



September 19, 2025

Elizabeth Landsberg  
Director  
California Department of Health Care Access and Information (HCAI)  
2020 West El Camino Avenue, Suite 800  
Sacramento, CA 95833

RE: CHA Support for RHTP Funding

Dear Director Landsberg,

California's rural hospitals are lifelines for more than 2 million people, providing 24/7 critical health care services and serving as anchor institutions in their communities. But these hospitals are facing severe financial challenges, with more than half operating at a loss. For critical access hospitals— the smallest, most remote rural hospitals — nearly two-thirds lose money every day caring for patients.

Supporting the transformation of these rural hospitals in a new environment must be a top priority for a healthy California.

The California Hospital Association (CHA) values partnership with the Department of Health Care Access and Information (HCAI) in developing a successful response to the Rural Health Transformation Program (RHTP) application request.

CHA is keenly aware that both rural and urban providers may pursue this funding given the broad application criteria. The focus for California's application, in line with the intent of Congress, should be to support the evolution of vulnerable, rural hospitals, which will need new technologies, a stronger workforce pipeline, and sustainable, predictable resources for patient care if they are to remain pillars of their communities.

In line with federal goals to transform rural health care to a more efficient, effective, and patient-focused delivery system, CHA recommends the California RHTP application focus on three areas:

- Health Care Workforce
- Access and Sustainability
- Technology Innovation

**Attract and retain a highly skilled health care workforce**

A [report](#) released by the California Health Care Foundation last year provides significant data that show California's shortage of health care workers has reached crisis levels and is now impeding access to health care for many Californians. Rural communities are particularly challenged in accessing care due to these shortages.

A recent survey of California’s critical access hospitals — again, those that are the smallest, most remote hospitals — revealed that workforce recruitment and retention is the number one challenge they face. A stable workforce is fundamental to a vibrant economy and a strong factor in ensuring hospitals can continue to provide care in remote communities.

CHA supports expansion of the [Steven M. Thompson Loan Repayment Program](#) and tuition forgiveness programs focused on rural recruitment and placement for physicians, advanced practice providers, behavioral health professionals, and allied health staff. CHA also supports expanding slots in existing residency programs and developing new residency programs offering rural rotations.

Also, development and funding for partnerships between rural hospitals and community colleges to create health care training programs can reduce workforce shortages by providing clinical sites, stable jobs, and career pathways for residents. Housing subsidies, relocation assistance and childcare also support successful workforce development strategies. These up-front investments can yield benefits for health care workers, providers, and patients that last years and decades.

### **Rural hospitals are long-term access points**

Rural hospitals provide vital, life-saving care and are often the sole source of primary care and chronic disease management for rural communities. With nearly 2 million Californians living in rural areas, and tens of millions visiting state and national parks, rural hospitals and health systems are critical to the health and well-being of millions of Americans every year. The presence of local hospitals also helps attract and retain businesses, making communities more viable for investment and growth.

To ensure that rural hospitals are there when needed, they must be able to adapt, so they can thrive in a new environment. Medicaid is a vital source of health coverage for Californians living in rural areas and provides a financial lifeline for rural hospitals already operating on razor thin margins. Over the past six years alone, the percentage of rural hospitals that lose money every day caring for patients has grown from 40% to 59%.

### **Foster Use of Innovative Technologies**

IT infrastructure investments such as Electronic Health Record (EHR) interoperability, advanced revenue cycle systems, cybersecurity technical assistance, and AI education and investment will support a transformation of rural health care delivery that reduces costs, streamlines information for patients, and makes care more accessible.

Innovative technology is critical to creating a stronger health care sector as all health care providers prepare to care for an aging population at a time when the health care workforce is shrinking. Technology can act as a “force multiplier,” enabling health care workers to be more productive in care delivery.

Broadband expansion is imperative to support full telehealth capabilities. Weak broadband and lack of high-speed internet access in rural communities hinders routine hospital operations and prevents the full implementation of telehealth services — creating a digital divide. To transform today’s health care delivery system into a modern, accessible, and cost-effective model, support for telehealth services will be critical. Without reliable access to these telehealth capabilities supported by comprehensive broadband networks, rural hospitals could easily fall behind their urban counterparts and rural residents will have limited access to specialized services, like behavioral health care. As an example, telehealth has been widely and effectively used in opioid use disorder treatment.

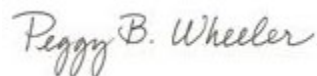
Rural hospitals are also eager to upgrade clinical equipment such as CT scanners, MRI machines, ultrasound systems, and digital mammography units — critical diagnostic tools that are often unavailable

locally. These technologies are key to preventative care and chronic disease management to deliver optimal health outcomes.

Technology-enabled workforce solutions such as virtual nursing programs, remote patient monitoring hubs, clinical documentation AI/scribes, and e-learning platforms for continuing education would also support rural hospital operations.

We are available, at your request, to support HCAI's efforts to secure additional resources for rural health care in California.

Thank you,

A handwritten signature in cursive script that reads "Peggy B. Wheeler".

Peggy Broussard Wheeler  
Vice President, Policy

PW | lg