

CMS Webinar: “Rural Health Sustainability: RHRC Programs and Approach”

Question & Answers

Q1: What was the old payment paradigm versus the new approach? What are the differences and how significant is the impact?

A: The old payment paradigm refers to fee-for-service (FFS), where payment is based on the volume of services provided. This structure incentivizes providers to prioritize volume. In this model, maintaining sufficient service volume is often necessary to sustain operations, particularly for rural healthcare entities.

The proposed shift through alternative payment models moves away from a volume-based system toward one that supports essential services. This includes defining the services each community needs and establishing a payment framework that ensures their sustainability. Effectiveness is measured through health outcomes, with a focus on defining and aligning around quality at a high level, and then building the infrastructure needed to achieve those outcomes.

A key limitation of FFS is that it incentivizes services with higher reimbursement rates, while essential services—such as primary care and behavioral health—may be under-reimbursed. The new payment paradigm is designed to better support these critical services and improve overall population health at the community level.

Q2: Is there a cost for nonprofits seeking assistance in this area?

A: Technical assistance (TA) services are often funded through federal or state contracts, including support provided through the Rural Health Transformation Program (RHTP). As a result, many services are available at no direct cost under those funding arrangements.

At the same time, nonprofit organizations operate under the principle of “no margin, no mission,” meaning funding is still required to sustain operations. While many services are covered through government funding, direct contracting options are also available when needed.

The overarching goal is to preserve access rather than generate profit, and services are generally offered at a reasonable cost relative to the expertise and support provided.

Q3: Is this a standalone initiative, or will it continue as part of the broader RHTP?

A: The intent is for this work to be integrated into the broader RHTP. Building momentum in the alternative payment model (APM) space is a key priority, and partnership with CMS—particularly in relation to traditional Medicare—is essential to this effort.

This work is being aligned within the RHTP framework to support the development of federal solutions and promote consistency. While many states incorporate APMs into their RHTPs, variation across approaches remains a challenge. Greater alignment is needed to avoid fragmented efforts and to strengthen collaboration with federal partners.

Overall, the goal is not to establish a separate initiative, but to incorporate this work into RHTP implementation over the next several years.