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Medicaid Accounts Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brady Brammer

House Sponsor:

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LONG TITLE

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General Description:

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This bill addresses budgeting for the Medicaid program and Medicaid expansion.

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Highlighted Provisions:

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This bill:

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▸ defines terms, including "Medicaid shortfall";

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▸ establishes the conditions under which a Medicaid shortfall occurs;

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▸ requires that appropriations for costs related to the Medicaid program and Medicaid

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expansion, respectively, be funded from a specific dedicated account or fund; and

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▸ establishes a protocol of cost control measures to implement relative to the Medicaid

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program and Medicaid expansion in the event of a Medicaid shortfall; and

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▸ makes technical corrections.

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Money Appropriated in this Bill:

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None

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Other Special Clauses:

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None

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Utah Code Sections Affected:

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AMENDS:

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26B-1-315, as last amended by Laws of Utah 2024, Chapter 439

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26B-3-113, as last amended by Laws of Utah 2024, Chapter 439

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63J-1-315, as last amended by Laws of Utah 2024, Chapters 77, 439

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ENACTS:

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63J-1-315.1, Utah Code Annotated 1953

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Be it enacted by the Legislature of the state of Utah:

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Section 1. Section **26B-1-315** is amended to read:

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26B-1-315 . Medicaid ACA Fund.

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(1) There is created an expendable special revenue fund known as the "Medicaid ACA

- 31 Fund."
- 32 (2) The fund consists of:
- 33 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
- 34 (b) intergovernmental transfers under Section 26B-3-508;
- 35 (c) savings attributable to the health coverage improvement program, as defined in
- 36 Section 26B-3-501, as determined by the department;
- 37 (d) savings attributable to the enhancement waiver program, as defined in Section
- 38 26B-3-501, as determined by the department;
- 39 (e) savings attributable to the Medicaid waiver expansion, as defined in Section
- 40 26B-3-501, as determined by the department;
- 41 (f) savings attributable to the inclusion of psychotropic drugs on the preferred drug list
- 42 under Subsection 26B-3-105(3) as determined by the department;
- 43 (g) revenues collected from the sales tax described in Subsection 59-12-103(11);
- 44 (h) gifts, grants, donations, or any other conveyance of money that may be made to the
- 45 fund from private sources;
- 46 (i) administrative fees collected by the division as an administrative indirect match;
- 47 ~~[(+)]~~ (j) interest earned on money in the fund; and
- 48 ~~[(+)]~~ (k) additional amounts as appropriated by the Legislature.
- 49 (3)(a) The fund shall earn interest~~[-]~~
- 50 ~~[(b) AH]~~ , and all interest earned on fund money shall be deposited into the fund.
- 51 (b) All administrative fees collected by the division as an administrative indirect match
- 52 shall be deposited into the fund.
- 53 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient
- 54 Hospital Assessment, may use money from the fund to pay the costs, not otherwise
- 55 paid for with federal funds or other revenue sources, of:
- 56 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 57 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 58 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 59 (iv) the outpatient upper payment limit supplemental payments under Section
- 60 26B-3-511.
- 61 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital
- 62 Assessment, may not use:
- 63 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper
- 64 payment limit supplemental payments; or

65 (ii) money in the fund for any purpose not described in Subsection (4)(a).
66 (5) Beginning July 1, 2025, the Legislature may appropriate money to pay the state's
67 portion of costs and services attributable to the Medicaid waiver expansion only from
68 the Medicaid ACA Fund.

69 Section 2. Section **26B-3-113** is amended to read:

70 **26B-3-113 . Expanding the Medicaid program.**

71 (1) As used in this section:

72 (a) "Federal poverty level" means the same as that term is defined in Section 26B-3-207.

73 (b) "Medicaid ACA Fund" means the Medicaid ACA Fund created in Section 26B-1-315.

74 (c) "Medicaid expansion" means an expansion of the Medicaid program in accordance
75 with this section.

76 (2)(a) As set forth in Subsections (2) through (5), eligibility criteria for the Medicaid
77 program shall be expanded to cover additional low-income individuals.

