

Arizona Rural Health Transformation Program (RHTP)

State of Arizona RHTP Revised Narrative and Budget Submitted to CMS 1/30/2026

HR 1 Effects of Cuts to Arizona's Medicaid and Marketplace

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A wide-angle photograph of an Arizona desert landscape. The foreground and middle ground are dominated by rugged, reddish-brown rock formations and mesas under a clear blue sky with scattered white clouds. The terrain is arid with sparse green vegetation.

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Rural Health Transformation Program (RHTP)

- H.R. 1 (aka OBBBA) 870 pages; Title VII, Sec. 71401 RHTP, 17 pages
- **\$10B/yr X 5 yrs** half evenly distributed **\$100M/yr** to all states
- Mandatory budget appropriation to CMS (like Medicare, Medicaid)
- Governor's Office, leads Arizona's RHTP Plan
- AZ RHTP Plan submitted to CMS 11/5/2025 ($\$200 \text{ M/yr} \times 5 = \1B)

Rural Health Transformation Program (RHTP)

- CMS approved AZ RHTP for **\$167 M X 5 = \$835 M**
- Ranked 22nd in amt. per rural resident; but 6th lowest of states total
- Arizona: 10.8% pop. lives in rural areas; U.S.: 20%
- AZ submitted revised RHTP budget & narrative to CMS 1/30/2026
- CMS has 30 days to approve the AZ RHTP Plan and Budget
- Once approved, NOFOs / RFPs Est. Mar-Apr via OEO, AHCCCS, ADHS
- 30- to 90-day turnaround from RFP release to submission deadline

Arizona RHTP Revised 1/30/2026*



% total budget, \$ amount, priority area, state agency:

- I. Total: 28% (\$47 M) Rural Health Ed, Training (OEO)
 - a. 19% (\$32 M) Rural Education & Training Expansion
 - b. 5% (\$8 M) Rural Practice Incentives
 - c. 3% (\$5 M) Upskilling, Residency Support, Training Capacity Grants
 - d. 1% (\$2 M) AZ Health Workforce Project, Innovation Learning Network
- II. Total: 16% (\$27 M) Priority Rural Health Grants
 - a. 6% (\$10 M) Behavioral Health, SUD (AHCCCS)
 - b. 3% (\$5 M) Maternal Health: (ADHS)
 - c. 7% (\$12 M) Chronic Disease: (ADHS)

OEO Office of Economic Opportunity; AHCCCS Arizona Health Care Cost Containment System; ADHS Arizona Department of Health Services

*Revised AZ RHTP Plan & Budget submitted to CMS 1/30/2026; pending CMS review & approval within 30 days

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Arizona RHTP Revised 1/30/2026*



% total budget, \$ amount, priority area, state agency:

III. Total: 23% (\$38 M) Making Rural Health Accessible: (AHCCCS)

- a. 10% (\$17 M) Telehealth, Digital Transformation, Care Coordination
- b. 13% (\$21 M) Rural Health Innovative Care Pilot Program

IV. Total: 23% (\$38 M) Making Rural Health Resilient (AHCCCS)

- a. 18% (\$30 M) Med Dx Equip, Tech, EHR Upgrades, Data Sharing
- b. 3% (\$5 M) Shared Service Consortia
- c. 2% (\$3 M) Technical Assistance for Operational & Fiscal Performance

IDC Cap: 10% (\$17 M) Cap: 3% state agency + 7% sub-awardee

AHCCCS Arizona Health Care Cost Containment System

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Health Insurance Coverage: ACA Marketplace

Arizona enrolled 423,025 in ACA Marketplace plans Jan 2025.

