion cut, that cannot prevent coverage losses or restore insurance to individuals
- **Service loss prevention for all must be prioritized** as thousands shift from insured to uninsured
- **Direct financial assistance prevents catastrophic service loss** which is why we recommend supporting providers first, then building alternatives, as the course of action
- **Maintaining services and preventing closures should be the primary signs of success**

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The Opportunity

What is the Rural Health Transformation Program?

Rural areas face unique challenges and need dedicated support in order to preserve essential health services while adapting to policy changes—something the Rural Health Transformation Program (RHTP) seeks to recognize.

This seemingly significant opportunity—$50 billion in federal funding —was created as part of H.R.1 (the "One Big Beautiful Bill Act"). The aim? Helping rural communities maintain healthcare access during transitions in coverage and payment systems.



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Why This Matters for Our Region

Healthcare cuts don't just affect those who lose coverage:

Coverage Losses Can Lead to Fewer Services: Healthcare access in Northwest Connecticut is under threat. A sharp reduction in Medicaid spending across rural areas puts 20% of the population at risk of being trapped in healthcare deserts. In Connecticut alone, more than $5 billion in cuts will leave 185,186 Litchfield County residents to face healthcare threats.

Premium Increases Will Lead to Higher Uninsured Rate: As rural hospitals shift costs on the heels of federal cuts, higher commercial premiums affect everyone. The end of enhanced premium tax credits, which will expire at the close of 2025, mean marketplace enrollees also face dramatic premium increases—an estimated 114% on average—changes that put 4.2 million people nationwide at risk of losing coverage over the next decade due to lack of affordable premiums.

These dual coverage losses will cascade through our community in various ways that include:

- Loss of access to primary care and chronic disease management for local residents
- Unsustainable uncompensated care burden on hospitals and providers already facing financial stress
- Greater challenges for our aging population who rely on Medicaid for services beyond Medicare

As thousands lose coverage, access to critical care is threatened for every member of the community, regardless of insurance status.

Our Community's Healthcare Landscape

Current Challenges:

Provider Financial Stress: Regional providers operate on thin margins, vulnerable to coverage changes and increased uncompensated care. In FY23 alone, Connecticut hospitals incurred $1.43 billion in Medicaid losses; the State's Medicaid reimbursement rates for specialist physicians is currently among the lowest in the nation. As residents lose Medicaid coverage and shift to uninsured status, providers will absorb dramatically increased uncompensated care costs. Without intervention, this financial pressure threatens service delivery and leaves entire communities at risk of facility closures.

Workforce Shortages: Recruiting and retaining rural providers remains difficult. Healthcare labor costs have increased approximately 15% since COVID; staff turnover ranges between 18-30% for this same period; and nurse vacancy rates have reached as high as 30%.

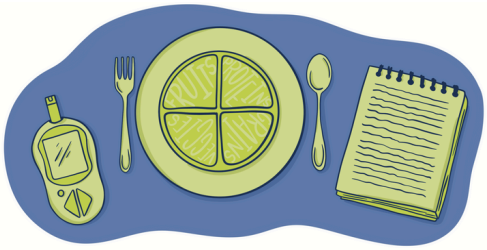
Access Barriers: Transportation challenges, including terrain and limited public transit, long distances to specialty care, and aging population mobility constraints all limit access. Across the Harlem Valley, residents of rural towns face increased vulnerability due to limited local healthcare and the distance to major medical centers.

Rising Chronic Disease: Between 2012-2022, Litchfield County's obesity rate jumped eight percentage points—the largest increase statewide. Communities with higher shares of adults 65+ show elevated rates of diabetes, stroke, hypertension, and high cholesterol. Across the border in New York's Harlem Valley, chronic disease mirrors broader rural health patterns. While Columbia County has lower obesity rates than CT (24.8% versus 28%), the region's aging population and rural geography compound risks for managing diabetes, cardiovascular disease, and other chronic conditions.

What Coverage Losses Mean

Loss of coverage puts the entire community at risk and forces difficult decisions: emergency departments close, obstetrics services are eliminated, inpatient bed capacity is reduced, and specialty clinics are cut. **Once services are eliminated in rural areas, they rarely return—and everyone in the community, regardless of insurance status, loses access to care they may urgently need.**

How the Rural Transformation Program Could Help



Community-Based Chronic Disease Programs

When residents lose health coverage, preventable complications and ER visits increase. Evidence-based programs across all 17 communities—including diabetes prevention classes, home blood pressure monitoring, and peer support groups—can meet people where they are and prevent health crises before they start.



Technology to Overcome Distance & Transportation Barriers

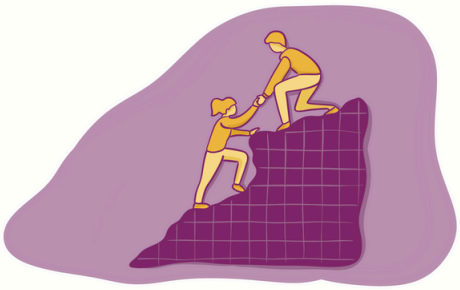
When mountainous terrain and limited transportation combine with decreasing insurance coverage, healthcare becomes unreachable for many residents. Mobile health units rotating through all 17 towns, telehealth access points in community centers, and cellular-connected monitoring devices can bring care directly to people—eliminating transportation barriers and extending provider capacity to serve those who need it most.

