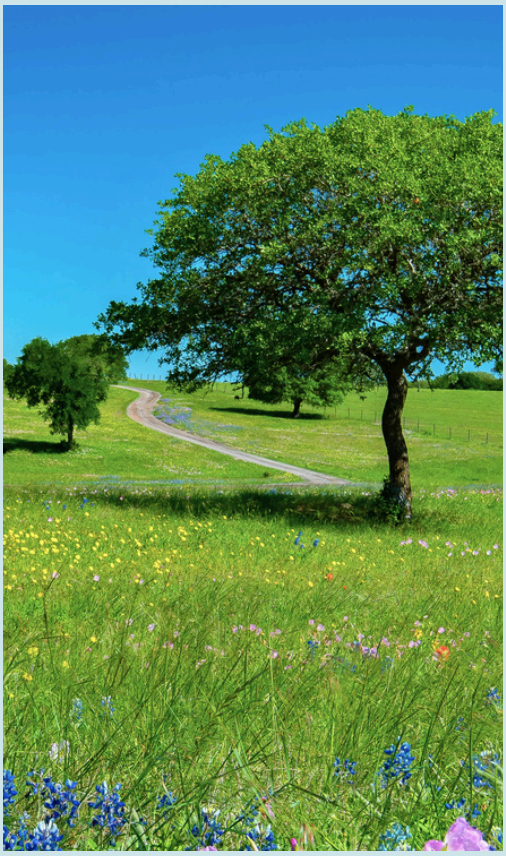




TEXAS' RURAL HEALTH INFRASTRUCTURE AND THE FUTURE OF RURAL HEALTH IN TEXAS

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A NEW INVESTMENT BRINGS AN ESTABLISHED TEXAS INSTITUTION INTO VIEW

Texas is entering an important period for rural healthcare. Through Rural Texas Strong, the state's implementation of the federal Rural Health Transformation Program, substantial new resources are being directed toward strengthening healthcare access, workforce, prevention, technology, and infrastructure across rural communities.

These investments are now moving into implementation. In September 2026, the Texas Health and Human Services Commission (HHSC) announced the first $51 million in Rural Texas Strong awards to eligible rural hospital districts and authorities through *Initiative 1: Make Rural Texans Healthy Again*. The initiative supports community-based prevention, wellness, and nutrition programs addressing chronic conditions, including diabetes, cardiovascular disease, chronic respiratory disease, and obesity. Subsequent award announcements have extended investments to rural hospitals and other healthcare providers, including support for workforce development, facilities, and equipment. HHSC maintains a publicly available list of award recipients as implementation progresses.

The initial awards have brought renewed attention to *hospital* and *healthcare districts*, a longstanding but often less understood part of Texas's healthcare infrastructure. Although commonly associated with hospitals, these locally governed entities have different responsibilities and operating arrangements. Some own and operate hospitals or clinics; others finance, contract for, or otherwise support healthcare services. Many rural communities have no hospital district and rely on counties and other local or regional organizations to support access to care.

Understanding these arrangements provides useful context for Rural Texas Strong. Investments across the state's six initiatives will be implemented through communities with different governance structures, healthcare resources, and local partnerships.

Developed by Texas Health Institute with support and in partnership with Episcopal Health Foundation, this issue brief examines the role of hospital and healthcare districts within Texas's broader rural health system and identifies questions worth following as communities implement and sustain new investments. Its purpose is to provide a shared resource for state and local leaders, healthcare organizations, funders, and others working to strengthen rural healthcare.

TEXAS RURAL HEALTH INFRASTRUCTURE AT A GLANCE

Measure	Texas
Hospital/Health related districts statewide	144[a]
Rural counties in Texas	202[b]
Rural hospital and healthcare districts included in Rural Texas Strong Initiative 1, part 1	68[c]
Rural hospitals identified in Texas's Rural Texas Strong application	155[d]
Texas counties without a hospital	71[e]
Texas counties with no primary care physician	40[f]
Local Mental Health/Behavioral Health Authorities (LMHA/LBHA) serving rural counties	32[g]

