

LEGISLATIVE UPDATE



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Fire Districts Must Capitalize on Rural Health Funding

On December 31, 2025, the Illinois Department of Healthcare and Family Services (HFS) announced that Illinois would receive \$192 million per year over the next five years through the newly created federal Rural Healthcare Transformation Program. The program was created by the budget reconciliation bill approved by Congress in July, also referred to as House Resolution 1 or the “One Big Beautiful Bill (OBBB).” The anticipated cuts to Medicaid in the OBBB will disproportionately impact rural hospitals and healthcare delivery in rural areas. The RHTP was offered to address concerns about the Medicaid cuts resulting from the OBBB, along with the program’s stated purpose to strengthen rural healthcare systems for the future.

States’ shares of the \$50 billion program were calculated based upon geographic size, rural population, and a state’s willingness to adopt administrative-friendly policies. According to HFS, 1.9 million Illinois residents live in what is considered a rural area, accounting for fifteen percent of the state’s population. According to KFF, a healthcare policy and research organization, Illinois will receive between \$100-200 per resident per year through the RHTP program.

States applying for the RHTP grant were required to outline how their plan utilized the federal Centers for Medicare & Medicaid’s (CMS) five strategic goals from the RHTP Notice of Funding Opportunity. Illinois’ application focused on three key areas: Transforming Rural Healthcare Delivery, Overcoming Geographic Barriers of Care, and Building a Resilient Rural Healthcare Workforce. The Illinois proposal

specifically mentioned spending on infrastructure and increased investment in EMS, mobile health and mobile crisis units.

The plan included spending on vehicles, equipment, information technology systems and perhaps most importantly, staff. When conducting stakeholder outreach during the grant application process, HFS identified “workforce recruitment and retention” as the most important issue among stakeholders. Funds can be used for scholarships, training and certification. As a key partner in the delivery of rural healthcare, fire protection districts providing EMS services should share in this new funding source.

Time is of the essence for several reasons. First, the RHTP program itself is time-sensitive by design. Federal health officials want states to be creative and proactive and show tangible improvements within a relatively short five-year time frame. Some controversial initiatives such as broadening scope of practice for healthcare workers in rural areas have been stymied by opposition from powerful groups such as the American Medical Association. Federal CMS wants states to use the carrot of funding along with the stick of potential claw back of funds to get state lawmakers and administrations to act and to innovate.

Now that the award amount has been determined, the next step is for HFS to enter budget negotiations with CMS. Illinois has submitted a State Plan Amendment (SPA) to the federal government. Once the SPA is approved, the Department may need to promulgate

rules and establish grant application processes. HFS has indicated that it plans to continue stakeholder engagement with grant partner entities, trade groups, and others to best implement the award.

It will be a goal of IAFPD to ensure that we are part of this continued stakeholder outreach. We will work to identify channels to connect with the department and other stakeholders and may be asking member districts to contact the administration or their own legislators regarding the importance of having fire protection districts at the table. Although the OBBB’s cuts to Medicaid are concerning, the Rural Healthcare Transformation Program represents a rare opportunity for this organization to highlight our role in rural healthcare delivery.

EMS1 has covered the new program extensively and recommends that EMS providers and partner organizations such as IAFPD take the following steps to maximize results: 1) Engage early with health officials. 2) Align EMS capabilities with the state’s RHTP priorities. 3) Propose innovative EMS models. 4) Build strong coalitions, and 5) Leverage data to demonstrate impact. IAFPD will be looking at how we can take these steps and establish fire protection districts as an essential partner in rural health and in Illinois’ Rural Healthcare Transformation Program. ■