United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510–6200

September 12, 2025

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G St. NW
Washington, D.C. 20548

Dear Comptroller General Dodaro:

On July 4, 2025, Trump signed into law the largest cuts to health care in U.S. history. The Republican reconciliation bill cuts federal funding for the U.S. health care system by over $1 trillion, and the Republican health care cuts will terminate health care coverage for more than 15 million Americans. In an attempt to cover up the harms of these cuts, which will disproportionately impact rural communities, the law established a temporary rural health slush fund. We write today to request that the GAO provide an independent analysis of the implementation of this fund.

The Republican rural health slush fund, called the "Rural Health Transformation Program" in the reconciliation bill, makes $50 billion available to states—not including the District of Columbia—over fiscal years 2026 through 2030. To be eligible for funding, states must submit a rural health transformation plan to the Administrator of the Centers for Medicare & Medicaid Services (CMS). Of the $50 billion appropriated for CMS to allot to states, 50 percent must be equally distributed among states with an approved application, and 50 percent must be distributed among states in amounts determined by the CMS Administrator, within broad and undefined parameters that do not even require funds to be spent on rural health care. The CMS Administrator must approve or deny state applications by December 31, 2025.

The Republican reconciliation bill provides the CMS Administrator with flexibility in how to distribute the funds, as well as other broad flexibilities for implementing the program, like the application submission period, the form and manner in which states can apply for these funds, and the process for approving applications. The law also provides $200 million for the CMS Administrator to use at his discretion to implement the fund.

Given the flexibilities afforded to the CMS Administrator to implement this rural health slush fund and the imminent timing of the program, we seek to better understand the key

implementation decisions CMS is making and how implementation of this program compares to other grant programs. Specifically, we would like GAO to answer the following questions:

1. What were the key decisions made by CMS in implementing the Rural Health Transformation Program, including those for establishing an application process, determining the criteria, and the application of those criteria for approving applications, and determining the amount of funds to be allotted to each state?
2. How and when did CMS communicate the requirements of the application process for approving applications and for determining the amount of funds to be allotted to states?
3. Are the administrative costs associated with the Rural Health Transformation Program reasonable compared to other programs?
4. How do the CMS Administrator's criteria for implementing the Rural Health Transformation Program (e.g., application requirements, criteria for selection, transparency of the determination process, appeals process, etc.) compare to the criteria for other CMS grant programs?
5. How much funding was allotted to each state, and what factors did the CMS Administrator consider in determining the recipients and amounts?
6. Did CMS award at least $100 million per year to each state with an approved application?
7. How does CMS determine that a state's use of funding from the Rural Health Transformation Program is improper and should be clawed back?
8. What are the trends in the types of services or issues (e.g., access to care, financial instability, service line closures) that states described in their rural health transformation plans?
9. Are certain regions disproportionately benefiting from or being excluded from accessing the Rural Health Transformation Program?
10. What process exists, if at all, for states to appeal approval decisions, withdrawal decisions, and/or the amount of allotments to them as part of the Rural Health Transformation Program?
11. How does CMS plan to monitor and oversee states' use of funds to ensure consistency with the detailed plans in their applications?
12. How did CMS use the $200 million in implementation funding for the Rural Health Transformation Program? Was this funding used to support CMS employees or third-party contractors? Was this funding made available to states?
13. Are there documented improvements in patient health outcomes or quality care metrics associated with the Rural Health Transformation Program?
14. What risks does GAO foresee for future misuse, mismanagement, or underperformance of the Rural Health Transformation Program?

We appreciate your prompt attention to this request and ask that GAO staff provide regular updates regarding this inquiry to Ranking Member Wyden's staff from the Senate Committee on Finance.

Sincerely,

Ron Wyden
United States Senator
Ranking Member, Committee on Finance

Tina Smith
Ranking Member
Subcommittee on Fiscal Responsibility and Economic Growth