

Exhibit 4: Rural Health Transformation Program: Administrative Cost Determinations

Rural Health Transformation Program Guidance

- Not more than 10 percent of the amount allotted to a State for a fiscal year may be used by the State for administrative expenses. ([Public Law 119-21](#))
 - The 10% cap applies to the *cumulative* administrative costs for the *entire* program—including those incurred by both the State and any subrecipients. (FAQ # III.91, *see also* FAQ ## V.8. & V.9). Each individual subrecipient is not subject to their own 10% administrative cap, and any administrative expenses a subrecipient incurs are pooled into the overall 10% cap on administrative expenses for the amount awarded to the State during the budget period.
 - Personnel costs *for administering RHTP grant activities* may be considered administrative costs (FAQ #III.91 and #III.92). If staff are *directly carrying out program initiatives*, the cost may be considered programmatic (FAQ ## III.92 & III.109).
- Determinations about whether a cost is “programmatic” or “administrative” depends on the nature of the activities performed. (FAQ ## III.101, V.62 & V.63)
 - Final determinations on costs will be made by CMS. Detailed justifications for requested expenses are necessary to ensure they are approved. (FAQ # III.101, 103)

Examples of costs that are “administrative”:

- General oversight and expenses “such as director’s office, accounting, administrative personnel, and other types of expenditures classified as administrative.” (FAQ # V.67)
- Salaries for program management staff (FAQ # III.62)
- State personnel costs administering the grant (FAQ # III.92)
- Staff “managing or overseeing the grant itself” (FAQ # III.109)
- Hiring an independent evaluator to collect data and evaluate the program. (FAQ # V.62)
- Hiring an accountant to keep track of RHT program funds. (FAQ # V.63)
- Hiring staff to train faculty on program or project management. (FAQ # V.63)

Examples of costs that are likely “programmatic”:

- Costs are “programmatic” if they are “directly related to implementing/ executing/ delivering activities described within specific initiatives in the State’s application and the State provides sufficient detail in their application to justify their initiatives budget.” (FAQ # III.103)
 - Costs directly related to implementing, executing, or delivering activities specifically identified in the State’s application are presumed to be programmatic in nature.
 - Any programmatic costs must “support expansion and scale to better serve rural communities, not to replace or duplicate existing funding sources.” (FAQ # III.61) If

funds are used to expand a pre-existing pilot or program, RHT funds shall only apply “to the costs associated with the new population, new activities, new program milestones” and *not* to supplement costs previously funded by the State or existing fiduciaries.

- Directly carrying out program activities—such as providing technical services, technical assistance, or supporting program operations like expanding programs to rural areas or implementing new initiatives (FAQ # III.109)
- Hiring and training new community health workers to serve residents in a clinical workforce area. (FAQ # V.6)
- Purchasing new patient monitoring devices and educational materials to specifically serve populations in the clinical workforce area. (FAQ # V.6)
- Startup costs to establish new contracts or agreements for service delivery in the counties. (FAQ # V.6)
- Hiring preceptors or equipment to facilitate training residents on how to access RHT services or programs. (FAQ # III.103)
- Community colleges using funds to create “a structured, certifiable pathway to a new degree, new certification, or to a career/new job opportunity in the clinical workforce area.” (FAQ # III.105; note the 5-year commitment requirements)
- Hiring an independent evaluator to conduct a needs assessment in rural areas related to a core component one of the state’s initiatives. (FAQ # V.62)

Source: [Rural Health Transformation Frequently Asked Questions](#)