[a] Texas Department of State Health Services (DSHS), *2026 Tobacco Settlement Pro Rata Distribution*. Texas DSHS lists 144 entities under "Hospital Districts" in its distribution roster. The count includes hospital districts as well as entities using related health, healthcare, medical, or clinic district names. It is presented here as a current state administrative roster rather than a comprehensive legal census of all possible health-related special districts.
[b] Texas Health and Human Services Commission (HHSC), *Rural Texas Strong: Supporting Health and Wellness*. Rural counties are defined consistent with Rural Texas Strong as Texas counties with populations of 68,750 or fewer, based on the 2020 Census.
[c] Office of the Texas Governor, *Governor Abbott Announces $51 Million in Funding for Rural Healthcare*. Initiative 1 count reflects distinct rural hospital districts and authorities identified in HHSC's initial September 28, 2026, award announcement. Subsequent awards and program updates are available through HHSC's Rural Health Transformation Program webpage. Count and recipient status reflect the source and date cited.
[d] Texas Health and Human Services Commission (HHSC), *Rural Texas Strong: Supporting Health and Wellness*.
[e] Texas Health and Human Services Commission (HHSC), *2026 SFY CHIRP Texas Response to CMS Round 9 Question Amendment*.
[f] Texas Department of State Health Services (DSHS), *Texas Health Care Workforce Statistics*. Data reflect 2025.
[g] Texas Health and Human Services Office of Inspector General, *Community Centers with Local Mental Health Authority and Local Behavioral Health Authority Designations in Texas*; and Texas Health and Human Services Commission (HHSC), *Rural Texas Strong: Supporting Health and Wellness*. LMHA/LBHA count reflects authorities serving at least one county meeting the Rural Texas Strong definition of a rural county (population of 68,750 or fewer based on the 2020 Census).

Hospital and healthcare districts extend beyond the Initiative 1 universe, but no single public source provides a definitive rural count using the same geography and operational definitions used in Rural Texas Strong. For that reason, this brief uses available state figures as a top-line educational assessment rather than attempting a comprehensive district inventory.

THERE IS NO SINGLE MODEL OF RURAL HEALTH INFRASTRUCTURE IN TEXAS.

The same description, *hospital district*, can describe communities with substantially different financial resources, healthcare assets, workforce, partnerships, and organizational capacity.

What is a hospital district and why does Texas have them?

Hospital districts are local governmental entities through which communities can organize and finance hospital and medical services. Texas's legal framework distinguishes hospital districts from hospital authorities. According to the Texas Bond Review Board, hospital districts are voter-approved entities with taxing authority and are authorized under Chapters 281, 282, or 283 of the Texas Health and Safety Code. Hospital authorities, by contrast, are created by a municipality's governing body under Chapter 262, do not require voter approval, and do not have taxing authority. Both reflect the same underlying pattern in Texas health policy: responsibility for healthcare access is often decentralized to locally governed structures built to meet local needs.

Hospital districts also intersect with Texas's approach to healthcare safety-net. Chapter 61 of the Texas Health and Safety Code establishes responsibilities for healthcare assistance based in part on whether an eligible resident lives in an area served by a public hospital or hospital district. It requires a public hospital or hospital district to provide healthcare assistance to eligible residents within its service area under specified standards.

In communities without such structures, county government remains an important part of the safety net under Texas's indigent healthcare framework.

One state, very different local approaches

Rural Texas does not rely on a single institutional model for organizing or financing healthcare. In some communities, a hospital district owns and operates the local hospital and other services. In others, a district retains ownership or financing responsibilities while another organization delivers care. Some districts support clinics, EMS, indigent care, or other services without operating an acute-care hospital. And many rural communities have no hospital district at all.

These differences reflect local history, geography, population, healthcare markets, and decisions made over time. A high-level way to understand the roles hospital and healthcare districts play today includes:

- *Hospital operators.* Districts that own and/or operate an acute-care hospital, often alongside clinics or other services.
- *Broader healthcare system operators.* Districts supporting a combination of inpatient, outpatient, primary care, emergency, or other health services.
- *Healthcare purchasers or partners.* Districts that finance, contract for, lease, or otherwise facilitate healthcare without directly operating the community's acute-care hospital.
- *Evolving local structures.* Districts whose functions have changed as hospitals have closed or changed ownership, populations have shifted, or community needs have evolved.

These categories are descriptive rather than exhaustive, and individual districts may span more than one. Their variation reinforces an important distinction: *a hospital district is a local governance and financing structure, not a uniform model of healthcare delivery.*

Hospital districts are one part of the rural health ecosystem

Hospital and healthcare districts operate within a broader set of local and regional organizations through which rural Texans receive care. Depending on the community, that may include counties, hospitals, FQHCs and RHCs, independent practices, EMS, behavioral health and public health providers, pharmacies, schools and higher education institutions, health systems, and community organizations.

These organizations play different and sometimes overlapping roles. Hospitals provide acute and emergency care; primary care providers support prevention, routine care, and chronic disease management; EMS connects residents to emergency care across large geographic areas; behavioral health and public health entities provide additional clinical and population-health capabilities. Counties can have important responsibilities for indigent care, EMS, infrastructure, and local financing, particularly where no hospital district exists. Educational institutions, regional health systems, and community organizations may contribute workforce, specialty access, community connections, or other resources.

