Alabama Department of Economic and Community Affairs

Alabama Rural Health Transformation Program

Frequently Asked Questions (FAQ)

Compiled from Roadshow Sessions and Application Workshops | June 2026

This document compiles the most frequently asked and pertinent questions raised by stakeholders across ADECA's ARHTP roadshow sessions and application workshops. Questions are organized by topic for ease of reference.

Program Overview & Eligibility

Q: What is the Alabama Rural Health Transformation Program (ARHTP)?

The ARHTP is Alabama's implementation of the federal CMS Rural Health Transformation (RHT) Program — a $50 billion initiative to strengthen rural hospitals and modernize healthcare across all 50 states. Alabama received $203,404,326.54 in Year 1 funding. The program is administered by the Alabama Department of Economic and Community Affairs (ADECA) and structured across eleven distinct initiatives covering rural health innovation, provider sustainability, workforce development, expanded care delivery, and technology-based solutions.

Q: Which initiatives are being launched in the first round of NOFOs?

The first five initiatives released on June 3, 2026, were: (1) Collaborative EHR, IT, and Cybersecurity Initiative, (2) Rural Health Initiative, (3) Rural Workforce Initiative, (4) Mental Health Initiative, and (5) Rural Health Practice Initiative. Additional Notices of Funding Opportunities (NOFOs) will follow.

Q: How is Alabama defining 'rural' for this program?

The program uses the Health Resources and Services Administration (HRSA) Federal Office of Rural Health Policy definition of rural. Alabama Medicaid and Alabama Department of Public Health (ADPH) calculated rural areas using census tracts defined as rural by HRSA. HRSA classifies 58 of Alabama's 67 counties as rural, fully or partially, representing approximately 1.6 million residents. Unincorporated communities that fall within HRSA-designated rural census tracts are fully eligible.

Q: Does an applicant need to be physically located in a rural area to be eligible?

No. Applicants do not need to be physically located in a rural area, provided the proposed project primarily serves rural populations within Alabama. Urban healthcare organizations, out-of-state hubs, and organizations headquartered outside of rural areas may apply if they are operating in Alabama, serving rural areas in Alabama, and the project directly benefits Alabama's rural communities.

Q: Can for-profit entities apply?

For-profit entities may serve as lead applicants; however, eligibility requirements are defined in the respective NOFOs. Applicants should review each NOFO carefully for any restrictions on entity type.

Q: Can larger health systems or academic institutions apply on behalf of rural locations?

Yes. Larger health systems and academic institutions such as universities may participate — as lead applicants, partners, or subrecipients — provided the project's services directly benefit rural populations within Alabama.

Q: Can alliances, coalitions, or collaborative groups apply?

Yes. Collaborative applications are encouraged if aligned with program goals. If a consortium is applying, only the lead organization is required to provide a System of Award Management (SAM.gov) registration Unique Entity Identifier (UEI) and full financial and federally compliant policy and procedures documentation. All consortium members must be identified in the application along with letters of commitment or intent.

Q: If a county is not explicitly listed under an initiative, is it excluded?

No. Eligibility is based on meeting program criteria and demonstrating rural benefit — not solely on being a listed county. Applicants must clearly describe their service area and how the project benefits rural communities.

Funding, Awards & Timeline

Q: How much funding is available per initiative?

CMS-approved funding amounts vary by initiative and are defined in each NOFO.

Q: Is there a minimum or maximum amount an applicant can request?

The initiative NOFOs do not specify a minimum or maximum funding request. An applicant's budget should reflect reasonable, necessary costs that are aligned with the project scope, spending timelines, and NOFO guidance.

Q: Will partial awards be made?

Yes. Applications may be fully or partially funded based on scoring, scope, funding availability, and eligibility of individual project components. Awards are made in order of scoring rank until available funds are exhausted.

Q: How long do awardees have to spend Year 1 funds?

To ensure compliance with CMS program requirements, Year 1 funding awarded to subrecipients must be liquidated by July 31, 2027 — the period of performance end date in the subaward agreement. All CMS-awarded funding to the State must be liquidated by the end of the federal fiscal year, September 30, 2027.

Q: When does Year 2 begin?

Budget Year 2 will begin on October 1, 2026, with application submissions and awardee period of performance determined by ADECA at a following Year 2 budget approval from CMS. Applicants should plan for continuity and include multi-year planning in their initial submission.

Q: Will applicants need to reapply every year?

Yes. Funding is awarded annually and applicants must reapply each funding year. Future-year funding is not guaranteed, even for recipients of past awards.

Q: Can an organization apply in Year 2 if they do not apply in Year 1?

