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H.B. 772
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Barhorst and Moore

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SUMMARY

- Establishes the Rural Health Transformation Program within the Department of Health.
- Requires the Department of Health to allocate funding to qualified entities under the Program.
- Establishes the Legislative Task Force on Rural Health to monitor implementation of the Program.

DETAILED ANALYSIS

Rural Health Transformation Program

Section 71403 of H.R. 1, also known as the One Big Beautiful Bill Act or the Working Families Tax Cut Act, authorized the federal Rural Health Transformation Program. The Program seeks to empower states to strengthen rural communities by improving health care access, quality, and outcomes by transforming the healthcare delivery system.[1] H.R. 1 makes available $10 billion per year beginning in federal fiscal year 2026 and ending in federal fiscal year 2030. To be eligible to receive a portion of available funds, states were required to submit a rural health transformation plan to the U.S. Centers for Medicare and Medicaid Services (CMS) outlining the initiatives each state would carry out with rural health transformation funds. Ohio was awarded $202 million in both federal fiscal year 2026 and 2027.[2]

The bill establishes the Rural Health Transformation Program within the Department of Health. As part of the Program, the Department is required to distribute funding received in accordance with federal law and the rural health transformation plan submitted by the

[1] Medicaid.gov, Rural Health Transformation.

[2] Medicaid.gov, Rural Health Transformation Program, State Data Maps.

Department and approved by CMS. The Program must be administered to the extent that federal funds are received and available.[3]

As part of the Program, the bill requires the Department to allocate and distribute funding to qualified entities through contracts, grant agreements, program payments, recruitment or retention payments, or other funding mechanisms. A qualified entity is defined as a hospital, health care provider, rural health facility, government entity, or community partner that demonstrates to the Department that it is able to administer a component of the Program.[4] Qualified entities must use funding in accordance with federal law and the approved rural health transformation plan. The bill requires the Department to give preference to qualified entities that utilize Program funding to promote collaboration between rural freestanding birthing centers and rural hospitals for the provision of maternity services.[5] The bill additionally requires the Department to monitor, inspect, and audit the records of a qualified entity that receives funds and to withhold, recover, and reduce funding for failure to comply with the approved rural health transformation plan, an agreement between the qualified entity and the Department governing funding, or applicable state or federal law.[6]

H.B. 772 establishes the Rural Health Transformation Fund within the state treasury. The Fund will consist of money received under the rural health transformation plan approved by CMS. The Department must use money in the Fund to carry out approved initiatives under the plan. The bill provides that, upon the expiration of the Program, the Fund must be closed in accordance with federal law. Moreover, the Department is prohibited from expending, obligating, encumbering, transferring, or otherwise disbursing any money from the Fund to (1) supplant existing state or local Medicaid expenditures or required state match, (2) duplicate existing programs or services already funded by the state, or (3) finance the construction of new hospitals.[7]

Annual report

The bill requires the Department to prepare and submit an annual report to the Legislative Task Force on Rural Health, the Senate President, the Speaker of the House of Representatives, and the Governor detailing the Program. The report must include all of the following:[8]

- The total amount of funds expended during the fiscal year;
- The total amount of funds expended since the Program's inception;
- The amount of funding remaining;

[3] R.C. 3701.89(B).

[4] R.C. 3701.89(A)(3).

[5] R.C. 3701.89(C)(1).

[6] R.C. 3701.89(C)(2).

[7] R.C. 3701.891.

[8] R.C. 3701.89(C)(3).

- The total number of qualified entities receiving program funding;
- A description of the Program activities completed during the fiscal year;
- The identity of each qualified entity receiving funding, the amount awarded, the purpose of the award, and the jurisdiction served by the entity.

Legislative Task Force on Rural Health

The bill establishes the Legislative Task Force on Rural Health consisting of 12 members. Six members of the Task Force must be appointed by the Senate President, and six members by the Speaker of the House of Representatives. When appointing members to the Task Force, the bill requires the Senate President and House Speaker to appoint members that represent the most rural areas of the state. Under the bill, initial appointments must be made not later than 45 days after the bill's effective date. Thereafter, appointments must be made not later than 45 days after the commencement of the first regular session of each General Assembly, and members may serve for the remainder of a General Assembly until a successor is appointed.

Following appointments, members of the Task Force must elect a chairperson. The Task Force must meet at the call of the chairperson. The Task Force must monitor implementation of the Rural Health Transformation Program and the use of funds from the Rural Health Transformation Fund.[9]

HISTORY

Action	Date
Introduced	03-24-26

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[9] R.C. 3701.892.