

# State of Alaska Department of Health

Rural Health Transformation Program Overview  
Alaska Mental Health Trust Authority

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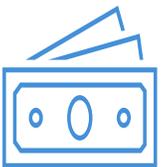
# Rural Health Transformation Program (RHTP) Basics



The RHTP is a one-time, five-year, \$50 billion federal initiative to catalyze rural health care delivery transformation and improve access and health outcomes across the country



Alaska submitted application for funding in November 2025



The Centers for Medicare and Medicaid Services (CMS) awarded Alaska **\$272 million** to allocate between January and October 2026

# Alaska's RHTP Goals and Initiatives



**Goal 1:** Promote Lifelong Health and Wellbeing for Rural, Remote, and Frontier Alaskans

Healthy Beginnings

Health Care Access

Healthy Communities

**Goal 2:** Build Sustainable Outcomes-Driven Health Systems

Pay for Value:  
Fiscal Sustainability

**Goal 3:** Drive Workforce and Technology Innovations

Strengthen Workforce

Spark Technology & Innovation

*RHTP will fund projects with clear sustainability plans that will look different for each project and community.*

# Alaska RHTP Participants



Potential funding recipients include, but are not limited to:

Health care providers

Hospitals and clinics

Tribal Health Organizations

EMS

Local governments

Community centers

Schools

Non-profit organizations

State agencies



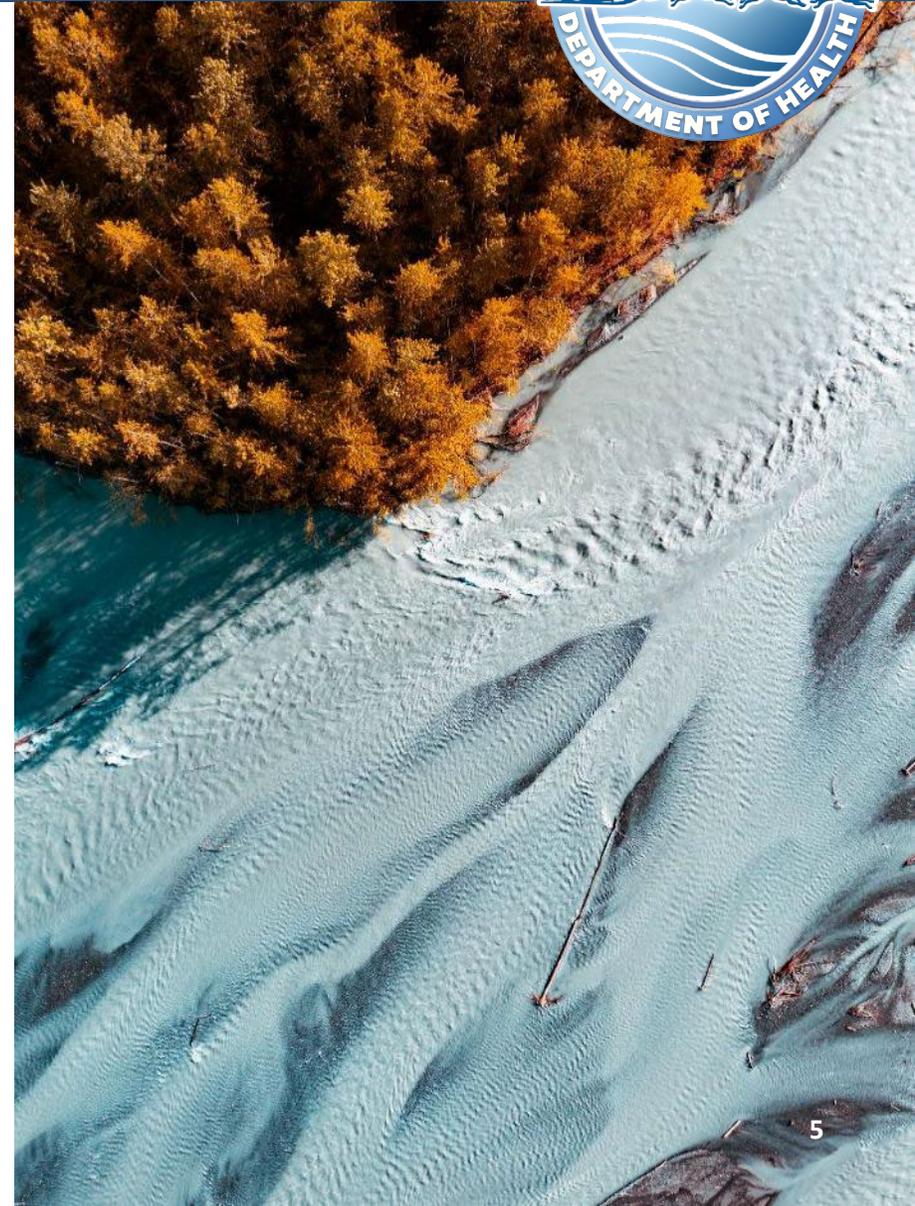
Entities across Alaska can apply for RHTP funds