Marketplace tax credits expired 12/31/25, HR 1 did not extend them

70,000 fewer Arizonans covered Jan 2026

Why? Premiums, cost sharing (co-pays, deductibles) soared

ACA = Affordable Care Act

HR 1 is also known as OBBBA = One Big Beautiful Bill Act

January 2027: HR 1 New Medicaid Requirements



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

Increases Medicaid eligibility, enrollment, redetermination to *twice per year*
Institutes work requirements to maintain Medicaid eligibility & enrollment

2026 AHCCCS Enrollment = 1,842,418

H.R. 1 cuts AHCCCS by an est. \$26 to \$43B over 10 yrs (KFF)

250,000 to >400,000 losing coverage by 2034

H.R. 1 cuts will increase AZ's current 750,000 uninsured (10%) to:

> 1,000,000 Arizona uninsured

AHCCCS Population Highlights 1/1/26 <https://www.azahcccs.gov/Resources/Downloads/PopulationStatistics/PopulationHighlights01052026.pdf>

KFF Est. Fed funding Cut: <https://www.kff.org/medicaid/issue-brief/allocating-cbos-estimates-of-federal-medicaid-spending-reductions-across-the-states-enacted-reconciliation-package/>

KFF Est: <https://www.kff.org/affordable-care-act/issue-brief/how-will-the-2025-reconciliation-bill-affect-the-uninsured-rate-in-each-state-allocating-cbos-estimates-of-coverage-loss/>

ACA = Affordable Care Act; AHCCCS = Arizona's Health Care Cost Containment System, aka Arizona's Medicaid Program; OBBBA One Big Beautiful Bill Act

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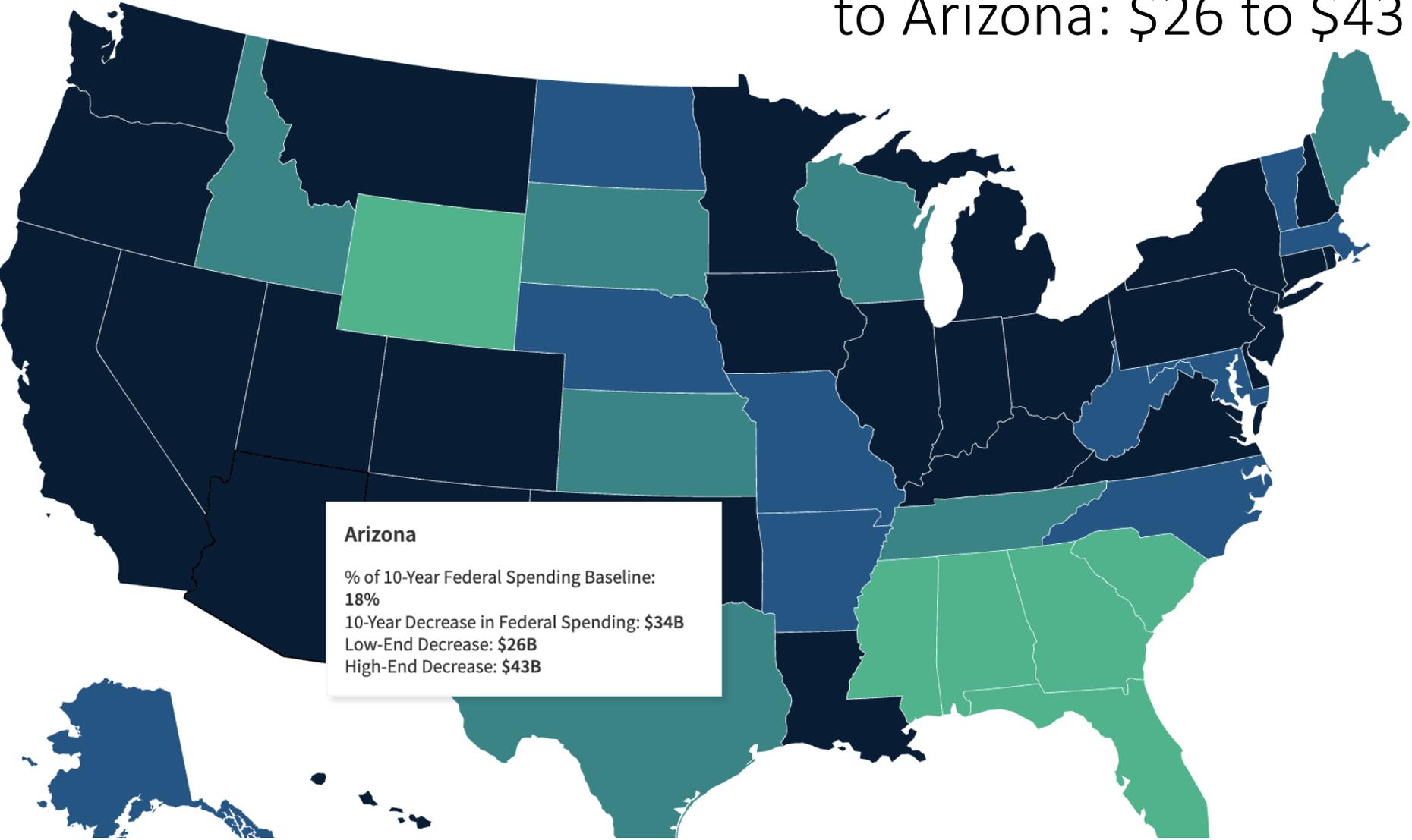


