



# Rural Health Transformation

Department of Health

## Overview

Governor Rhoden's recommended budget includes \$500 million in one-time federal fund expenditure authority for the Department of Health to implement South Dakota's Rural Health Transformation Program. This major federal initiative is designed to strengthen rural healthcare so people across South Dakota can access high-quality care close to home. The initiative was funded by President Donald J. Trump's One Big Beautiful Bill Act.

South Dakota will use this funding to address the state's most critical rural health needs: training and recruiting healthcare workers for underserved communities; strengthening chronic disease and maternal health programs; expanding behavioral health and emergency medical services; and building data systems to help communities make informed health decisions. Together, these investments will create durable improvements that continue benefiting South Dakotans long after the federal funding concludes.

## Background

Congress authorized the Rural Health Transformation Program in 2025 through the One Big Beautiful Bill Act. This \$50 billion program provides states the opportunity to strengthen and improve healthcare for rural Americans.

The Centers for Medicare & Medicaid Services (CMS) launched the program in September 2025, making \$10 billion available annually from fiscal years 2026 through 2030. All 50 states were invited to submit applications by November 5, 2025, with CMS announcing approved awardees by December 31, 2025. Half of the funding is distributed equally among approved states, while the other half is awarded based on applications demonstrating the greatest potential for impact on health in rural communities.

## Funding

South Dakota will receive at least \$500,000,000 in federal funding to the state over the next five years. CMS may allocate additional funding through a competitive award based on the state's application quality and potential impact. These funds will support sustainable, long-term improvements to South Dakota's rural healthcare infrastructure, workforce, and care delivery systems.