# Federal Limitations on RHTP Funding



Examples of CMS-defined unallowable uses of RHTP funding include:

- Construction of new facilities or building expansions
- Purchasing land and/or buildings
- Funding clinical services already covered by insurance
- Supplanting existing funding
- Broadband infrastructure, internet installation costs, and certain telecommunications equipment
- Provider loan repayments
- Direct payments to individuals (e.g., cash assistance, gift cards)
- Supplanting state contribution to Medicaid match
- Food



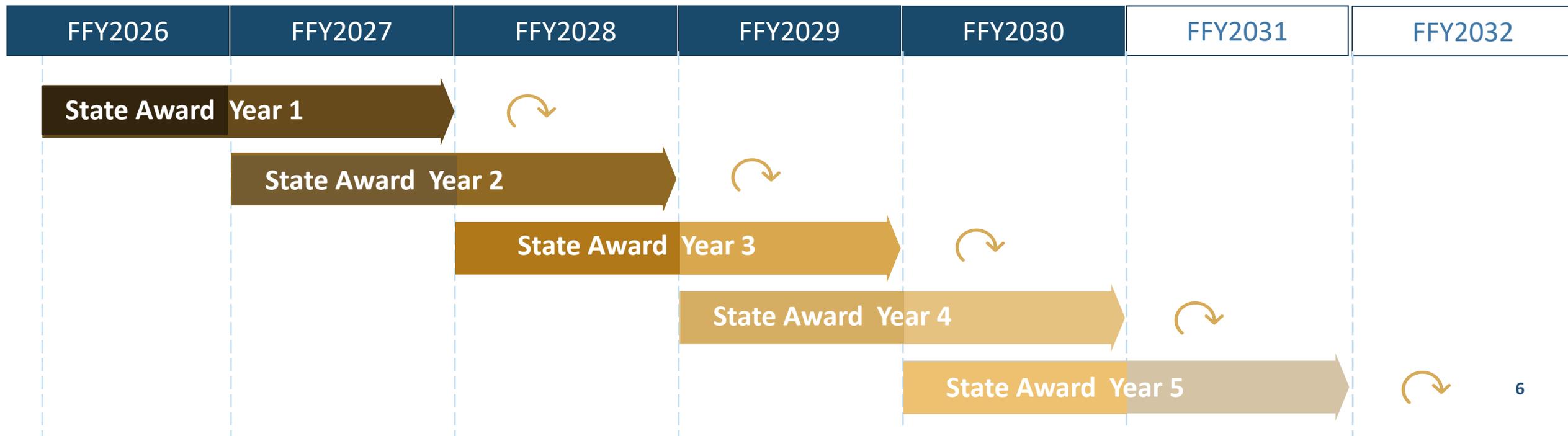
# RHTP Funding Timeline



CMS will make annual awards to states.

- States have one year to incur costs (obligate funds) and an additional year to finish spending them
- Beginning March 31, 2028, CMS will start annually redistributing unspent funds. Any final reallocated funds must be spent by the end of federal fiscal year (FFY) 2032