Yes. Organizations may apply in Year 2 even if they did not apply in Year 1, unless a specific NOFO restricts eligibility to prior applicants or existing grantees.

Q: Can Year 1 funding be used as a planning year?

Year 1 may include planning and set up activities such as hiring staff, establishing systems, and finalizing plans — but it is not intended to be solely a planning year. Measurable progress must also occur, and applicants are expected to begin implementation immediately upon award.

Q: What happens to funds that are not awarded or expended?

If ADECA does not award all available funds prior to September 30, 2026, unawarded funds may be redistributed to other states. Neither unawarded nor unspent funds carry over to the next year's program period; any remaining funds will be returned to CMS.

Application Process & Submission

Q: Does each initiative have its own NOFO?

Yes. Each initiative is unique, and a separate NOFO is issued for each one. NOFOs can be downloaded from alabamarhtp.com under Resources.

Q: Can a project that fits multiple initiatives be submitted under more than one?

Yes. Applicants may submit proposals under multiple initiatives, provided each submission meets the requirements of the respective NOFO and each application is clearly defined and distinct. If multiple strategies within a single initiative apply to one cohesive project, one application under that initiative is sufficient.

Q: Should project narratives stand alone if applying under multiple initiatives?

Yes. Each application must be complete and able to stand independently for the initiative under which it is submitted. Applicants may indicate if the proposed project complements or aligns with projects submitted under other initiatives and should describe how they plan to coordinate across those efforts.

Q: Can an application be saved and edited before submission?

There is no manual save function. However, every time you complete a section and press Next, the application autosaves. If you log out mid-application, your progress is saved through the last section where you clicked Next. You cannot delete an application once started, but you can return and continue editing it at any time before submission.

Q: What happens if an application is submitted with missing or incorrect information?

Incomplete applications are likely to be deemed ineligible. Applicants are strongly encouraged to submit applications as early as possible.

Q: Can an application cover multiple counties, or does each county require a separate application?

Applicants may include multiple counties within a single application if the project represents a cohesive and unified scope of work.

Q: Will applicants receive feedback on their application?

Technical assistance feedback will be provided only in terms of completeness. ADECA will not provide feedback on the quality or eligibility of project proposals prior to award decisions.

Q: Can applicants request a sample application?

A sample application will not be provided. Application materials and content will be available through the portal as each initiative is released.

Q: Will workshop recordings and presentation slides be available?

Yes. Workshop recordings and selected slides will be posted on the ARHTP website (alabamarhtp.com) under Resources as soon as possible following each session.

Q: If the applicant does not have a Certificate of Existence to upload, can you proceed with the application?

Yes. Indicate not applicable and provide clarification if needed.

Allowable Costs & Budget

Q: Are administrative and indirect costs allowable?

No. Administrative and indirect costs are not allowable and must not be included in the application budget. Personnel and operational expenses are allowable only if directly related to project activities, reasonable, and necessary.

Q: Can personnel costs be included?

Yes. Personnel costs — including salaries and fringe for project staff — may be included if they are directly related to carrying out project activities. Personnel costs may not replace existing organizational funding (supplanting is prohibited). Only staff working directly on the project may be paid with these funds.

Q: Can equipment be purchased with grant funds?

Yes, but only after the grant is awarded and during the approved period of performance. Equipment purchases above the micro-purchase threshold must be procured in accordance with 2 CFR 200, Subpart D and any other applicable law. No pre-award costs are allowable — equipment cannot be purchased before an award agreement or other contract is executed with ADECA.

Q: Are minor alterations and renovations (A/R) allowable?

Limited A/R may be allowable if consistent with NOFO guidance, the State plan, and federal requirements. No funds may be used for new construction, major renovations, or expansion of the existing physical footprint. CMS guidance on this area is updated regularly; applicants should check the CMS RHTP FAQ page for the latest clarifications.

Q: Can funding be requested for pre-award startup costs?

No. Per CMS program guidelines, funding cannot be used for any pre-award costs. Activities such as startup, planning, staffing, or procurement may not begin until an award agreement has been executed and the budget has been formally approved.

Q: What does the reimbursement model look like?

A modified cost-reimbursement model will be used. Payments are disbursed based on allowable, documented costs submitted after they are incurred. All funding must comply with CMS program guidance, Cooperative Agreement RHTCMS332060, and 2 CFR Part 200 Subparts D and E, which require that funds be drawn only when needed and used promptly — typically within three days. Proof of payment is required after expenditures are made and must be provided.

Q: Is a cost share or match required?

There is no programmatic requirement for cost share or match, but ADECA reserves the right to require a match or cost share where it would benefit the program.

