Orchestrating success

How Transformation Management Offices can drive rural health program excellence

As states prepare to manage unprecedented Rural Health Transformation (RHT) Program funding— $50 billion over five years—the complexity of program orchestration presents both an opportunity and a challenge.[1] With 60 million Americans living in rural areas[2] and states required to coordinate across at least 3 of 11 distinct funding categories,[3] success demands more than traditional project management—it demands strategic portfolio discipline.

It requires a sophisticated Transformation Management Office (TMO) approach that can navigate complex stakeholder ecosystems, make tough prioritization decisions, help ensure Centers for Medicare & Medicaid Services (CMS) compliance, and deliver measurable outcomes that secure continued funding.

The orchestration imperative in rural health transformation

Four critical factors underscore the need for robust program orchestration:

1 **The portfolio rationalization imperative:** The temptation to fund everyone and everything—what we call the "peanut butter spread" approach—virtually guarantees mediocrity. With state health agencies already overseeing a broad and complex portfolio of public health programs spanning dozens of programmatic areas, adding unfocused RHT initiatives can create dangerous dilution. States must ruthlessly prioritize, eliminate duplication, and concentrate resources where they can achieve transformational impact. This means saying "no" to good ideas to say "yes" to great ones—decisions that must be made in the first 90 days to set the trajectory for success.

2 **Complex stakeholder coordination challenges:** Rural health transformation requires unprecedented coordination. States must engage multiple agencies—including state Medicaid agencies and state offices of rural health—while managing relationships with hundreds of rural providers. Research shows that approximately 70 percent of large-scale transformation efforts fail to achieve their stated objectives, with poor stakeholder coordination and engagement cited as among the primary factors.[4] In rural healthcare settings, where limited resources and complex system constraints prevail, effective stakeholder coordination becomes even more critical.

3 **Compliance and performance tracking requirements:** The RHT Program's structure demands rigorous oversight. States must track at least four quantifiable metrics per initiative, with one requiring county-level granularity.[5] With administrative expenses capped at 10 percent of funding[6] and workload funding dependent on demonstrated progress, states need sophisticated mechanisms to track performance while maintaining lean operations. Failure to meet commitments can result in funding recovery—a risk no state can afford.

4 **The sustainability challenge:** Unlike traditional grant programs, RHT funding is designed to catalyze lasting transformation. States must demonstrate how initiatives will persist beyond the funding period,[7] requiring strategic planning that balances immediate needs with long-term sustainability. This is particularly critical in rural healthcare, where health infrastructure is inherently fragile: since 2010, more than 130 rural hospitals have closed.[8] By prioritizing high-impact, focused, and strategically aligned initiatives, states can increase the likelihood that meaningful changes endure.

A transformation management approach to rural health success

Addressing these challenges requires a comprehensive TMO approach that goes beyond traditional program management:

Drive portfolio rationalization and strategic focus: Successful TMOs begin with portfolio rationalization. This involves conducting a rigorous assessment of existing initiatives, identifying overlaps and gaps, and making data-driven decisions about where to concentrate resources. The TMO must have the authority and analytical capability to recommend program consolidation, sunset underperforming initiatives, and redirect resources to high-impact areas.

Establish integrated governance and program management: Success begins with clear governance structures that align stakeholders around a focused set of shared objectives. A TMO provides the framework for enterprise program management and executive level coordination. This includes establishing clear decision rights for portfolio prioritization and the authority to terminate or consolidate initiatives that don't demonstrate clear return on investment (ROI).

Employ effective tracking and compliance protocols: Effective TMOs establish protocols for compliance tracking, performance measurement, and reporting across the rationalized portfolio. By developing dashboards that connect initiative progress to CMS requirements, states can reduce administrative burden while improving visibility. Advanced TMOs use portfolio information to continuously assess initiative performance, flagging underperforming initiatives for review or termination. This helps enable proactive course correction—critical when managing initiatives across vast rural geographies where a single state may span over 100,000 square miles.[9]

Create sustainable transformation frameworks: A TMO approach embeds sustainability from day one through strategic financial planning, business case development, and ROI tracking. This is only possible with a focused portfolio. By establishing clear success metrics and building capacity within rural communities, states can help ensure initiatives create lasting value. This includes developing local capabilities in areas like grants management, data analysis, and quality improvement—competencies that will serve rural communities long after RHT funding ends.

Enable continuous stakeholder engagement:
Successful transformation requires ongoing engagement with rural voices. A TMO provides structured approaches for stakeholder management, communications planning, and change management. This includes difficult conversations about prioritization—explaining why certain programs won't be funded to maintain focus on transformational initiatives. This is essential when 46 percent of rural hospitals operate at negative margins[10] and need support in not only funding allocation but also capability building and strategic planning.

Maximizing RHT impact through orchestrated execution

The RHT program represents a generational opportunity to address rural America's healthcare challenges. However, the complexity of managing multiyear, multistakeholder initiatives while maintaining CMS compliance and demonstrating measurable outcomes requires sophisticated orchestration capabilities and the discipline to maintain strategic focus.

At KPMG, our Rural Health Transformation Orchestration approach provides states with the framework and experience needed to navigate this complexity. We bring tested experience in large-scale healthcare and state and local government transformations, having supported numerous states in complex program implementations. Our approach— with portfolio rationalization at its core—spanning strategic services, governance, quality assurance, and change management—helps ensure states can deliver on their RHT commitments while building sustainable capabilities for the future.

The time for action is now. States must make tough portfolio decisions in their first 90 days. States that establish robust transformation management capabilities and maintain portfolio discipline early will be best positioned to maximize their RHT funding impact and create lasting change. See how a TMO approach can accelerate your transformation journey.

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