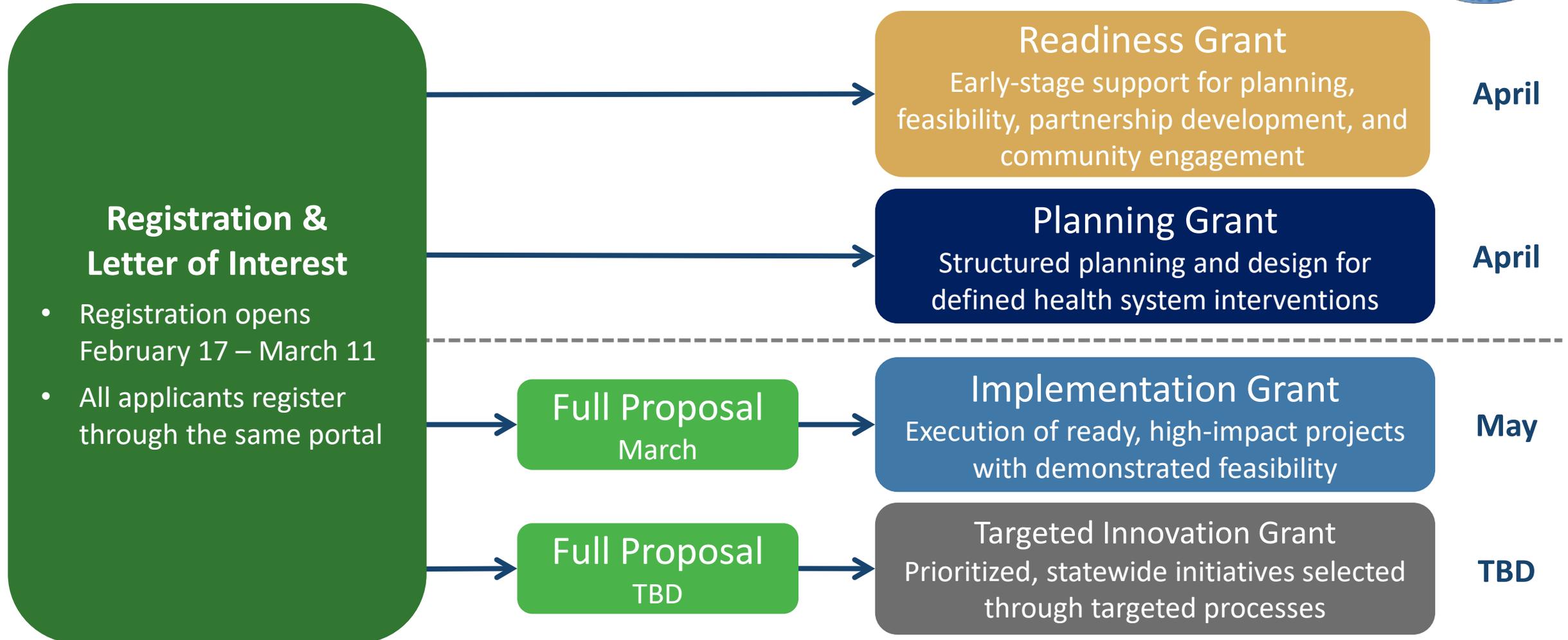
**REMINDER: This is one-time, five-year funding. Investments must be sustainable after RHTP funding concludes**



# Funding Pathways



# Anticipated Application Timeline



# Stay Informed



For more information, please visit:

[health.alaska.gov/RHTP](https://health.alaska.gov/RHTP)

Email:

[DOH.RHTP@alaska.gov](mailto:DOH.RHTP@alaska.gov)

Resources:

[Webinars](#)

[Initiatives](#)

[Convenings](#)

[FAQs](#)

## Rural Health Transformation Program Frequently Asked Questions

What is the Rural Health Transformation Program (RHTP)?

[View +](#)

What is the goal of RHTP?

[View +](#)

Can RHTP funds support projects anywhere in Alaska? Can organizations in Anchorage, Fairbanks, and other hub communities apply?

[View +](#)

Who can apply for RHTP funding?

[View +](#)

What can RHTP funds be used for?

[View +](#)

What can RHTP funds not be used for?

[View +](#)

Is Alaska's RHTP Project Narrative final?

[View +](#)

How will the program be administered?

[View +](#)

When can organizations apply?

[View +](#)

How will applications be reviewed? Will the criteria be public?

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# What is a Rate Evaluation?