Federal Medicaid Cuts in the Enacted Reconciliation Package, By State

As a % of 10-year baseline federal spending (2025-2034)

■ < 7% ■ 7%–10% ■ 10%–13% ■ ≥ 13% **KFF**

Est. 10-Yr Decrease in Federal Support to Arizona: \$26 to \$43 Billion (KFF)



Arizona
% of 10-Year Federal Spending Baseline: **18%**
10-Year Decrease in Federal Spending: **\$34B**
Low-End Decrease: **\$26B**
High-End Decrease: **\$43B**



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An Additional 10M People Nationwide Could be Uninsured in 2034 Due To The Budget Reconciliation Package

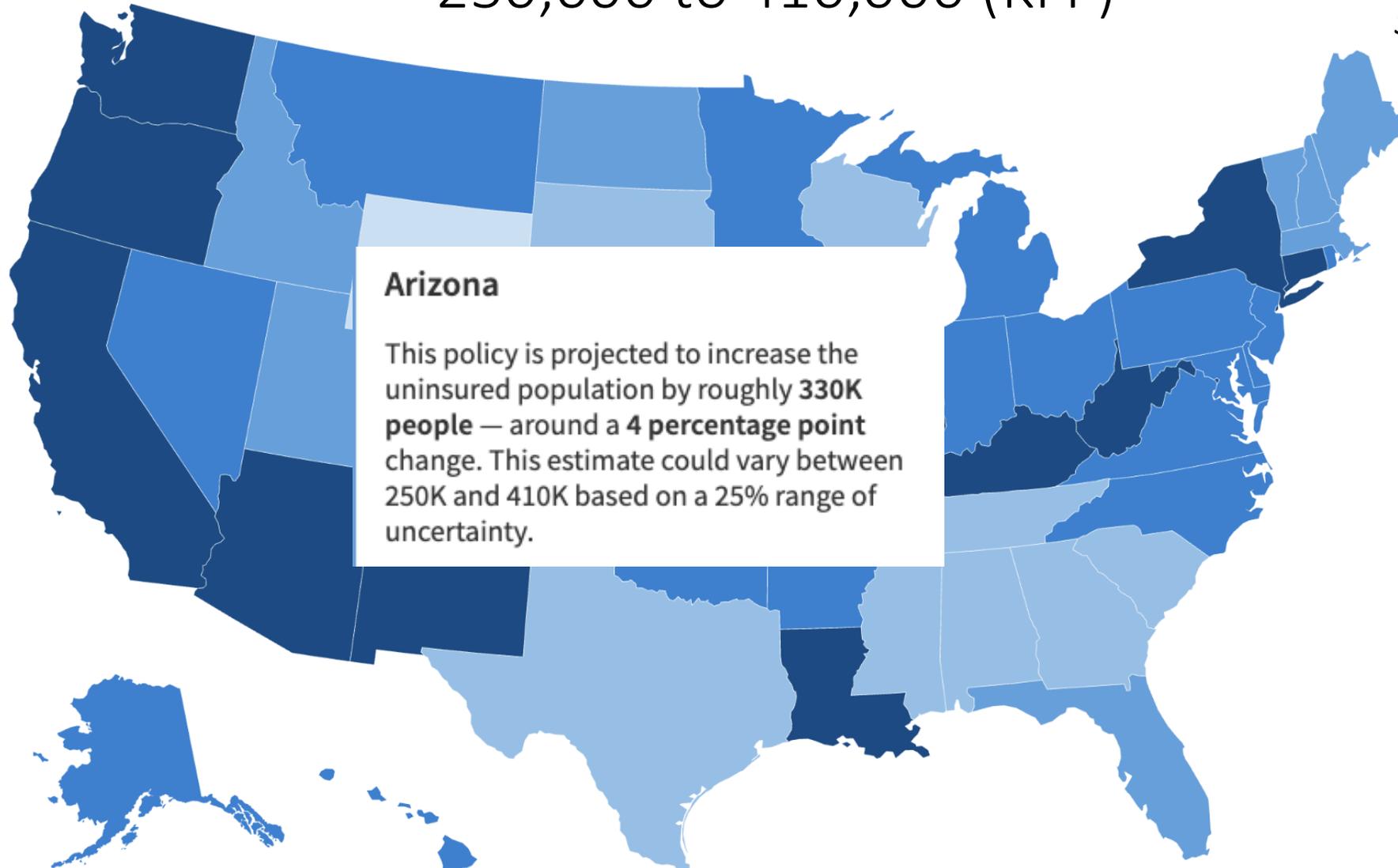
Percentage Point Increase in the Uninsured Population due to the Budget Reconciliation package (formerly known as the "One Big Beautiful Bill Act") Based on National CBO Estimates, by State

