


Sullivan Welcomes \$272 Million Investment in Alaska's Health Care System

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NEWS RELEASE

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Award is first from five-year Rural Health Transformation Program

ANCHORAGE, ALASKA—U.S. Senator Dan Sullivan (R-Alaska) today welcomed a \$272 million award [from the Centers for Medicare & Medicaid Services \(CMS\)](#) to strengthen Alaska's health care system, the first of five annual awards for Alaska under the five-year Rural Health Transformation Program (RHTP). Sen. Sullivan was one of the lead authors of the \$50 billion fund in the [Working Families Tax Cuts Act](#), the budget reconciliation bill signed into law in July, that established the RHTP. The program is intended to help states expand access to care in rural communities, strengthen the rural health workforce, modernize rural facilities and technology, and support innovative models that bring high-quality, dependable care closer to home.

Sen. Sullivan announced the award at a press conference today in Anchorage alongside Governor Mike Dunleavy (R-Alaska), Congressman Nick Begich (R-Alaska), and Alaska Health Commissioner Heidi Hedberg.



Click [here](#) or the image above to watch the full press conference.

"This is the biggest investment in rural health care in American history, and certainly the largest investment in Alaska's health care system from the federal government in our state's history," **said Sen. Sullivan**. "The \$272 million per year that Alaska will receive for five years—nearly \$1.4 billion from the federal government—is a generational opportunity to transform our health care system. It gives our communities, state officials, and the Legislature the opportunity and freedom to design a health care system that reflects Alaska's unique needs. This is the opposite of the one-size-fits-all approach we too often see from Washington, DC. This funding will help keep care closer to home, reduce the need for costly and disruptive travel, strengthen rural clinics, and stabilize our health care workforce. With the application the Dunleavy administration put forth, this award is an example of the power of local, tribal and state leaders, and our federal delegation—all the stakeholders—working together to get results for Alaskans."

According to [CMS](#), the funding will be used by states to implement comprehensive strategies to improve care delivery, support providers, and advance new approaches to coordinating health care services across rural communities. Five key areas of focus for the program include:

- Bringing more care within reach
- Strengthening and sustaining the rural clinical workforce
- Modernizing rural health infrastructure and technology
- Driving structural efficiency and empowering community providers
- Advancing innovative care models and payment reform

Below is a timeline of Sen. Sullivan's work on the Rural Health Transformation Program.

- During the first few months of 2025, Senate Republicans began working with the Trump administration on their legislative priorities to be included in a budget reconciliation bill.
- Among many other important priorities for Alaska, Sen. Sullivan initially secured a 25 percent increase in Alaska's Medicaid Federal Medical Assistance Percentage (FMAP) in the bill to better reflect the state's high cost of living and high cost of health care delivery. According to the Congressional Budget Office, the change would've permanently generated more than an additional \$200 million in increased annual federal Medicaid dollars for Alaska.
- During the final stages of debate on the bill, Senate Minority Leader Chuck Schumer (D-N.Y.) and Senate Democrats challenged Sen. Sullivan's FMAP provision by arguing to the parliamentarian of the Senate that it violated budget reconciliation rules. Following this review, the parliamentarian advised that the provision violated the requirements of the "Byrd Rule," resulting in its removal.
- It was disappointing that Sen. Schumer and Senate Democrats cut the estimated \$200 million in increased annual Medicaid funding for Alaska, but Sen. Sullivan and his team quickly pivoted to another solution—shaping the formula for the Rural Health Transformation Fund to better address Alaska's unique needs, doubling the fund's overall size to \$50 billion, and moving up the program's start date to 2026.
- On July 1, 2025, the Senate passed the budget reconciliation bill. On July 4, 2025, the legislation was signed into law.
- On September 15, 2025, CMS [unveiled details](#) on how states could apply to receive funding from the RHTP. The State of Alaska then crafted an application with a plan for transforming Alaska's health care system.

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