78 (b) The department shall continue to seek approval from CMS to implement the
79 Medicaid waiver expansion as defined in Section 26B-3-210.

80 (c) The department may implement any provision described in Subsections 26B-3-210
81 (2)(b)(iii) through (viii) in a Medicaid expansion if the department receives approval
82 from CMS to implement that provision.

83 (3) The department shall expand the Medicaid program in accordance with this Subsection
84 (3) if the department:

85 (a) receives approval from CMS to:

86 (i) expand Medicaid coverage to eligible individuals whose income is below 95% of
87 the federal poverty level;

88 (ii) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(b) for
89 enrolling an individual in the Medicaid expansion under this Subsection (3); and

90 (iii) permit the state to close enrollment in the Medicaid expansion under this
91 Subsection (3) if the department has insufficient funds to provide services to new
92 enrollment under the Medicaid expansion under this Subsection (3);

93 (b) pays the state portion of costs for the Medicaid expansion under this Subsection (3)
94 with funds from:

95 (i) the Medicaid ACA Fund;

96 (ii) county contributions to the nonfederal share of Medicaid expenditures; or

97 (iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid
98 expenditures; and

99 (c) closes the Medicaid program to new enrollment under the Medicaid expansion under
100 this Subsection (3) if the department projects that the cost of the Medicaid expansion
101 under this Subsection (3) will exceed the appropriations for the fiscal year that are
102 authorized by the Legislature through an appropriations act adopted in accordance
103 with Title 63J, Chapter 1, Budgetary Procedures Act.

104 (4)(a) The department shall expand the Medicaid program in accordance with this
105 Subsection (4) if the department:

106 (i) receives approval from CMS to:

107 (A) expand Medicaid coverage to eligible individuals whose income is below 95%
108 of the federal poverty level;

109 (B) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(y)
110 for enrolling an individual in the Medicaid expansion under this Subsection
111 (4); and

112 (C) permit the state to close enrollment in the Medicaid expansion under this
113 Subsection (4) if the department has insufficient funds to provide services to
114 new enrollment under the Medicaid expansion under this Subsection (4);

115 (ii) pays the state portion of costs for the Medicaid expansion under this Subsection
116 (4) with funds from:

117 (A) the Medicaid ACA Fund;

118 (B) county contributions to the nonfederal share of Medicaid expenditures; or

119 (C) any other contributions, funds, or transfers from a nonstate agency for
120 Medicaid expenditures; and

121 (iii) closes the Medicaid program to new enrollment under the Medicaid expansion
122 under this Subsection (4) if the department projects that the cost of the Medicaid
123 expansion under this Subsection (4) will exceed the appropriations for the fiscal
124 year that are authorized by the Legislature through an appropriations act adopted
125 in accordance with Title 63J, Chapter 1, Budgetary Procedures Act.

126 (b) The department shall submit a waiver, an amendment to an existing waiver, or a state
127 plan amendment to CMS to:

128 (i) administer federal funds for the Medicaid expansion under this Subsection (4)
129 according to a per capita cap developed by the department that includes an annual
130 inflationary adjustment, accounts for differences in cost among categories of
131 Medicaid expansion enrollees, and provides greater flexibility to the state than the
132 current Medicaid payment model;

