HALL RENDER
KILLIAN HEATH & LYMAN
HEALTH CARE UNINTERRUPTED

HALL RENDER
ADVISORY SERVICES

Compliance, Oversight and Lessons from Early Implementation

RHTP in Practice

Thursday, August 13, 2026 | 1:00–2:00 PM ET

Ben Fee

Attorney, Hall Render

bfee@hallrender.com

(720) 282-2030

Lori Wink

Attorney, Hall Render

lwink@hallrender.com

(414) 721-0456

Andrew Heberling

Attorney, Hall Render

aheberling@hallrender.com

(248) 457-7807

Today's Discussion

RHTP today: from planning to implementation
National developments & grant compliance risk areas
Contractor and subrecipient oversight
Documentation, reporting and audit readiness
Regulatory considerations & lessons from early implementation
Q&A

RHTP at a Glance

$50 BILLION
Federal investment

5 FUNDING YEARS
FY2026–FY2030

ALL 50 STATES
Participating

CMS
Federal cooperative agreements

→

STATES
Transformation plans and implementation models

→

RURAL PROVIDERS AND PARTNERS
Subawards, contracts and other state-designed mechanisms

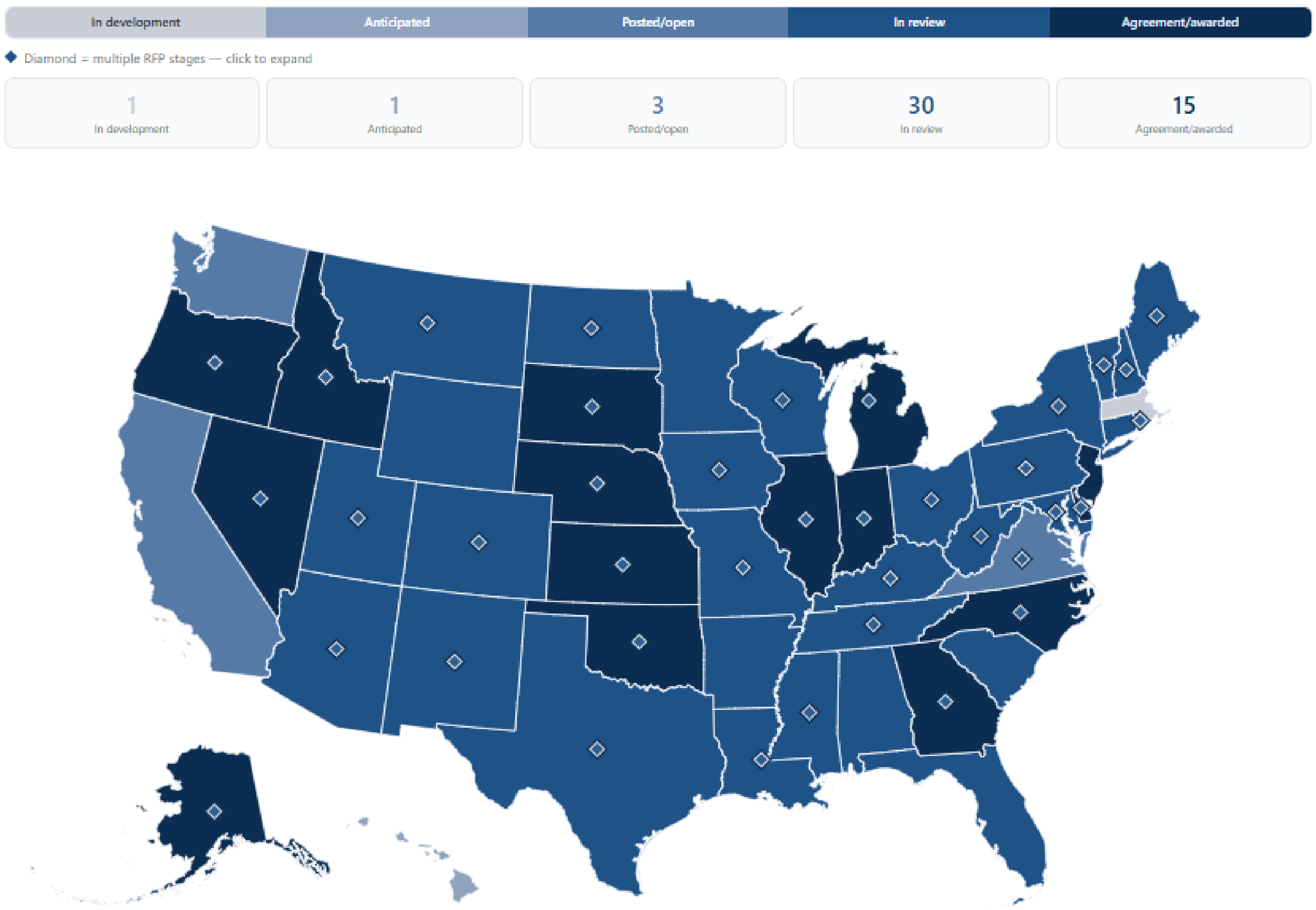
One federal framework. Fifty state implementation models.

