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Medicaid Provider Amendments
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Keven J. Stratton
House Sponsor: Steve Eliason

LONG TITLE

General Description:

This bill addresses provisions related to Medicaid providers.

Highlighted Provisions:

This bill:

- ▶ requires the Department of Health and Human Services (department) to:
 - establish quality measures for evaluating certain Medicaid providers' performance;
 - evaluate certain Medicaid providers on performance as measured by the quality measures; and
 - annually report to the Social Services Appropriations Subcommittee on the performance based on the quality measures of the Medicaid providers determined by the Legislature;
- ▶ requires the department to implement a closed loop referral system for referrals for the delivery of health-related social needs care to Medicaid-eligible individuals;
- ▶ requires the Division of Services for People with Disabilities (division) to notify a provider of amendments to the provider's contract with the division;
- ▶ defines terms; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates \$42,778,300 in operating and capital budgets for fiscal year 2027, including:

- ▶ \$16,888,300 from General Fund; and
- ▶ \$25,890,000 from various sources as detailed in this bill.

Other Special Clauses:

None

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **26B-6-403**, as renumbered and amended by Laws of Utah 2023, Chapter 308

31 ENACTS:

32 **26B-3-143**, Utah Code Annotated 195333 **26B-3-144**, Utah Code Annotated 1953

34

35 *Be it enacted by the Legislature of the state of Utah:*36 Section 1. Section **26B-3-143** is enacted to read:37 **26B-3-143 . Medicaid provider quality measures -- Reporting -- Eligibility for**
38 **incentive payments.**39 (1) As used in this section:40 (a) "Incentive payment" means a one-time fee-for-services payment to a participating
41 Medicaid provider, including a managed care entity or a Medicaid provider that is
42 paid under a fee-for-service arrangement, based on the Medicaid provider's
43 performance as evaluated by the department as described in this section.44 (b) "Managed care entity" means a person that contracts with the Medicaid program to
45 manage the provision of health care services in a managed care delivery system on a
46 capitated basis.47 (c) "Medicaid provider" means any person, individual, corporation, institution, or
48 organization that:49 (i) is currently enrolled in the Medicaid program;50 (ii) provides Medicaid-covered services under the Medicaid program;51 (iii) has entered into a provider agreement with the Medicaid program; and52 (iv) is reimbursed:53 (A) through a managed care entity; or54 (B) fee-for-service.55 (d) "Participating Medicaid provider" means a Medicaid provider:56 (i) that is in a group of Medicaid providers selected by the Legislature and that the
57 Legislature directs the department to evaluate in a fiscal year as described in
58 Subsection (5)(a); and59 (ii) that submits verifying documentation of the Medicaid provider's completion or
60 progress toward quality measures in accordance with rules made by the
61 department under this section.

- 62 (e) "Quality measures" means the metrics the department establishes to evaluate a
63 Medicaid provider's performance as described in Subsection (2).
- 64 (2)(a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah
65 Administrative Rulemaking Act, to establish quality measures.
- 66 (b) Quality measures may include:
- 67 (i) improved health outcomes and care experience for enrollees;
68 (ii) care coordination, data sharing, and value-based delivery;
69 (iii) workforce stability and evidence-based clinical practices; and
70 (iv) any other metrics or performance areas the department deems appropriate.
- 71 (c) The department shall establish separate quality measures for each Medicaid provider
72 type selected for participation in accordance with the process described in
73 Subsections (4) and (5).
- 74 (3)(a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah
75 Administrative Rulemaking Act, to establish:
- 76 (i) a process for a participating Medicaid provider to submit documentation verifying
77 the participating Medicaid provider's completion or progress toward the quality
78 measures established for the Medicaid provider's provider type;
79 (ii) a methodology for evaluating a participating Medicaid provider's progress toward
80 quality measures; and
81 (iii) exclusions for a Medicaid provider's participation based on adverse findings or
82 disciplinary actions by a certifying, licensing, or accrediting entity.
- 83 (b) The department shall report to the Rules Review and General Oversight Committee
84 on rules the department makes in accordance with this Subsection (3).
- 85 (4)(a) The department shall annually, before October 31, submit a report to the Social
86 Services Appropriations Subcommittee of the department's evaluation of:
- 87 (i) Medicaid provider types to assist the Legislature in selecting and prioritizing
88 Medicaid providers eligible for incentive payments under Subsection (6) in the
89 following fiscal year; and
90 (ii) participating Medicaid providers' completion or progress toward quality measures
91 as described in Subsection (3)(a)(ii), if any.
- 92 (b) The report described in Subsection (4)(a)(i) shall include:
- 93 (i) a comparative analysis of current Medicaid reimbursement rates and rates paid by
94 other comparable payers, including Medicare, where applicable;
95 (ii) the length of time since the last rate increase for the Medicaid provider type; and