- 133 (ii) limit, in certain circumstances as defined by the department, the ability of a
134 qualified entity to determine presumptive eligibility for Medicaid coverage for an
135 individual enrolled in a Medicaid expansion under this Subsection (4);
- 136 (iii) impose a lock-out period if an individual enrolled in a Medicaid expansion under
137 this Subsection (4) violates certain program requirements as defined by the
138 department;
- 139 (iv) allow an individual enrolled in a Medicaid expansion under this Subsection (4) to
140 remain in the Medicaid program for up to a 12-month certification period as
141 defined by the department; and
- 142 (v) allow federal Medicaid funds to be used for housing support for eligible enrollees
143 in the Medicaid expansion under this Subsection (4).
- 144 (5)(a)(i) If CMS does not approve a waiver to expand the Medicaid program in
145 accordance with Subsection (4)(a) on or before January 1, 2020, the department
146 shall develop proposals to implement additional flexibilities and cost controls,
147 including cost sharing tools, within a Medicaid expansion under this Subsection
148 (5) through a request to CMS for a waiver or state plan amendment.
- 149 (ii) The request for a waiver or state plan amendment described in Subsection
150 (5)(a)(i) shall include:
- 151 (A) a path to self-sufficiency for qualified adults in the Medicaid expansion that
152 includes employment and training as defined in 7 U.S.C. Sec. 2015(d)(4); and
153 (B) a requirement that an individual who is offered a private health benefit plan by
154 an employer to enroll in the employer's health plan.
- 155 (iii) The department shall submit the request for a waiver or state plan amendment
156 developed under Subsection (5)(a)(i) on or before March 15, 2020.
- 157 (b) Notwithstanding Sections 26B-3-127 and 63J-5-204, and in accordance with this
158 Subsection (5), eligibility for the Medicaid program shall be expanded to include all
159 persons in the optional Medicaid expansion population under PPACA and the Health
160 Care Education Reconciliation Act of 2010, Pub. L. No. 111-152, and related federal
161 regulations and guidance, on the earlier of:
- 162 (i) the day on which CMS approves a waiver to implement the provisions described
163 in Subsections (5)(a)(ii)(A) and (B); or
164 (ii) July 1, 2020.
- 165 (c) The department shall seek a waiver, or an amendment to an existing waiver, from
166 federal law to:

- 167 (i) implement each provision described in Subsections 26B-3-210(2)(b)(iii) through
 168 (viii) in a Medicaid expansion under this Subsection (5);
- 169 (ii) limit, in certain circumstances as defined by the department, the ability of a
 170 qualified entity to determine presumptive eligibility for Medicaid coverage for an
 171 individual enrolled in a Medicaid expansion under this Subsection (5); and
- 172 (iii) impose a lock-out period if an individual enrolled in a Medicaid expansion under
 173 this Subsection (5) violates certain program requirements as defined by the
 174 department.
- 175 (d) The eligibility criteria in this Subsection (5) shall be construed to include all
 176 individuals eligible for the health coverage improvement program under Section
 177 26B-3-207.
- 178 (e) The department shall pay the state portion of costs for a Medicaid expansion under
 179 this Subsection (5) entirely from:
- 180 (i) the Medicaid ACA Fund;
- 181 (ii) county contributions to the nonfederal share of Medicaid expenditures; or
- 182 (iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid
 183 expansion expenditures.
- 184 (f) If the costs of the Medicaid expansion under this Subsection (5) exceed the funds
 185 available under Subsection (5)(e)[~~;~~],
- 186 [~~(i) the department may reduce or eliminate optional Medicaid services under this~~
 187 ~~chapter;~~]
- 188 [~~(ii) savings, as determined by the department, from the reduction or elimination of~~
 189 ~~optional Medicaid services under Subsection (5)(f)(i) shall be deposited into the~~
 190 ~~Medicaid ACA Fund; and]~~
- 191 [~~(iii)] the department may submit to CMS a request for waivers, or an amendment of~~
 192 ~~existing waivers, from federal law necessary to implement budget controls within~~
 193 ~~the Medicaid program to address the deficiency.~~
- 194 (g) In the event of a Medicaid shortfall, as that term is defined in Section 63J-1-315.1,
 195 the department shall:
- 196 (i) maximize state financial savings in implementing this section and Section
 197 63J-1-315.1; and
- 198 (ii) each state division or agency expending state funds for Medicaid expansion shall
 199 comply with the requirements of Section 63J-1-315.1.
- 200 [~~(g)] (h) If, after the department has acted in accordance with Subsections (5)(f) and (g),~~