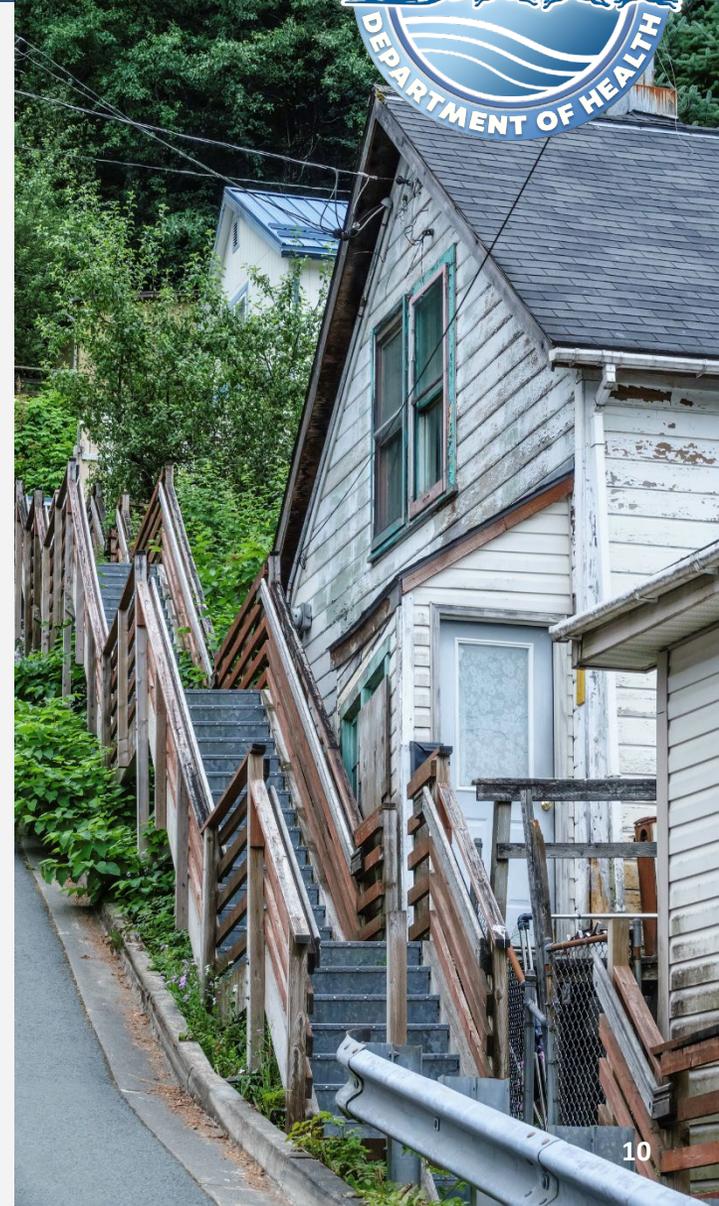


**Overview:** A rate evaluation is a comprehensive review of rates, rate structures, and rate methodologies, based on actual costs, service delivery processes, and policy objectives associated with individual services

**Purpose:** The study equips DOH and Alaska's leadership with:

- Information to develop a sustainable, standardized, and transparent rate setting methodology based on reasonable provider costs, stakeholder input, and industry best practices
- A starting point and tool to identify and inform priorities based on available resources and other timing considerations

**Impact:** Supporting data-driven decisions for the effective allocation of Medicaid dollars



# Engagement Scope and Phase 1 Service Categories



This rate evaluation encompassed several DOH divisions, programs, and services within the fee-for-service environment.



## Behavioral Health

- Community Behavioral Health
- Applied Behavior Analysis
- Crisis Services
- Adult and Children's Residential



## Long Term Services and Supports (LTSS)

- Home and Community-Based Waiver Services
- Personal Care Services
- Community First Choice Services
- LTSS Targeted Case Management
- Intermediate Care Facilities for Individuals with Intellectual Disabilities



## Federally Qualified Health Centers

- Prospective Payment System
- Alternative Payment Methodology



## Medical Transportation

- Ground and Air Ambulance
- Taxi
- Paratransit Services
- Accommodation Services

# BH Rate Evaluation Findings and Recommendations



## Findings

- Service reimbursement is misaligned
- Indirect costs are disproportionately high
- Lack of historical standards contributes to system misalignment



### Rates

- Methodology Transition and Rate Recalibration
- Hold Harmless
- Rate Rebalancing