Building Regional Healthcare Workforce

When insurance coverage decreases, provider revenue drops while workload remains high—worsening existing shortages across all healthcare disciplines. Comprehensive recruitment and retention programs—including loan forgiveness up to $200,000 for providers committed to serving uninsured patients, rural training rotations that convert trainees into permanent hires, and training 20-25 community health workers from local residents—can build a sustainable workforce pipeline that addresses the current crisis and creates lasting local capacity.



Sustaining Safety Net Providers



Direct financial support—including payments for care to newly uninsured residents and a regional charity care pool—can keep healthcare infrastructure intact and accessible to the entire community regardless of insurance status. This approach prevents the emergency department closures, reduced operating hours, and service eliminations that occur when providers face unsustainable uncompensated care burdens, protecting access for everyone.

Recommendations

Prioritize Uncompensated Care Support

- Provide direct financial assistance to healthcare providers to prevent service reductions and closures as coverage losses occur
- Prioritize preserving healthcare infrastructure and services for the entire community
- Prevent rural hospital closures of emergency departments, obstetrics units, and entire facilities to protect access for all residents
- Establish safety net payment systems immediately to maintain emergency, primary care, and home health services
- Focus on stabilizing patients and preventing crisis-level care utilization
- Acknowledge that grant funding alone cannot replace lost Medicaid revenue, but targeted support can help avoid catastrophic service loss

Invest in Prevention Infrastructure

- Implement community-based chronic disease programs to prevent expensive complications and emergency care utilization
- Use evidence-based interventions (e.g., diabetes prevention, hypertension management) to achieve proven returns on investment
- Expand prevention programs to reach residents before they lose access to regular primary care
- Support prevention efforts as a way to help maintain baseline health status, even though they cannot replace comprehensive medical coverage

Deploy Technology Strategically

- Deploy mobile health units and telehealth access points to overcome transportation barriers in mountainous rural areas
- Use remote monitoring to extend limited provider capacity efficiently
- Invest in technology infrastructure that serves the community beyond the grant period and benefits the uninsured population

Build Sustainable Workforce

- Address critical workforce shortages through aggressive recruitment and competitive incentives
- Build local capacity and provide culturally competent care coordination by employing community health workers
- Develop training pipelines to convert students into permanent providers committed to serving uninsured populations

Key Considerations for Stakeholders

Current actionable steps include garnering community participation during the planning process and establishing realistic expectations about what program funding can achieve. Once funded, facilitating program engagement coupled with ongoing advocacy for policy solutions will help to address the root cause of coverage losses in the community.

While program funding establishes infrastructure and demonstrates value, sustainability requires long-term vision. Looking ahead, subsequent steps will include tapping diversified funding sources; instituting policy advocacy for adequate reimbursement rates and Medicaid restoration; encouraging community ownership; and demonstrating efficiency to attract ongoing support.



Preventing community-wide harm—in the wake of hospitals closing emergency departments, eliminating obstetrics services, reducing inpatient capacity, or closing entirely—remains our top priority.

Conclusion

The Rural Health Transformation Program represents a critical—though limited—opportunity to address healthcare access challenges as federal policy changes impact coverage. By taking a comprehensive, coordinated approach across 17 towns and two states, the region can maintain some level of access for residents losing insurance, strengthen provider sustainability where possible, build lasting capacity, and mitigate harm to community health.

With coverage losses guaranteed to impact our region, the question remains: How do we respond? The Rural Health Transformation Program provides resources to adapt and build amidst historic cuts at the federal level; it cannot prevent coverage losses or fully compensate for their impact.

What matters most: Preventing community-wide harm—in the wake of hospitals closing emergency departments, eliminating obstetrics services, reducing inpatient capacity, or closing entirely—remains our top priority.

Despite limitations, this funding opportunity can make a meaningful difference by:

- Building infrastructure that extends the reach of limited provider capacity
- Creating community-based prevention programs that reduce expensive complications
- Training the local workforce to maintain care coordination for vulnerable residents
- Establishing safety net systems that catch the most critical needs
- Supporting providers financially to prevent service reductions and closures that would eliminate healthcare access for everyone in the community

Minimizing harm, maintaining core services that serve the entire community, preventing the catastrophic loss of healthcare infrastructure, and building resilient systems—amidst continued advocacy for policy changes that address the fundamental challenge of coverage loss—will all signal success.

Sources

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PROVIDER FINANCIAL DATA

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- Connecticut Office of Health Strategy: Hospital Financial Stability Report
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HEALTH OUTCOMES DATA

- Barbend: Analysis of CDC Behavioral Risk Factor Surveillance System Data
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RURAL HEALTH TRANSFORMATION GRANT PROGRAM

- H. R. 1, "One Big Beautiful Bill Act." Signed into law July 4, 2025.
- State Health & Value Strategies: Senate-Passed H. R. 1: Updated Estimates on Impact to State Medicaid Coverage and Expenditures

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