- 201 the costs of the Medicaid expansion under this Subsection (5) are projected by the
 202 department to exceed the funds available in the current fiscal year under Subsection
 203 (5)(e), including savings resulting from any action taken under Subsection (5)(f):
- 204 (i) the governor shall direct the department and Department of Workforce Services to
 205 reduce commitments and expenditures by an amount sufficient to offset the
 206 deficiency:
- 207 (A) proportionate to the share of total current fiscal year General Fund
 208 appropriations for each of those agencies; and
- 209 (B) up to 10% of each agency's total current fiscal year General Fund
 210 appropriations;
- 211 (ii) the Division of Finance shall reduce allotments to the department and Department
 212 of Workforce Services by a percentage:
- 213 (A) proportionate to the amount of the deficiency; and
- 214 (B) up to 10% of each agency's total current fiscal year General Fund
 215 appropriations; and
- 216 (iii) the Division of Finance shall deposit the total amount from the reduced
 217 allotments described in Subsection [~~(5)(g)(ii)~~] (5)(h)(ii) into the Medicaid ACA
 218 Fund.
- 219 (6) [The-] Except in the event of a Medicaid shortfall, as described in Subsection (5)(g) and
 220 Section 63J-1-315.1, the department shall maximize federal financial participation in
 221 implementing this section, including by seeking to obtain any necessary federal
 222 approvals or waivers.
- 223 (7) Notwithstanding Sections 17-43-201 and 17-43-301, a county does not have to provide
 224 matching funds to the state for the cost of providing Medicaid services to newly enrolled
 225 individuals who qualify for Medicaid coverage under a Medicaid expansion.
- 226 (8) The department shall report to the Social Services Appropriations Subcommittee on or
 227 before November 1 of each year that a Medicaid expansion is operational:
- 228 (a) the number of individuals who enrolled in the Medicaid expansion;
- 229 (b) costs to the state for the Medicaid expansion;
- 230 (c) estimated costs to the state for the Medicaid expansion for the current and following
 231 fiscal years;
- 232 (d) recommendations to control costs of the Medicaid expansion; and
- 233 (e) as calculated in accordance with Subsections 26B-3-506(4) and 26B-3-606(2), the
 234 state's net cost of the qualified Medicaid expansion.

235 Section 3. Section **63J-1-315** is amended to read:

236 **63J-1-315 . Medicaid Growth Reduction and Budget Stabilization Account --**
237 **Transfers of Medicaid growth savings -- Base budget adjustments.**

238 (1) As used in this section:

- 239 (a) "Department" means the Department of Health and Human Services created in
240 Section 26B-1-201.
- 241 (b) "Division" means the Division of Integrated Healthcare created in Section 26B-3-102.
- 242 (c) "General Fund revenue surplus" means a situation where actual General Fund
243 revenues collected in a completed fiscal year exceed the estimated revenues for the
244 General Fund for that fiscal year that were adopted by the Executive Appropriations
245 Committee of the Legislature.
- 246 (d) "Medicaid growth savings" means the Medicaid growth target minus Medicaid
247 program expenditures, if Medicaid program expenditures are less than the Medicaid
248 growth target.
- 249 (e) "Medicaid growth target" means Medicaid program expenditures for the previous
250 year multiplied by 1.08.
- 251 (f) "Medicaid program" is as defined in Section 26B-3-101.
- 252 (g) "Medicaid program expenditures" means total state revenue expended for the
253 Medicaid program from the General Fund, including restricted accounts within the
254 General Fund, during a fiscal year.
- 255 (h) "Medicaid program expenditures for the previous year" means total state revenue
256 expended for the Medicaid program from the General Fund, including restricted
257 accounts within the General Fund, during the fiscal year immediately preceding a
258 fiscal year for which Medicaid program expenditures are calculated.
- 259 (i) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
260 balance in the General Fund is less than zero.
- 261 (j) "State revenue" means revenue other than federal revenue.
- 262 (k) "State revenue expended for the Medicaid program" includes money transferred or
263 appropriated to the Medicaid Growth Reduction and Budget Stabilization Account
264 only to the extent the money is appropriated for the Medicaid program by the
265 Legislature.

266 (2) There is created within the General Fund a restricted account to be known as the
267 Medicaid Growth Reduction and Budget Stabilization Account.