- **Healthy Rural Communities**
- **Sustainable Access**
- **Workforce Development**
- **Innovative Care**
- **Technology Innovation**

From Award to Operations

- RHTP structure: Federal grant program awarded by CMS to states and implemented through state-designed funding and procurement mechanisms
- The shift from "application mode" to operating, spending, and accounting for funds
- Compliance and oversight risk rises once money is flowing
- This session focuses on the practical legal, regulatory, and grant issues to address now

RHTP Implementation: A 50-State Snapshot



Source: National Rural Health Association

CMS FUNDING OVERVIEW: FIVE BUDGET PERIODS

CMS will provide funding in **five budget periods.** The first budget period will be **10 months** **(December 31–October 30).** Each subsequent budget period will be **12 months** **(October 31–October 30).** These budget periods align with funding appropriated for the program from **fiscal year 2026** through **fiscal year 2030.**

	BUDGET PERIOD 1	BUDGET PERIOD 2	BUDGET PERIOD 3	BUDGET PERIOD 4	BUDGET PERIOD 5
BUDGET PERIOD DATES	DECEMBER 31, 2025–OCTOBER 30, 2026 (10 MONTHS)	OCTOBER 31, 2026–OCTOBER 30, 2027 (12 MONTHS)	OCTOBER 31, 2027–OCTOBER 30, 2028 (12 MONTHS)	OCTOBER 31, 2028–OCTOBER 30, 2029 (12 MONTHS)	OCTOBER 31, 2029–OCTOBER 30, 2030 (12 MONTHS)
ALIGNING FISCAL YEAR	FISCAL YEAR 2026	FISCAL YEAR 2027	FISCAL YEAR 2028	FISCAL YEAR 2029	FISCAL YEAR 2030
RECIPIENT OBLIGATION DEADLINE	Recipients have until the end of the budget period to obligate the funds. (October 30, 2026)	Recipients have until the end of the budget period to obligate the funds. (October 30, 2027)	Recipients have until the end of the budget period to obligate the funds. (October 30, 2028)	Recipients have until the end of the budget period to obligate the funds. (October 30, 2029)	Recipients have until the end of the budget period to obligate the funds. (October 30, 2030)
SUBRECIPIENT USE OF FUNDS	Subrecipients will then be required to utilize the funds consistent with state-specific terms.	Subrecipients will then be required to utilize the funds consistent with state-specific terms.	Subrecipients will then be required to utilize the funds consistent with state-specific terms.	Subrecipients will then be required to utilize the funds consistent with state-specific terms.	Subrecipients will then be required to utilize the funds consistent with state-specific terms.
OUTSIDE DATE TO SPEND AWARDED FUNDING*	September 30, 2027 (End of FY 2027) *Actual deadlines may vary.*	September 30, 2028 (End of FY 2028) *Actual deadlines may vary.*	September 30, 2029 (End of FY 2028) *Actual deadlines may vary.*	September 30, 2030 (End of FY 2030) *Actual deadlines may vary.*	September 30, 2031 (End of FY 2031) *Actual deadlines may vary.*

*The outside date is the end of the following fiscal year (i.e., September 30, 2027 for fiscal year 2026, etc.) to spend awarded funding, actual deadlines may vary.

The 2 CFR Part 200 Backbone

- **Uniform Guidance Governs:** 2 CFR Part 200 (with Part 300 modifications)
- **Supplanting Is Prohibited:** RHTP funds must supplement, not replace, existing state, local, tribal, or private funding
- **Allowable-Cost Discipline:** Costs must be reasonable, allocable, and documented. Watch pre-award costs and other disallowed costs
- **Single Audit:** Subrecipients expending ≥ $1M in federal funds per year trigger 2 CFR Part 200 Subpart F obligations
- **RFA and Relevant Contracts**: Will add grant-specific requirements and additional obligations

The Rules Are Evolving

The OMB proposed significant revisions to 2 CFR Part 200 in May 2026. Potential changes include subrecipient oversight, reporting, award conditions, suspension and termination.

These are proposed rules only. The current regulations and award terms remain controlling.

Program Caps & Requirements – Spending Limits

- Administrative costs — ≤ 10% of total award, including direct and indirect administrative costs; state methodology and downstream limits may vary.
- Provider payments — ≤ 15% per budget period
- Capital / infrastructure — ≤ 20% of total award
- EMR / EHR replacement — ≤ 5% per budget period
- Technology catalyst (through state) — ≤ 10% or $20M, whichever is less
- **These limitations constrain the state's RHTP award and allocation of funds. Each state determines how the applicable limitations are reflected in its RFAs, budgets, subawards, and contracts.**

RHTP Allowable/Unallowable cont.