Percentage Point Increase

1 2 3 4

KFF

Est. 10-Yr Increase in Arizona Uninsured 250,000 to 410,000 (KFF)



Arizona
This policy is projected to increase the uninsured population by roughly **330K people** — around a **4 percentage point** change. This estimate could vary between 250K and 410K based on a 25% range of uncertainty.

My take: You don't save money throwing people off Medicaid via onerous redetermination processes — you just shift costs to families and health providers - and worsen health outcomes



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Design: Ann Gam (Updated 8/22/25)



About This Map

This map intends to inform the efforts of the AuCRH and rural healthcare partners statewide. Only selected rural and safety net facilities are included. Many of these facilities are owned by federal and state funded projects at the AuCRH. These facilities have definitions and criteria established by federal health policy to meet the needs of rural and underserved populations. They also may have geographic, population service, and clinical services requirements. This list is not exhaustive of health facilities in Arizona. More information about this map can be found on our website.



Dan Derksen MD, Director
Jill Bullock, Associate Director

Who Loses in H.R. 1 Medicaid Cuts in 2027? Arizona's Rural Health Safety Net:
 17 Critical Access Hospitals
 54 Rural Health Clinics (RHCs), 31 CAH-affiliated
 26 Health Centers operating 175 FQHC Sites
 16 Indian Health Service IHS hospitals, clinics
 28 Tribal-operated (P.L. 638) hospitals, clinics

Map: <https://crh.arizona.edu/sites/default/files/2025-08/250822SN2025Map.pdf>

Design: Ann Gam (Updated 7/28/25)





Daniel Derksen, MD, is the University of Arizona Health Sciences Associate Vice President for Rural Health Workforce Development Initiatives. He is a Professor of Public Health in the Zuckerman College of Public Health with joint appointments in the Colleges of Medicine (Tuc + PHX) and Nursing.

His current service, education and research activities include informing legislative, regulatory and program policy to improve access to health care and health insurance coverage; developing, implementing and evaluating interprofessional service-learning sites; and working to assure a well-trained and distributed health workforce to meet the needs of all Arizonans.

In his University of New Mexico and University of Arizona academic career he has been principal investigator (PI) of more than \$100 million in federal, state, and private foundation grant funding.



House Committee on Ways & Means in 2015

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