

August 5, 2025

The Honorable Mehmet Oz, MD
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

RE: Guidance on the Rural Health Transformation Fund: Strengthening Primary Care in Rural America

Dear Dr. Oz,

On behalf of the American Academy of Family Physicians (AAFP), which represents 128,300 family physicians and medical students across the country, I write today to urge the Centers for Medicare & Medicaid Services (CMS) to issue strong, clear guidance to states that encourages the use of the Rural Health Transformation Fund to expand access to primary care in rural communities: the backbone of a healthy, self-reliant America.

This fund represents a historic opportunity to restore health freedom and economic vitality to rural America. While hospitals are important, we must not overlook the essential role of primary care physicians including family doctors and community clinics who are on the front lines of keeping Americans healthy and out of the hospital in the first place.

As the AAFP has long emphasized, primary care is the most effective and efficient way to prevent and manage chronic disease, reduce unnecessary health care costs, and keep families strong and productive. In fact, primary care is the only health care component where an increased supply is associated with improved population health and health outcomes.ⁱ Further, primary care physicians, when empowered to practice in rural areas serve as economic catalysts that can benefit the entire community: studies have shown that a single rural primary care physician generates an estimated \$1.4 million in annual economic activity for the community and over 26 local jobs.ⁱⁱ

In rural areas, where chronic conditions are common and economic opportunity is limited, investing in primary care is not just good policy, it's common sense.

However, the United States only spends only 4.6% of total healthcare dollars on primary care, while other high-income countries typically spend between 7% and 14%.ⁱⁱⁱ It is no surprise

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that these countries also spend fewer total dollars on health care and have better outcomes. Accordingly, the AAFP urges this administration to boldly invest in primary care, beginning with the Rural Health Transformation Fund: CMS should require that states spend at least 10% of their allocation directly on primary care.

The Rural Health Transformation Fund allows states to support:

- Preventive care and chronic disease management that keeps people working and out of the ER;
- Recruitment of doctors to serve in rural communities;
- Technology-driven solutions that bring care closer to home;
- Innovative care models that reward results, not red tape.

We urge CMS to make it clear that this fund is not just for hospitals: it's for states to decide what they need to build a stronger, more resilient rural health system that puts patients first and empowers local providers. By prioritizing primary care, CMS can help states cut waste, improve outcomes, and give rural Americans the tools they need to live healthier, more independent lives.

In addition to the RHTF, we urge CMS to make bold new investments in family medicine. Family physicians practice in over 95% of U.S. counties and they are the single largest contributor to the rural physician workforce.^{iv} Accordingly, we ask CMS to allocate \$10 million over 5 years (\$2 million per year) to the AAFP to support family physicians practicing in rural communities and to support rural family medicine recruitment and retention across the nation. The AAFP believes that it is uniquely positioned to support these practices and, working with our residency programs, recruit new physicians to rural primary care practices.

We would appreciate the opportunity to speak with you and your team on this important issue. For additional questions, please contact Kate Gilliard, Sr. Manager, Federal Policy and Regulatory Affairs at kgilliard@aafp.org.

Sincerely,



Steven Furr, MD, FAAFP
American Academy of Physicians, Board Chair

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ⁱ National Academies of Sciences, Engineering, and Medicine. 2021. *Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/25983>.

ⁱⁱ Eilrich, Fred C.; Doeksen, Gerald A.; St. Clair, Cheryl F. Estimate the Economic Impact of a Rural Primary Care Physician – National Center for Rural Health Works Research Study. October 2016. <https://ruralhealthworks.org/wp-content/uploads/2018/04/Physician-Impact-Study-Final-100416.pdf>

ⁱⁱⁱ <https://www.graham-center.org/content/dam/rgc/documents/publications-reports/presentations/milbank-scorecard-2025.pdf>

^{iv} <https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/state-of-the-primary-care-workforce-report-2024.pdf>