268 (3)(a) The following shall be deposited into the Medicaid Growth Reduction and Budget

- 269 Stabilization Account:
- 270 (i) deposits described in Subsection (4);
- 271 (ii) ~~[beginning July 1, 2024,]~~ any general funds appropriated to the department for the
- 272 state plan for medical assistance or for Medicaid administration by the ~~[Division~~
- 273 ~~of Integrated Healthcare]~~ division that are not expended by the department in the
- 274 fiscal year for which the general funds were appropriated and which are not
- 275 otherwise designated as nonlapsing shall lapse into the Medicaid Growth
- 276 Reduction and Budget Stabilization Account;
- 277 (iii) ~~[beginning July 1, 2024,]~~ any unused state funds that are associated with the
- 278 Medicaid program from the Department of Workforce Services; and
- 279 (iv) ~~[beginning July 1, 2024,]~~ any penalties imposed and collected under:
- 280 (A) Section 17B-2a-818.5;
- 281 (B) Section 19-1-206;
- 282 (C) Section 63A-5b-607;
- 283 (D) Section 63C-9-403;
- 284 (E) Section 72-6-107.5; or
- 285 (F) Section 79-2-404~~[; and]~~ .
- 286 ~~[(v) at the close of fiscal year 2024, the Division of Finance shall transfer any~~
- 287 ~~existing balance in the Medicaid Restricted Account created in Section 26B-1-309~~
- 288 ~~into the Medicaid Growth Reduction and Budget Stabilization Account.]~~
- 289 (b) In addition to the deposits described in Subsection (3)(a), the Legislature may
- 290 appropriate money into the Medicaid Growth Reduction and Budget Stabilization
- 291 Account.
- 292 (4)(a)(i) Except as provided in Subsection (7), if, at the end of a fiscal year, there is a
- 293 General Fund revenue surplus, the Division of Finance shall transfer an amount
- 294 equal to Medicaid growth savings from the General Fund to the Medicaid Growth
- 295 Reduction and Budget Stabilization Account.
- 296 (ii) If the amount transferred is reduced to prevent an operating deficit, as provided in
- 297 Subsection (7), the Legislature shall include, to the extent revenue is available, an
- 298 amount equal to the reduction as an appropriation from the General Fund to the
- 299 account in the base budget for the second fiscal year following the fiscal year for
- 300 which the reduction was made.
- 301 (b) If, at the end of a fiscal year, there is not a General Fund revenue surplus, the
- 302 Legislature shall include, to the extent revenue is available, an amount equal to

- 303 Medicaid growth savings as an appropriation from the General Fund to the account in
304 the base budget for the second fiscal year following the fiscal year for which the
305 reduction was made.
- 306 (c) Subsections (4)(a) and (4)(b) apply only to the fiscal year in which the department
307 implements the proposal developed under Section 26B-3-202 to reduce the long-term
308 growth in state expenditures for the Medicaid program, and to each fiscal year after
309 that year.
- 310 (5) The Division of Finance shall calculate the amount to be transferred under Subsection
311 (4):
- 312 (a) before transferring revenue from the General Fund revenue surplus to:
- 313 (i) the General Fund Budget Reserve Account under Section 63J-1-312;
314 (ii)(A) the Wildland Fire Suppression Fund created in Section 65A-8-204, as
315 described in Section 63J-1-314; or
316 (B) the Wildland-urban Interface Prevention, Preparedness, and Mitigation Fund
317 under Section 63J-1-314; and
318 (iii) the State Disaster Recovery Restricted Account under Section 63J-1-314;
- 319 (b) before earmarking revenue from the General Fund revenue surplus to the Industrial
320 Assistance Account under Section 63N-3-106; and
321 (c) before making any other year-end contingency appropriations, year-end set-asides, or
322 other year-end transfers required by law.
- 323 (6)(a) If, at the close of any fiscal year, there appears to be insufficient money to pay
324 additional debt service for any bonded debt authorized by the Legislature, the
325 Division of Finance may hold back from any General Fund revenue surplus money
326 sufficient to pay the additional debt service requirements resulting from issuance of
327 bonded debt that was authorized by the Legislature.
- 328 (b) The Division of Finance may not spend the hold back amount for debt service under
329 Subsection (6)(a) unless and until it is appropriated by the Legislature.
- 330 (c) If, after calculating the amount for transfer under Subsection (4), the remaining
331 General Fund revenue surplus is insufficient to cover the hold back for debt service
332 required by Subsection (6)(a), the Division of Finance shall reduce the transfer to the
333 Medicaid Growth Reduction and Budget Stabilization Account by the amount
334 necessary to cover the debt service hold back.
- 335 (d) Notwithstanding Subsections (4) and (5), the Division of Finance shall hold back the
336 General Fund balance for debt service authorized by this Subsection (6) before

