

# RURAL HEALTH TRANSFORMATION SERVICE COMMITMENT FACT SHEET



## Category E Funding for Workforce Initiatives and the 5-Year Rural Service Commitment

RHT Program funding for approved Workforce Initiatives is intended to build a sustainable pipeline of local talent in rural communities. Funding may be used for recruiting and retaining clinical workforce talent to rural areas. This may include broad workforce infrastructure development as well as funding to provide for individual recruitment and retention incentives that are tied to a 5-year rural service commitment, as described by the authorizing statute, Section 71401 of Public Law 119-21, and in Category E of the [RHT Program Notice of Funding Opportunity \(NOFO\) Use of Funds](#) section.

### Example Category E Use of Funds Workforce Initiatives include:

**Training and Development**, including broader training program infrastructure such as partnerships with local universities to create rural health career training tracks, and funding for individual participation in programs including: early exposure programs; “grow your own” programs; and education and training programs offering a structured, certifiable pathway to a new degree, new certification, or a new career/job opportunity in the clinical workforce in a rural area.

**Residency Programs**, including State-developed new residency training programs, fellowships, or combined programs in rural communities, grants for rural clinics and hospitals to expand clinical training capacity, and resident incentives such as housing support, salaries, and stipends.

**Provider Recruitment and Retention Incentives**, including funding used for sign-on and other recruitment and retention bonuses paid to providers.

**Relocation, Travel Allowance, and Other Incentives**, including provider relocation expenses, subsidies for travel back and forth between an approved work location and a family home at a defined periodicity, transit costs (per diem), and childcare vouchers.

While each of the above examples may be allowable under Category E Use of Funds for Workforce Initiatives, only those activities providing individual awards meeting certain criteria, as described below, will be tied to the individual 5-year rural service requirement. Category E Use of Funds for workforce infrastructure development, such as training materials and renovation of spaces to support on-site child care, will not be subject to the 5-year individual service obligation.

## Application of the 5-Year Rural Service Commitment

Some State Workforce Initiatives may include funding use that obligate individuals to a 5-year rural service commitment. A key consideration in determining whether Workforce Initiatives are subject to the 5-year rural service commitment requirement is (1) whether an item or service of value is offered to an individual and (2) whether that item or service is specific to that individual or is a general facilitator of clinical practice in rural areas. Additional considerations include whether the resource of value leads to individual credentialing or degree, or is intended to support broader workforce infrastructure development. See Table 1 for example considerations in determining the applicability of the 5-year rural service requirement.

**Table 1**  
*Examples of allowable and unallowable funding under Use of Funds Category B*

Program Considerations	Applicability of the 5-Year Rural Service Commitment
Is something of value being offered to the individual?	<p>If yes, then the 5-year service requirement may be required when other criteria are met. (See below.)</p> <p>If not, then the rural service commitment does not apply.</p>
Is the resource of value identified above specific to the individual or a general facilitator of clinical practice in rural areas?	<p>If specific (e.g., free tuition, housing assistance), then 5-year rural service commitment applies.</p> <p>If not specific (e.g., robot for training surgeons or training videos), then 5-year rural service commitment does not apply.</p>
Is the resource of value in support of the infrastructure for workforce development?	<p>If part of the infrastructure (e.g., preceptor, faculty), then the 5-year rural service commitment does not apply.</p> <p>If not, then the rural service commitment applies when other criteria are met.</p>
Is the resource of value a health certification, license, or degree?	<p>If yes, then the rural service commitment applies.</p> <p>If not, then the rural service commitment may not apply unless other criteria are met.</p>
Is the individual receiving the resource of value under the age of majority in the State?	<p>If yes, then the State must seek commitments from participating individuals. However, the simpler and recommended approach is to avoid offering direct, job-enabling licensure or certification pathways or financial incentives paid directly to the individual at the high school level or below.</p> <p>If not, then the rural service commitment may apply.</p>
Is the individual serving rural populations?	<p>If yes, then the rural service commitment may apply.</p> <p>If not, this is not an allowable use of funds.</p>

States may also implement complementary Workforce Initiatives that leverage funding not tied to a 5-year rural service commitment in order to achieve broader recruitment and retention program objectives. See Table 2 for example uses of funding in support of Workforce Initiatives and when the 5-year rural service requirement applies.

