

WHAT WOULD CHANGING THE EQUATION LOOK LIKE?

In my first [piece](#) on the RHTP, my core argument was that the math doesn't work: you can't substantially reduce operating revenues for rural health providers and expect temporary innovation grants (the RHTP) awarded to states to allow rural providers to continue operations for years to come.

But what if the equation changed? What if a disruptive solution were able to enter the market with a significantly lower cost business model and make the math work?

To change the equation, rural health providers must either lower costs or raise revenues. To continue operating in an era of significantly lower Medicaid funding, increasing near-term revenues is unlikely for several reasons (declining reimbursement, delayed care due to inflation, etc.).

That leaves lowering costs. One of the greatest levers health care innovators have right now to lower costs is AI. Important-

ly, AI wasn't ubiquitous enough in the early 2020s for retail primary care innovators to use it as a mechanism for *substantially* lowering care delivery or chronic disease management costs. But today, AI's potential to sizably lower costs is a very real variable in the cost equation. While its [potential to lower costs is high](#), its track record to do so doesn't yet exist. More on this in a minute.

So, if we don't change the equation by *significantly* lowering costs (the only viable option given the environment), we know how this story ends. It will play out just as it did in retail primary care: Upfront hype over "innovative" approaches to care, followed by innovation investments, followed by innovators not meeting revenue or margin targets, followed by innovators exiting the market, followed by consumers being in the same or a worse position for accessing basic care than they were when the whole cycle started.

What makes a successful Disruptive Innovation?

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Enabling Technology
An invention or innovation that makes a product more affordable and accessible to a wider population.
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Innovative Business Model
A business model that targets nonconsumers (new customers who previously did not buy products or services in a given market) or low-end consumers (the least profitable customers).
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Coherent Value Network
A network in which suppliers, partners, distributors, and customers are each better off when the disruptive technology prospers.

Christensen Institute
+ Regulations and standards that facilitate change are a critical consideration in health care

DISRUPTIVE INNOVATION IS THE KEY TO AVOIDING THE FATE OF RETAIL PRIMARY CARE

When retail primary care came on the scene, many analysts claimed it had the *potential* to disrupt primary care. It had potential, but it couldn't succeed because it didn't have a sustainable business model. In a 2024 press release about Walmart Health's closing, the company even [stated](#), "Through our experience managing Walmart Health and Walmart Health

Virtual Care, we determined there is not a sustainable business model for us to continue." (emphasis mine)

But 2026 is not like 2024 when it comes to AI ubiquity and access. That makes today's question, **"Can AI change the cost equation enough to make rural care sustainable?"**

With the RHTP, Congress seems to have bet it can, and CMS has already stated they're making this assumption with [ACCESS](#).

However, to avoid the fate of retail primary care, the innovators participating in RHTP and ACCESS (and the policymakers sup-

porting them) need to ensure that they have all the components of a Disruptive Innovation in place. **Without meeting these requirements, they won't succeed at disrupting rural care or chronic condition management.** See below for a reminder of the components required for a successful Disruptive Innovation.

Let's take a quick look at what we know about these components for transforming rural health care. We know that AI is an enabling technology. But many questions remain about whether the remaining conditions are in place. Some are as follows:

- Does consumer-facing AI [create value in the medical environment\(s\)](#) where it's being deployed?
- Will consumers engage with AI from a medical provider or innovator in a way that will allow them to realize health value or benefit?
- Will regulations be crafted to support the viability, feasibility, and desirability of business models?
- Does AI save the amount of money that analysts currently project it can?

All of these questions are critical to address because if innovators succeed in lowering costs while simultaneously worsening outcomes, they haven't created value. They've destroyed it. Additionally, if the industry is going to capture the cost-saving value of AI while protecting humans (an ethical necessity), thoughtful regulation isn't a nice-to-have. It's a foundational requirement.

At the end of the day, the only way rural health care innovators in 2026 and beyond will avoid the fate of retail primary care is to test, launch, and scale Disruptive Innovations. Efficiency and sustaining innovations simply won't be enough in our current financial situation. And to build a Disruptive Innovation that succeeds, innovators and lawmakers alike must ensure the conditions for success can be met.

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Ann Somers Hogg is a healthcare leader with a strong background in strategy, innovation, and leadership, known for her impactful work in driving organizational growth and transformation. Her research looks into the role of business model innovation and disruption in health care, including how to transform a sick care system into one that values and creates total health. Currently, she focuses on drivers of health, maternal health, and the pathways to improve both.