337 making any transfers to the Medicaid Growth Reduction and Budget Stabilization
 338 Account or any other designation or allocation of General Fund revenue surplus.
 339 (7) Notwithstanding Subsections (4) and (5), if, at the end of a fiscal year, the Division of
 340 Finance determines that an operating deficit exists and that holding back earmarks to the
 341 Industrial Assistance Account under Section 63N-3-106, transfers to the Wildland Fire
 342 Suppression Fund and State Disaster Recovery Restricted Account under Section
 343 63J-1-314, transfers to the General Fund Budget Reserve Account under Section
 344 63J-1-312, or earmarks and transfers to more than one of those accounts, in that order,
 345 does not eliminate the operating deficit, the Division of Finance may reduce the transfer
 346 to the Medicaid Growth Reduction and Budget Stabilization Account by the amount
 347 necessary to eliminate the operating deficit.

348 (8)(a) The Legislature may appropriate money from the Medicaid Growth Reduction
 349 and Budget Stabilization Account only:
 350 ~~[(a)]~~ (i) for the Medicaid program; and
 351 ~~[(b)]~~ (ii) ~~[(+)]~~ (A) if Medicaid program expenditures for the fiscal year for which the
 352 appropriation is made are estimated to be 108% or more of Medicaid program
 353 expenditures for the previous year; or
 354 ~~[(+)]~~ (B) if the amount of the appropriation is equal to or less than the balance in
 355 the Medicaid Growth Reduction and Budget Stabilization Account that
 356 comprises deposits described in Subsections (3)(a)(ii) through (v) and
 357 appropriations described in Subsection (3)(b).
 358 (b) Beginning July 1, 2025, the Legislature may appropriate money to pay the state's
 359 portion of costs and services attributable to the Medicaid program only from the
 360 Medicaid Growth Reduction and Budget Stabilization Account.

361 (9) The Division of Finance shall deposit interest or other earnings derived from investment
 362 of Medicaid Growth Reduction and Budget Stabilization Account money into the
 363 General Fund.

364 Section 4. Section **63J-1-315.1** is enacted to read:

365 **63J-1-315.1 . Medicaid shortfall -- Cost saving measures for the Medicaid**
 366 **program and Medicaid expansion.**

367 (1) As used in this section:

368 (a) "Medicaid expansion" means the same as that term is defined in Section 26B-3-113.

369 (b) "Medicaid program" means the same as that term is defined in Section 26B-3-101.

370 (c) "Medicaid shortfall" means a condition in which the ongoing financial stability of the

371 Medicaid program or Medicaid expansion, respectively, is uncertain, which exists if:
372 (i)(A) the Executive Appropriations Committee finds that the most recently
373 adopted revenue estimates are insufficient to pay the ongoing appropriations
374 for the Medicaid program or Medicaid expansion for any fiscal year;
375 (B) the Office of the Legislative Fiscal Analyst projects that state expenditures for
376 services offered under the Medicaid program or Medicaid expansion exceed
377 the funds that have been appropriated to fund those respective services; or
378 (C) there is an operating deficit, as defined in Section 63J-1-211, exists; and
379 (ii) a condition described under Subsection (1)(c)(i) exists but is not removed, within
380 45 days after the day on which the condition occurs, by:
381 (A) for a condition described in Subsection (1)(c)(i)(A), the Executive
382 Appropriations Committee adopting revised revenue estimates that are
383 sufficient to pay the ongoing appropriations to the Medicaid program or
384 Medicaid expansion, for any fiscal year; or
385 (B) for a condition described in Subsection (1)(c)(i)(B) or (C), the Legislature
386 appropriating sufficient funds to pay the services and benefits offered under the
387 Medicaid program or Medicaid expansion, for any fiscal year.
388 (d) "Operating deficit" means the same as that term is defined in Section 63J-1-211.
389 (2)(a) Subject to Subsection (2)(b), beginning January 1, 2026, in the event of a
390 Medicaid shortfall regarding the Medicaid program, within 150 days after the day on
391 which the shortfall first occurs, each state agency or division expending state funds
392 for the Medicaid program shall implement the following cost control measures for
393 the Medicaid program costs:
394 (i) suspend hiring of noncritical employees;
395 (ii) suspend increasing employee wages, excluding employee benefits offered to
396 employees state-wide;
397 (iii) suspend increasing provider payment rates that would be paid for using general
398 funds or income tax funds;
399 (iv) suspend expanding reimbursement benefits, including drug reimbursements that
400 are paid for using general funds or income tax funds;
401 (v) cancel coverage for any optional services or populations covered under the
402 Medicaid program that are paid for using general funds or income tax funds;
403 (vi) cancel or reverse all provider payment rate increases approved or implemented
404 during the one-year period immediately preceding the day on which the shortfall