**Table 2**  
*Applicability of the 5-Year Rural Service Requirement: Workforce Initiative Examples*

	<b>Subject to the 5-year Rural Service Commitment</b>	<b>Not subject to the 5-year Rural Service Commitment</b>
<b>Training and Development</b>	Funding for individual participation in education and training programs offering a structured pathway to a new degree or certification, or a career/new job opportunity in the clinical workforce in a rural area.	Local training in rural areas that does not result in a certificate, degree, or job opportunity, such as professional development training, or training for community health workers, digital health navigators, care navigators, care coordinators, and doulas.
<b>Graduate Medical Education Programs</b>	Salaries or stipends for residents and fellows during training.	Funding additional residency or training slots for physicians, nurse practitioners, pharmacists, dentists, and therapists, or for micro-grants to rurally located clinics, hospitals, and preceptors to expand clinical training capacity.
<b>Student / Trainee and Resident Housing</b>	Funding for local, short-term housing assistance for students or trainees to support relocation to rural areas.	Funds for minor building alterations or renovations for purposes such as repurposing hotels for medical resident housing in rural areas.
<b>Childcare</b>	Provision of vouchers or childcare subsidies as recruitment and retention incentives for providers and trainees.	Funding for renovations within a hospital space to make on-site childcare available but not used to pay for the individual's childcare cost.
<b>K-12 Programs</b>	Training opportunities, awarded to individual high school students, which offer structured pathways that lead directly and immediately to a specific job within the rural healthcare system upon completion. (For example, a highly specialized high school technical program resulting in a certified nursing assistant or paramedic qualification required for local employment in a rural hospital or EMS program).	Supporting healthcare career education infrastructure in rural communities, such as healthcare career pathway programs in high schools and programs to support rural students interested in pursuing health careers (e.g., support with school applications to pursue healthcare careers, tutoring, and career coaching).

# Satisfaction of the Rural Service Commitment

As stated in Public Law 119-21, Section 71401, and the NOFO, recruitment and retention initiatives paid with Rural Health Transformation funds must require a 5-year rural clinical service commitment.

CMS reserves the right to recoup funds where educational and/or credentialing or degree requirements that are prerequisites to clinical practice were not met, or when the 5-year service requirement otherwise was not fulfilled. States may not impose debt with accrued interest on an individual provider who previously agreed to a 5-year commitment of service and failed to fulfill the commitment. However, State-contracted entities are allowed to impose debt on providers in cases where the provider directly contracts with, and receives incentives from, the State-contracted entity.

## Example Scenarios: Does this satisfy the 5-year rural service obligation?

			
<p>A provider who received an individual funding award for participation in a training and development program leading to credentialing or degree is subject to the 5-year rural service obligation.</p> <p>The provider serves 3 years practicing in a rural portion of the State, but then relocates to a neighboring State working in a rural practice for the next 2 years.</p> <p><b>No.</b> The RHT Program is a State-based, State-specific program, and individuals benefiting from workforce recruitment and retention initiatives are required to practice in a rural area within the same State to satisfy the 5-year rural service requirement.</p>	<p>A provider who received an individual funding award for participation in a training and development program leading to credentialing or degree is subject to the 5-year rural service obligation. The provider practices in a rural community in the western part of the State where they gained their initial training. After 3 years, the provider relocates to another rural community and begins practicing in a local rural hospital for at least 2 years in the eastern part of the State, such that the 5-year requirement is satisfied.</p> <p><b>Yes.</b> Satisfaction of the 5-year rural service commitment is based on combined time across all rural sites within a State, meaning providers may relocate to another rural area within the same State while continuing to work toward satisfaction of the service obligation.</p>	<p>A provider who accepted relocation incentives to practice in a rural community relocates after 1 year and begins to provide telehealth services from their new urban location to the residents of that rural community.</p> <p><b>No.</b> Individuals subject to the rural service requirement must be physically located in rural areas and cannot satisfy the commitment through provision of telehealth services from non-rural locations.</p>	<p>A provider, who received housing assistance for 6 months in residency, completed 3 years of training in a rural residency program, followed by 2 years of practice in a rural community within the State.</p> <p><b>Yes.</b> The provider has satisfied the 5-year rural service commitment based on the combined 3 years of service in the rural residency training program and 2 years of practice in a rural community within the State.</p>

## Failure to Complete the 5-Year Service Requirement: Prorating and Extenuating Circumstances

In cases where a provider is unable to complete the 5-year service requirement at their initially committed healthcare organization (e.g., due to hospital closure), they may fulfill the remainder of their 5-year commitment through work for other rural providers or in other rural communities within the State. States may also consider prorating the incentive payment amount to reflect the service provided to the rural community up to that point.

It may be allowable for States to forgive the 5-year service obligation in cases where the educational and/or credentialing requirements that are prerequisite to clinical practice have not been met or the 5-year service requirement has not been fulfilled due to extenuating circumstances such as death or disability of the committed provider. States must submit a request with documentation substantiating a provider's death or disability to CMS for review and approval in order to write-off or otherwise forgive the 5-year service obligation.

## Tracking and Reporting

States should work with the Program Office to establish internal controls and reporting mechanisms that ensure the 5-year service requirement is met both during and after the RHT Program.