

# DEFINING RURAL: ARIZONA'S RURAL HEALTH TRANSFORMATION PROGRAM OPPORTUNITY

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Bryna Koch, DrPH, Dan Derksen, MD



THE UNIVERSITY OF ARIZONA  
MEL & ENID ZUCKERMAN COLLEGE OF PUBLIC HEALTH  
Center for Rural Health

## KEY POINTS:

- ▶ The Governor's Office will coordinate Arizona's response to the RHTP opportunity.
- ▶ Each State is eligible for \$500 million over 5 years (FY 2026-30), upon CMS approval (by 12/31/25) of a State's RHTP Plan.
- ▶ An additional \$500 million in funding will be a proportional distribution determined by CMS to not fewer than one-fourth of the states with approved RHTP Plans. The eligibility criteria for the second allotment includes a rural definition that determines a State's rural population and rural facilities compared to the nation, and other factors.

## BACKGROUND

The One Big Beautiful Bill Act (OBBBA) of 2025, also known as H.R. 1, was signed into law 7/4/25.<sup>1</sup> The bill includes significant cuts in federal healthcare spending and will reduce federal Medicaid spending by an estimated \$911 billion over 10 years, with the greatest impacts to States beginning in 2030.<sup>2</sup>

The RHTP is described in H.R. 1, Title VII, Sec. 71401.<sup>1</sup> The RHTP encourages transformative frameworks in states to prepare for the impacts of the cuts to federal Medicaid spending on rural hospitals and providers.<sup>3</sup> The RHTP allocates a total of \$50 billion over five fiscal years: FY 2026-30. The funding is provided in two allotments. The first is evenly divided among states (\$500 million per state over 5 years). The eligibility criteria for the second, proportional, allotment includes a rural definition that determines a State's rural population and facilities as compared to the nation.

## WHAT IS RURAL?

There is no single, commonly accepted definition of rural used across federal nor state agencies. States may develop their own definitions of rural, therefore defining rural can be a "challenging task."<sup>4</sup> In federal and state policymaking, the legislative branch may choose to define rural in developing, introducing, and passing legislation; the executive branch may more precisely define bills signed into law as part of their formal rulemaking, determining eligibility and implementing processes; and the judicial branch may provide clarification and make judgments on the bill and its implementation.

## USE OF RURAL IN THE RHTP:

For the second RHTP funding distribution, the H.R. 1, Title VII, Sec. 71401 states that the following will be considered:

- ▶ Percentage of the State population located in a rural census tract of a metropolitan statistical area (as determined by the most recent modification of the Goldsmith Modification<sup>4,5</sup>).
- ▶ Proportion of rural health facilities in the State relative to the number of rural health facilities nationwide.
- ▶ The fiscal situation of rural hospitals in the State.
- ▶ Other factors that CMS deems appropriate.<sup>1</sup>

The Goldsmith Modification cited in H.R. 1, Title VII, Sec. 7140. It is an approach to defining rural areas.<sup>4,5</sup> Formal guidance and additional clarity on the rural definition and eligibility may be provided from the Centers for Medicare and Medicaid Services (CMS) when the State receives details on the RHTP funding opportunity.

## **THE GOLDSMITH MODIFICATION:**

The Goldsmith Modification was created in 1992 to better identify the “small towns and rural areas found in large metropolitan counties.”<sup>4,5</sup> This approach was developed to address challenges with defining metropolitan and nonmetropolitan at the county level. This is important in a state like Arizona which has just 15 counties and is the sixth largest state in land area. Coconino County, Arizona as an example, is the second largest U.S. county in land area.<sup>6</sup>

The Goldsmith Modification was proposed in response to the approach used by the Office of Budget and Management (OMB) which defines counties as “metropolitan (metro), micropolitan (micro), or neither.” Nonmetropolitan counties were assumed to have less geographic access to health services.<sup>5</sup> However, there were also small towns and rural areas within large metropolitan counties with similar challenges as those living in nonmetropolitan counties like availability, distance, and travel time to access health services. Additionally, the OMB approach sometimes includes sparsely populated large areas in metro areas, for example, the Grand Canyon is in a metro county (Coconino County).<sup>7</sup>