- 405 occurs, if the rate increase is paid for using general funds or income tax funds; and
406 (vii) close enrollment to new members.
- 407 (b) The departments and agencies shall implement the cost control measures under
408 Subsection (2)(a):
- 409 (i) one measure at a time and in the order listed under Subsection (2)(a), unless an
410 exception is approved by the Executive Appropriations Committee;
- 411 (ii) in consultation with the executive director of the Department of Health and
412 Human Services and the legislative fiscal analyst of the Office of the Legislative
413 Fiscal Analyst;
- 414 (iii) only to the extent necessary to eliminate the Medicaid shortfall relative to the
415 Medicaid program; and
- 416 (iv) subject to and only to the extent allowed under all federal laws and regulations
417 governing the Medicaid program.
- 418 (c) In the event of a Medicaid shortfall related to the costs of the Medicaid program, the
419 department shall prioritize state cost savings in implementing this Subsection (2).
- 420 (3)(a) Subject to Subsection (3)(b), beginning January 1, 2026, in the event of a
421 Medicaid shortfall, within 150 days, each state division or agency expending state
422 funds for Medicaid expansion shall implement the following cost control measures
423 on Medicaid expansion spending:
- 424 (i) suspend hiring of noncritical employees;
- 425 (ii) suspend increasing employee wages, excluding employee benefits offered to
426 employees state-wide;
- 427 (iii) suspend increasing provider payment rates that would be paid for using general
428 funds or income tax funds;
- 429 (iv) suspend expanding reimbursement benefits, including drug reimbursements that
430 are paid for using general funds or income tax funds;
- 431 (v) suspend each application to CMS for Medicaid expansion that CMS has not
432 approved as of the date on which the Medicaid shortfall first occurs;
- 433 (vi) cancel coverage for any optional services or populations covered under Medicaid
434 expansion that are paid for using general funds or income tax funds;
- 435 (vii) cancel or reverse all provider payment rate increases approved or implemented
436 during the one-year period immediately preceding the day on which the shortfall
437 occurs, if the rate increase is paid for using general funds or income tax funds; and
438 (viii) close enrollment to new members.

- 439 (b) The departments and agencies shall implement the cost control measures under
440 Subsection (3)(a):
- 441 (i) one measure at a time, in the order listed under Subsection (3)(a), unless an
442 exception to the order is approved by the Executive Appropriations Committee;
- 443 (ii) in consultation with the executive director of the Department of Health and
444 Human Services and the legislative fiscal analyst of the Office of the Legislative
445 Fiscal Analyst;
- 446 (iii) only to the extent necessary to eliminate the Medicaid shortfall; and
- 447 (iv) subject to federal laws and regulations governing the Medicaid program and
448 Medicaid expansion.
- 449 (c) In the event of a Medicaid shortfall related to the costs of Medicaid expansion, the
450 department shall prioritize state cost savings in implementing this Subsection (3).
- 451 Section 5. **Effective Date.**
- 452 This bill takes effect on May 7, 2025.