Q: Are broadband or technology investments for telehealth allowable?

Broadband infrastructure projects (such as creating fiber-optic cable networks, cellular towers or data centers), as well as financial assistance to households for installation and monthly broadband internet costs are unallowable under the RHT Program. Technology investments that support telehealth and improve rural healthcare access may be allowable if clearly aligned with program objectives. Applicants should confirm eligibility under the relevant NOFO.

Compliance, Procurement & Financial Requirements

Q: What federal compliance requirements apply to awardees?

All activities must comply with applicable federal laws, 2 CFR Part 200, CMS program guidelines, the Cooperative Agreement (RHTCMS332063-01-03), and program-specific terms outlined in each NOFO. Recipients will be subject to ongoing monitoring including performance reporting, financial reviews, and compliance oversight.

Q: What are the procurement requirements?

Subrecipients who are using awarded funds to procure goods or services must comply with applicable state and local laws and regulations, as well as 2 CFR 200.

Q: Do Single Audit requirements apply?

Yes. Awards may be subject to Single Audit requirements as defined in 2 CFR 200, Subpart F, for organizations that expend $1,000,000 or more in federal funds in a fiscal year.

Q: What financial documentation is required with the application?

Applicants must submit financial statements for the last three fiscal years. If single audits were received, those must be uploaded for each of those three years. If non-Single Audits were conducted, those audited statements are required. If the organization has never been audited, unaudited statements are acceptable — including a schedule of revenue and expenditures, a balance sheet, and a cash flow statement. Any audit findings, management letters, or corrective action plans from the past three years must also be uploaded separately.

Q: What is the SAM.gov registration requirement?

All awardees must have an active System of Awards Management (SAM.gov) registration before a subaward can be executed. Having a UEI number is not sufficient — organizations must complete the full registration and must review, validate, and resubmit their entity information annually to maintain active registration. Registration and annual renewal typically take less than ten business days to become active

Q: Does an organization have to disclose if it has received prior federal funding?

Yes. All federal funding received in the past five years must be disclosed, including funds received as a pass-through from another entity. Medicaid and Medicare reimbursements are not federal grant funds and do not need to be listed.

Q: What is duplication of benefits and why does it matter?

Duplication of benefits occurs when two funding sources are used to pay for the same project or activities. This is prohibited under all federal programs. Applicants must demonstrate that proposed activities do not duplicate existing efforts.

Scoring & Review

Q: How are applications scored?

Applications are scored out of 100 points, divided equally between two sections: Design (50 points) and Execution (50 points). Design covers: need, rurality, and service gaps; project design and strategy alignment; comparative long-term viability; and budget narrative. Execution covers: implementation plan and readiness; management capacity and organizational readiness; and outputs and outcomes. A summary of scoring rubric criteria is included in each NOFO.

Q: Who reviews applications?

Applications are reviewed by a panel of qualified staff in accordance with a uniform scoring rubric.

Q: Will the scoring rubric be public?

The scoring rubric is not expected to be made public.

Q: Do multi-initiative or statewide projects score higher?

Projects are not scored more favorably based solely on geographic scale or the number of initiatives referenced. Competitiveness is based on the scoring criteria set forth in the NOFO.

Sustainability & Multi-Year Planning

Q: What does ADECA expect in a sustainability plan?

Applicants must demonstrate long-term viability through a clear post-grant operating model. This includes identifying stable revenue sources, staffing plans, partnerships, and continuation strategies that will sustain services beyond the grant period. All programs must be transformative and sustainable — not just operational during the grant window.

Q: Will sustainability be evaluated in future funding years?

Yes. Sustainability is evaluated on an ongoing basis, including annual reviews through reporting and performance monitoring. Future-year funding may be influenced by demonstrated sustainability, performance, and progress toward program goals.

Q: Should narratives address years beyond Year 1?

Yes. Even though funding is awarded annually, narratives should include long-term planning beyond the initial funding period. Outcomes and measures should reflect what years 1 through 5 of the project would look like.

Collaborative Electronic Health Record (EHR), IT, and Cybersecurity Initiative — Specific Questions

Q: Can EHR funding be used for replacement systems?

Yes, EHR funding may be used for replacements if justified and aligned with program objectives such as interoperability, efficiency, and improved access to care.

Q: What level of documentation is expected for cybersecurity upgrade projects?

Applicants should provide sufficient documentation to demonstrate need, such as formal security risk assessments, vulnerability scans, Health Insurance Portability and Accountability Act (HIPAA)/security compliance reviews, incident response gap analyses, or vendor quotes. Projects that include both assessment and implementation activities (such as system hardening, monitoring, staff training, and incident response planning) should be clearly articulated in the application.