### Enhancements

- Geographic Adjustment
- Staff Transportation Add-On
- Service Definition Review
- Updates to Crisis Services



### State Operations

- Cost Reporting
- Annual Rate Updates

# LTSS Rate Evaluation Findings and Recommendations



## Findings

- Service rates kept pace with Guidehouse-benchmarked rates
- Personal care service reimbursement is too low to sustain the workforce
- Update the LTSS geographic rate differential data to better reflect cost differences
- Indirect costs are substantially higher than indirect cost ratios typical in other states



### Rate Adequacy and Transparency

- Methodology Transition and Rate Recalibration
- Hold Harmless or Other “Risk Corridors”



### Methodological Improvements

- Geographic Adjustment
- Tiered Rates for Select Services
- Acuity-Adjusted Residential Reimbursement
- OHCDS Admin Fees and Policies
- Brokerage Impacts on Waiver Non-Medical Transportation



### Administrative Processes

- Cost Reporting System
- Annual Admin Rate Updates
- Medicaid LTSS for Tribal Members

# Annual Fiscal Impact for BH Recommendations



Report #	Recommendation	Estimated State Share Expenditures (GF)	Total Estimated Expenditures (Fed/GF)
BH-R1	Behavioral Health Methodology Transition and Rate Recalibration	\$4.1M	\$13.1M
BH-R2	Behavioral Health Hold Harmless	\$1.6M	\$4.4M
BH-R3	Behavioral Health Geographic Differentials	\$1.3M	\$3.3M – \$3.4M
BH-R4	Behavioral Health Cost Reporting	\$148K – \$224K	\$296K – \$447K
BH-R5	Behavioral Health Rate Rebalancing*	--	--
BH-R6	Behavioral Health Crisis Services (Included in BH-R1)	\$282K – \$286K	\$1.4M
BH-R7	Behavioral Health Service Definition Review*	--	--
BH-R8	Behavioral Health Administrative Rate Review	\$9K – \$18K	\$18K – \$35K
BH-R9	Behavioral Health Staff Transportation Rate Add-On*	--	--
	<b>Total</b>	<b>\$7.2M - \$7.5M</b>	<b>\$21.1M - \$21.4M</b>

\*Double dash marks do not indicate a budget neutral fiscal impact but are intended to illustrate that depending on the approach or utilization of services there may be a positive or negative impact

# Annual Fiscal Impact for LTSS Recommendations



#	Recommendation	Estimated State Share Expenditures (GF)	Estimated Total Fed & State Expenditures (Fed/GF)
LT-R1	LTSS Methodology Transition and Rate Recalibration* (No Hold Harmless)	\$20.6M	\$45.7M
LT-R2	LTSS Hold Harmless	\$338K – \$1.2M	\$763K – \$1.9M
LT-R3	LTSS Geographic Differentials	\$246K – \$366K	\$74K – \$669K
LT-R4	LTSS Cost Reporting - Access Rule, Enhancements, and Web Portal	\$32K – \$745K	\$64K – \$1.5M
LT-R5	LTSS Rate Tiering	(\$239K) – \$3.5M	(\$502K) – \$8.3M
LT-R6	LTSS High-Intensity Residential Settings and Acuity-Adjusted Reimbursement Framework	\$3.4M	\$7.2M
LT-R7	OHCDS for E-Mods	\$4K – \$13K	\$8K – \$27K
LT-R8	LTSS Administrative Rate Review	\$9K – \$18K	\$18K – \$35K
LT-R9	Broker for Waiver Transportation	Included in Transportation Rate Evaluation	
LT-R10	Medicaid LTSS for Tribal Members	--	--
	<b>Total</b>	<b>\$53.3M – \$65.3M</b>	<b>\$24.5M – \$29.9M</b>

\*Utilization for the Group Home or Family Home Habilitation Acuity Add-on service is based on SFY2025 claims due to a procedure code change that is not reflected in the LTSS Rate Evaluation Report fiscal impact projections. The LTSS Rate Evaluation fiscal impact projections are based on SFY2024 claims and the SFY2024 fee schedule available at the time of the study.

# Questions?

Please see the full rate methodology report here:

<https://health.alaska.gov/media/lfxdhogg/alaska-doh-federally-qualified-health-center-medicaid-rate-evaluation-report-2026.pdf>