The mix differs across Texas. A hospital district may be a prominent healthcare institution in one community while functioning primarily as a financing or governance entity in another. Elsewhere, a county, independent hospital, FQHC, RHC, or regional provider may play a larger role. Some services may be available locally, while others depend on relationships across county or regional boundaries.

Hospital districts are therefore best understood as one component of this broader rural health infrastructure—not as a proxy for the system as a whole.

What Rural Texas Strong puts into focus

The distinction becomes particularly relevant as Rural Texas Strong moves into implementation. Initiative 1 has brought new visibility to hospital districts by supporting participating districts to enhance or create community-based prevention, wellness, nutrition, and chronic disease programs. But Initiative 1 represents only one component of the state's broader rural health strategy.

Across its six initiatives, Rural Texas Strong extends into patient engagement and health information exchange; AI, telehealth, and specialty access; workforce recruitment, training, and retention; shared technology and cybersecurity; and facility, equipment, and capital needs. These investments will involve different combinations of hospitals, districts, clinics, local governments, healthcare professionals, educational institutions, technology partners, and other organizations.

Taken together, the initiatives illustrate why maintaining rural hospital access and strengthening care outside the hospital are complementary rather than competing objectives. Hospitals remain essential for emergency and acute care. Primary care, behavioral health, public health, and community-based prevention can address needs earlier and closer to home. Workforce, technology, transportation, and other infrastructure influence whether those services are available and accessible.

The same statewide investments will also encounter substantially different local conditions. A strategy implemented through a district that operates a hospital and clinics may take a different form from one implemented where responsibilities are distributed among several organizations or where key services and workforce are located outside the county. *The relevant learning question is therefore not whether every community develops the same model, but how different local conditions shape implementation of the opportunities Rural Texas Strong makes available.*

What can Texas learn over the next five years?

The rural health transformation investment is substantial, but time-limited. Its longer-term value will depend not only on whether funded activities meet their immediate objectives, but also on what communities are able to build, connect, finance, and sustain beyond the federal funding period.

Rural Texas Strong therefore creates an opportunity to learn about both program performance and the conditions that support rural health systems over time. *Following these questions throughout implementation can help capture lessons as the work progresses, including how approaches work across different settings and where local adaptation may be important.*

What combinations of local capacity matter most?
Do governance, financial resources, workforce, clinical infrastructure, partnerships, or other characteristics help explain why similar strategies produce different results across communities?

How do different parts of the rural health ecosystem become more connected?
What approaches strengthen connections among hospitals, primary care, prevention, behavioral health, EMS, public health, specialty care, and community-based services while recognizing the distinct role each plays?

How do communities identify and organize around shared needs and priorities?
How do rural residents, healthcare providers, and other local partners contribute to identifying priorities and shaping implementation?

What can be replicated, and what requires local adaptation?
A strategy suited to a relatively large rural regional hub may not translate directly to a frontier county with a few thousand residents. Which elements translate across settings, which require adaptation, and how do those lessons evolve as implementation progresses?

What will remain when the federal investment period ends?
Sustainability will mean different things for different investments. Some services may transition to ongoing reimbursement or other financing; others may leave behind stronger workforce, technology, infrastructure, partnerships, or organizational capabilities. What investments and capabilities are sustained, and through what mechanisms?

LOOKING FORWARD

Hospital and healthcare districts offer a useful window into the diversity of rural health infrastructure in Texas. They are important local governance and financing structures, but their roles, resources, and relationships with healthcare providers vary considerably. And they are only one part of the broader local and regional systems through which rural Texans receive care.

Rural Texas Strong will build on that varied foundation. Across its six initiatives, substantial new investments will reach communities with different combinations of healthcare infrastructure, workforce, financing, governance, partnerships, geography, and community capacity. Those differences are not simply implementation challenges; they also create an opportunity to understand why similar investments may take different forms and produce different results in different parts of Texas.

The five-year investment therefore offers Texas an opportunity to learn not only what was implemented, but what helped communities translate investment into stronger and more durable access to care. Some investments may establish services with sustainable reimbursement pathways. Others may strengthen workforce, technology, infrastructure, partnerships, or local and regional capabilities whose value extends beyond a particular program or funding source.

There will not be one model for rural Texas, nor should there be. A meaningful measure of this period will be whether Texas emerges with a clearer understanding of what different rural communities need to sustain access and whether communities are better equipped to respond to those needs after the federal investment period ends.

ABOUT TEXAS HEALTH INSTITUTE

Texas Health Institute (THI) is an independent, nonprofit public health institute with a mission to advance the health of all. THI works across the state and in communities to improve health and strengthen the systems that shape it. We connect evidence to action and people to the systems that shape health, bringing together data, insights, community experience, and diverse perspectives to understand complex challenges, find common ground, and move ideas into action. For questions about this report or to learn more about THI, please email communications@texashealthinstitute.org.