Q: If applications to other initiatives rely on EHR/IT deliverables, how should this be approached?

Applications should clearly describe dependencies and alignment with other initiatives but must remain complete and able to stand on their own. Each initiative's application should highlight the need for another initiative application to be successful if applicable, and the EHR/IT component for each specific initiative should be included with that specific initiative's application.

Q: What is meant by 'related operational needs' in the NOFO?

Per the State Plan and NOFO, 'related operational needs' includes improvements supporting interoperability, workflow efficiency, data sharing, and overall system functionality.

Rural Health Initiative — Specific Questions

Q: Would a letter of intent demonstrating a commitment to collaborate be sufficient, provided there is a clear plan for partnership and coordination outlined in the proposal?

Letters of support or intent are acceptable if they demonstrate commitment and coordination.

Rural Workforce Initiative — Specific Questions

Q: What is the five-year rural service commitment and how does it work?

Training incentives and recruitment incentives under this initiative require a five-year rural service commitment from the individual recipient of the incentive. The five-year period begins after the incentive or educational award is received and the individual begins practicing in an approved rural community. If an individual receives a second incentive, the five-year clock restarts. Applicants (as the awarding entity) are responsible for ensuring these commitments are upheld and for repaying funds to ADECA if commitments are not fulfilled.

Q: What documentation is required to enforce the five-year commitment?

Applicants should consider obtaining a formal written agreement with each recipient that explicitly states the repayment obligation if the rural service commitment is not fulfilled. The application also asks applicants to describe how they will track these commitments — an obligation that continues beyond the end of the overall program period. Applicants should refer to existing CMS FAQ's on this issue and check regularly for additional CMS guidance.

Q: Are loan forgiveness or scholarship funds allowable under this initiative?

No. Loan forgiveness and traditional scholarship funds are not allowable. CMS typically refers to allowable arrangements as "educational awards" or "stipends" — direct funds provided to support future training and tuition assistance, not to repay existing student debt. Full or partial coverage of a training program or tuition assistance is permitted and must be clearly described in a proposal.

Q: Does the five-year commitment apply to GME residents?

Yes. For GME programs, the total funding spent on a resident's education would need to be repaid if the individual does not fulfill their rural service commitment after completing the program. Applicants should ensure agreements with recipients clearly state this repayment obligation.

Mental Health Initiative — Specific Questions

Q: Would receiving prior CCBHC grant funding through the Substance Abuse and Mental Health Services Administration (SAMHSA) disqualify an applicant?

No. Prior CCBHC grant funding does not automatically disqualify an applicant. Applicants must disclose prior federal funding, and the proposed project must not duplicate the scope of activities already funded. If, for example, prior funding covered one county and the applicant is proposing to expand to additional counties, that new scope may be eligible.

Q: Are private or parochial schools eligible for school-based partnerships?

No. School-based services under this initiative are limited to public K–12 schools.

Rural Health Practice Initiative — Specific Questions

Q: How should applicants differentiate the Rural Health Practice Initiative from the Workforce Initiative to avoid duplication?

Workforce-related activities in the Rural Health Practice Initiative should be directly tied to the proposed service model — such as staffing, care coordination, or operational support for a specific rural clinic project. The standalone Workforce Initiative is designed for broader workforce development, including training pipelines, recruitment programs, and system-level capacity building. Applicants should ensure any workforce components in a Rural Health Practice Initiative application are project-specific and do not duplicate activities more appropriately funded through the Rural Workforce Initiative.

Q: Can funds be used to add exam rooms or expand the physical footprint of a clinic?

No. Funds cannot be used for new construction, major renovations, or physical expansion of a facility's footprint. Internal, targeted renovations may be allowable. However, if an organization needs to relocate to a larger existing space to accommodate increased capacity, that may be considered.

Q: Must telehealth services be included in every Rural Health Practice project?

No. Telehealth is one of several allowable activity types — it is not a requirement. Applicants should select the activities that align with their proposed project scope and the eligible activities defined in the NOFO.

Q: Can employees working on the funded program split their time between RHT activities and other duties?

Yes. Time spent on RHT program activities may be charged to the program. The subrecipient must have proper documentation — including attestations and time reports — to track and justify all expenditures. Fringe benefits must also be fully documented, as fringe structures vary by organization. Applicants should, however, be mindful of CMS guidance concerning supplanting existing funding.

For additional questions, contact the Alabama Rural Health Transformation team at info@alabamarhtp.com | alabamarhtp.com