- **Category B – Provider Payments:** Ask what the payment buys. Payment for furnishing a health care item or service is generally Category B; funding to build or implement the capability to provide that service generally is not.
- **5-Year Service Commitment:** Certain workforce initiatives that provide an individual-specific item or service of value may trigger a five-year rural service commitment
- **EHR "Rip-and-Replace" Nuance:** 5% limitation generally applies to system replacement, not upgrades or enhancements
- **Supplanting**: RHTP may support new, expanded, or transformed activity, but should not merely replace funding already committed to the same infrastructure or services.
- **Same federal rules, 50 different implementations:** states set their own priorities, eligibility, timelines, and mechanisms, and interpret the guardrails differently

Why Classification Comes First

- The label doesn't control — substance does. Under 2 CFR 200.331, look at the actual role, not what the agreement is titled
- **Subrecipient:** Carries out a piece of the program · Makes programmatic decisions · Measured against program objectives · Federal obligations attach (Single Audit, reporting, program compliance)
- **Contractor:** Provides goods or services for the recipient’s use, often in a competitive environment. Contractors do not assume the full subrecipient-compliance framework, but applicable federal and state contract requirements still apply

Oversight & Agreement Structure

- **Flow-Down Obligations:** Certain federal, RHTP, and state-award requirements must pass through to subrecipients via subawards
- **Pass-Through Duties:** Risk assessment and ongoing subrecipient monitoring — and documenting that oversight
- **Agreement Essentials:** Clear scope and deliverables, compliance terms, and audit / access rights built in from the start
- **Monitoring**: The nature and frequency of monitoring should reflect the subrecipient's assessed risk
- **Downstream Oversight**: Subrecipients making further subawards may assume pass-through entity responsibilities

Meeting Reporting & Retention Expectations

- **State → CMS**
  - Financial and performance reporting
  - Continued funding and annual rescoring
- **Subrecipient → State**
  - Requirements set by the RFA and subaward
  - Financial, programmatic and outcome reporting
  - Supporting records must be retained

Key Takeaway: Reporting requirements vary by state and award, but every subrecipient must be able to connect reported results to complete, contemporaneous financial and program records.

Audit Preparation and Considerations

- **Know Your Oversight:** Expect state and federal monitoring, potential desk reviews and site visits, and Single Audit obligations for entities exceeding the federal expenditure threshold
- **Monitoring Is Ongoing:** Internal controls, subrecipient monitoring, and periodic self-review catch issues before an auditor does
- **Responding to Findings:** Address findings promptly with corrective action plans and documented remediation
- **Remedies and Recovery**: Noncompliance may result in disallowed costs, repayment, withholding, suspension, or termination
- **Compare with PRF Audits:** Lessons from PRF Single Audits

Ready Before the Auditor Arrives

- **Build Audit Readiness Now:** The file you maintain in real time carries you through a review/audit — not a scramble after notice
- **Documentation:** If it isn't documented, it isn't defensible — in an audit or CMS review
- **Cost Support:** Maintain records tying every expenditure to an allowable cost and the correct funding category
- **Personnel Costs:** Time-and-effort documentation to support salaries charged to the program
- **Contemporaneous, Not Reconstructed:** Build the file in real time — don't wait for the audit letter

Regulatory Considerations in Implementation

RHTP doesn't operate in a vacuum — implementation must comply with the existing healthcare regulatory framework

- **Fraud & Abuse:** Stark, Anti-Kickback, and beneficiary inducement (CMP) as funds flow to providers, partners, and patients
- **Antitrust:** Provider collaboration, regionalization, and shared-service arrangements can raise antitrust exposure
- **Privacy & Data Security:** HIPAA and related obligations, especially for technology-enabled and data-sharing initiatives
- **Provider-Based, Licensure & Enrollment:** Structural and operational rules affecting how initiatives are built and billed
- **Sustainability After 2030:** Planning now for how transformed services continue when the five-year funding window closes

Early Implementation Lessons

- **Classification & Structure Matter Early:** Getting contractor vs. subrecipient right up front avoids downstream exposure
- **State Variation Is Real:** The same federal rules are being applied differently across states — don't assume uniformity
- **Compliance Capacity Must Match the Award:**
  – Assign clear ownership across program, finance, legal/compliance, procurement, data/reporting, and executive leadership
  – Scale internal resources and outside support to the size and complexity of the award
- **Documentation Is the Differentiator:** Organizations that build the file contemporaneously are far better positioned
- **Sustainability Can't Wait:** The strongest initiatives are already planning for life after the funding window

Questions

We welcome your questions.

Ben Fee

Attorney, Hall Render

bfee@hallrender.com

(720) 282-2030

Lori Wink

Attorney, Hall Render

lwink@hallrender.com

(414) 721-0456

Andrew Heberling

Attorney, Hall Render

aheberling@hallrender.com

(248) 457-7807

Contacts & Resources

Ben Fee
(720) 282-2030
bfee@hallrender.com

Lori Wink
(414) 721-0456
lwink@hallrender.com

Andrew Heberling
(248) 457-7807
aheberling@hallrender.com