



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Notice of Supplemental Funding, Medicare Rural Hospital Flexibility Program

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice of supplemental funding.

SUMMARY: HRSA is providing additional fiscal year 2026 funding under the Medicare Rural Hospital Flexibility (Flex) Program using the program's established funding methodology, including a baseline increase for all recipients and an additional adjustment for states with newly designated Critical Access Hospitals (CAHs). This funding will support state efforts to strengthen CAHs, improve quality and performance, and sustain access to essential rural health care services.

FOR FURTHER INFORMATION CONTACT: Sheena Johnson, Deputy Division Director, Hospital State Division, Federal Office of Rural Health Policy, HRSA, at sjohnson@hrsa.gov and (872) 271-6370.

SUPPLEMENTARY INFORMATION:

Intended Recipients of the Award: 2 Flex Program Recipients

Amount of Non-competitive awards: 2 awards totaling \$620,742

Project Period: September 1, 2026, to August 31, 2027

Assistance Listing Number: 93.241

Award Instrument: Cooperative Agreements

Authority: 42 U.S.C. §1395i-4(g)(1)-(2)

(https://www.ssa.gov/OP_Home/ssact/title18/1820.htm)

Table 1. Recipients with Funding Increases Exceeding 25 Percent

Grant Number	Award Recipient Name	State	Award Amount
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U2WRH33293	Alabama Department of Public Health	AL	\$146,403
U2WRH33313	Texas Department of Agriculture	TX	\$474,339

Justification: HRSA received increased funding in the Consolidated Appropriations Act, 2026, (<https://www.govinfo.gov/content/pkg/PLAW-119publ75/pdf/PLAW-119publ75.pdf>), H.R. 7148, for the Medicare Rural Hospital Flexibility Program. The Flex Program supports states in strengthening CAHs, improving quality and performance, supporting financial and operational improvement activities, and sustaining access to essential rural health care services. For fiscal year 2026, HRSA will apply a 2.5 percent funding increase to all 45 Flex Program recipients and an additional increase of 5 percent for each newly designated CAH in a state. This approach provides all Flex recipients with a baseline increase while directing additional resources to states with expanded program responsibilities due to CAH growth.

As a result of this increase, the two recipients listed in Table 1 will receive additional funding due to the number of newly designated CAHs in their states. The additional funds will provide additional support to strengthen CAHs, improve quality and performance, support financial and operational improvement activities, and sustain access to essential health care services in rural communities.

Thomas J. Engels,

Administrator.

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