The Goldsmith Modification preceded the Rural-Urban Community Area Codes (RUCAs).<sup>4</sup> RUCAs use a Census-tract level rural classification approach. This is a sub-county approach to defining rural areas that intends to address the same large county issue, where a large county can contain small towns and rural areas as well as larger central areas. There are 10 primary RUCA codes (appendix A). Refer to appendix B for rural population by county for Arizona.<sup>8,11</sup>

## **THE FEDERAL OFFICE OF RURAL HEALTH POLICY – RURAL GRANT ELIGIBILITY CRITERIA:**

There are different ways to use the RUCA codes to determine rurality.<sup>8</sup> FORHP includes the RUCA and other factors to determine eligibility for its rural grants and programs. FORHP’s rural grant eligibility includes:

- ▶ Non-metropolitan counties.
- ▶ Outlying metropolitan counties with no population from an urban area of 50,000 or more people.
- ▶ Census tracts with primary RUCA codes 4-10 in metropolitan counties.
- ▶ Census tracts of at least 400 square miles (sq.mi.) in area with population density of 35 or fewer people per sq.mi. with primary RUCA codes 2-3 in metropolitan counties.
- ▶ Census tracts with Road Ruggedness Scale (RRS) 5 and primary RUCA codes 2-3 that are at least 20 sq.mi. in area in metropolitan counties.<sup>9,10</sup>

Tables 1 and 2 use the FORHP federal grant eligibility criteria updated with the 2020 RUCA codes released on 7/31/2025.

**Table 1. Arizona's Rural Population is 772,326 Individuals and Comprise 11% of Arizona's Total Population (2020).**

	<b>Total Population 2020</b>	<b>Rural Population 2020</b>	<b>Percent Rural</b>
<b>Arizona</b>	7,151,502	772,326	11%

Source: AzCRH Analysis of Percent Rural Using the 2020 RUCA and FORHP Rural Grant Eligibility Criteria.

According to the FORHP rural grant eligibility criteria, 338,332 people live in the seven full rural counties in Arizona: Apache, Gila, Graham, Greenlee, La Paz, Navajo, and Santa Cruz. Fully rural counties are highlighted in gray in table 2. Arizona's other eight counties all include some rural areas. The total population in 2023 is presented for comparison.

**Table 2. Seven Counties in Arizona are Fully Rural and the Remainder all Contain Some Rural Areas (2020).**

	<b>Total Population 2020</b>	<b>Rural Population 2020</b>	<b>Rank of 15 Counties Smallest to Largest Rural Population 2020</b>	<b>Percent Rural 2020</b>	<b>Arizona's 15 Counties Ranked Lowest to Highest Percent Rural 2020</b>	<b>Total Population 2023</b>
<b>Arizona</b>	7,151,502	772,326	-	10.8	-	7,268,175
<b>Apache</b>	66,021	66,021	12	100	9	65,680
<b>Cochise</b>	125,447	50,208	7	40.02	6	125,458
<b>Coconino</b>	145,101	53,188	8	36.66	5	144,643
<b>Gila</b>	53,272	53,272	9	100	9	53,610
<b>Graham</b>	38,533	38,533	5	100	9	38,860
<b>Greenlee</b>	9,563	9,563	2	100	9	9,452
<b>La Paz</b>	16,557	16,557	3	100	9	16,605
<b>Maricopa</b>	4,420,568	24,945	4	0.56	1	4,491,987
<b>Mohave</b>	213,267	90,170	13	42.28	8	217,420
<b>Navajo</b>	106,717	106,717	15	100	9	107,744
<b>Pima</b>	1,043,433	57,218	10	5.48	3	1,049,947
<b>Pinal</b>	425,264	59,111	11	13.9	4	449,210
<b>Santa Cruz</b>	47,669	47,669	6	100	9	48,209
<b>Yavapai</b>	236,209	94,859	14	40.16	7	241,656
<b>Yuma</b>	203,881	4,295	1	2.11	2	207,685

Source: AzCRH Analysis of Percent Rural Using the 2020 RUCA and FORHP Rural Grant Eligibility Criteria. 2023 American Community Survey data included for population comparison

## HOW TO FIND A FACILITY OR LOCATION RURALITY:

Use the “Am I Rural” tool from the Rural Health Information Hub (RHIhub)

<https://www.ruralhealthinfo.org/am-i-rural#/> to enter an address of a facility or location of interest, and select “run report.” The report will show the different rurality designations for a location, including the RUCA code. Note: some data in this report are still based on 2010 Census data.

Reach out to the Arizona Center for Rural Health if you have questions about identifying your location’s rurality based on the different eligibility criteria. Contact: Bryna Koch, DrPH, [brynak@arizona.edu](mailto:brynak@arizona.edu)

## APPROACH:

The data provided in this brief is an AZCRH analysis of publicly available data from the USDA (2020 RUCA and Area Road Ruggedness Scales) and FORHP rural grant eligibility criteria. The RUCA version used in analysis is the 2020 version released pm 7/31/2025 based on the 2020 decennial Census population and housing data and American Community Survey 2017-21 data. Updated data for Pinal County on 8/19/25. We will update this brief based on guidance from CMS regarding rural definitions.

## REFERENCES:

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10. Area and Road Ruggedness Scales. January 7, 2025. United States Department of Agriculture. Accessed August 7, 2025. <https://www.ers.usda.gov/data-products/area-and-road-ruggedness-scales>
11. Federal Office of Rural Health Policy Data Files. February, 2025. Accessed August 7, 2025. Health Resources and Services Administration. Retrieved from: <https://www.hrsa.gov/rural-health/about-us/what-is-rural/data-files>

## APPENDIX A: RUCA PRIMARY CODES AND DESCRIPTIONS

Code	Description
1	Metropolitan core: primary flow is within an urban area of 50,000 or more people (metro UA)
2	Metropolitan high commuting: primary flow is 30 percent or more to a metro UA
3	Metropolitan low commuting: primary flow is 10 percent to 30 percent to a metro UA
4	Micropolitan core: primary flow is within an urban area of 10,000 to 49,999 people (micro UA)
5	Micropolitan high commuting: primary flow is 30 percent or more to a micro UA
6	Micropolitan low commuting: primary flow is 10 percent to 30 percent to a micro UA
7	Small town core: primary flow is within an urban area of 9,999 or fewer people (small town UA)
8	Small town high commuting: primary flow is 30 percent or more to a small town UA
9	Small town low commuting: primary flow is 10 percent to 30 percent to a small town UA
10	Rural area: primary flow is to a tract outside an UA

## APPENDIX B: RURAL POPULATION BY COUNTY (2020)

	Total Population	Rural Population	Rank of 15 Counties Smallest to Largest Rural Population	Percent Rural	Rank of 15 Counties Lowest to Highest Percent Rural
<b>Arizona</b>	7,151,502	772,326	-	10.8	-
<b>Apache</b>	66,021	66,021	12	100	9
<b>Cochise</b>	125,447	50,208	7	40.02	6
<b>Coconino</b>	145,101	53,188	8	36.66	5
<b>Gila</b>	53,272	53,272	9	100	9
<b>Graham</b>	38,533	38,533	5	100	9
<b>Greenlee</b>	9,563	9,563	2	100	9
<b>La Paz</b>	16,557	16,557	3	100	9
<b>Maricopa</b>	4,420,568	24,945	4	0.56	1
<b>Mohave</b>	213,267	90,170	13	42.28	8
<b>Navajo</b>	106,717	106,717	15	100	9
<b>Pima</b>	1,043,433	57,218	10	5.48	3
<b>Pinal</b>	425,264	59,111	11	13.9	4
<b>Santa Cruz</b>	47,669	47,669	6	100	9
<b>Yavapai</b>	236,209	94,859	14	40.16	7
<b>Yuma</b>	203,881	4,295	1	2.11	2