- 96 (iii) an analysis of the impact of incentive payments on the Medicaid provider type.
- 97 (c) In each year in which incentive payments are distributed as described in this section,
- 98 the department shall annually, before October 31, report to the Social Services
- 99 Appropriations Subcommittee on the distribution of incentive payments as described
- 100 in Subsection (6), including on what percentage of an appropriation under this section
- 101 was distributed directly to Medicaid providers.
- 102 (5)(a) Subject to appropriations from the Legislature for this purpose, and the
- 103 Legislature's determination of eligible Medicaid provider types for the following
- 104 fiscal year, a participating Medicaid provider may be eligible for incentive payments
- 105 based on the participating Medicaid provider's performance as evaluated by the
- 106 department as described in Subsection (3)(a)(ii).
- 107 (b) The department may use up to 2% of an appropriation under this section for costs
- 108 related to the administration of the provisions of this section.
- 109 (6) The department shall ensure that incentive payments are distributed:
- 110 (a) proportionally to participating Medicaid providers;
- 111 (b) in accordance with legislative appropriations; and
- 112 (c) in accordance with CMS rules and regulations.
- 113 (7) The department may apply for necessary CMS authority to implement this section.
- 114 Section 2. Section **26B-3-144** is enacted to read:
- 115 **26B-3-144 . Closed loop referral system.**
- 116 (1) As used in this section:
- 117 (a) "Authorized user" means a social needs care provider authorized by rules the
- 118 department makes to use a closed loop referral system.
- 119 (b) "Closed loop referral system" means a system that enables efficient outreach,
- 120 engagement, and care coordination across cross-sector social needs care providers.
- 121 (c) "Social needs care" means community-level services and supports that address
- 122 health-related social needs.
- 123 (d) "Social needs care provider" means a person that contracts with the department,
- 124 directly or indirectly, to provide social needs care, including a:
- 125 (i) government entity;
- 126 (ii) healthcare organization;
- 127 (iii) community organization; or
- 128 (iv) social service organization.
- 129 (2) The department shall implement a closed loop referral system for referrals for the

- 130 delivery of social care to Medicaid-eligible individuals.
- 131 (3) The department shall ensure that the closed loop referral system:
- 132 (a) notifies authorized users of social needs care requests and referrals;
- 133 (b) allows authorized users to securely access relevant information related to the social
- 134 care needs of individuals the authorized user serves;
- 135 (c) allows an individual's information to be accessed only with the individual's consent
- 136 and consistent with applicable privacy laws;
- 137 (d) facilitates communication between referring social needs care providers using a
- 138 secure chat function;
- 139 (e) sends social needs care referrals on behalf of an individual receiving social needs
- 140 care; and
- 141 (f) in a single record, tracks and stores:
- 142 (i) the outcome of a referral; and
- 143 (ii) the outcome of services delivered to an individual.
- 144 (4) The department shall make rules in accordance with Title 63G, Chapter 3, Utah
- 145 Administrative Rulemaking Act, to implement this section, including rules to establish
- 146 authorized use and authorized users of the closed loop referral system.
- 147 Section 3. Section **26B-6-403** is amended to read:
- 148 **26B-6-403 . Responsibility and authority of division.**
- 149 (1) For purposes of this section "administer" means to:
- 150 (a) plan;
- 151 (b) develop;
- 152 (c) manage;
- 153 (d) monitor; and
- 154 (e) conduct certification reviews.
- 155 (2) The division has the authority and responsibility to:
- 156 (a) administer an array of services and supports for persons with disabilities and their
- 157 families throughout the state;
- 158 (b) make rules in accordance with Title 63G, Chapter 3, Utah Administrative
- 159 Rulemaking Act, that establish eligibility criteria for the services and supports
- 160 described in Subsection (2)(a);
- 161 (c) consistent with Section 26B-6-506, supervise the programs and facilities of the
- 162 Developmental Center;
- 163 (d) in order to enhance the quality of life for a person with a disability, establish either

- 164 directly, or by contract with private, nonprofit organizations, programs of:
- 165 (i) outreach;
- 166 (ii) information and referral;
- 167 (iii) prevention;
- 168 (iv) technical assistance; and
- 169 (v) public awareness;
- 170 (e) supervise the programs and facilities operated by, or under contract with, the division;
- 171 (f) cooperate with other state, governmental, and private agencies that provide services
- 172 to a person with a disability;
- 173 (g) subject to Subsection (3), ensure that a person with a disability is not deprived of that
- 174 person's constitutionally protected rights without due process procedures designed to
- 175 minimize the risk of error when a person with a disability is admitted to an
- 176 intermediate care facility for people with an intellectual disability, including:
- 177 (i) the developmental center; and
- 178 (ii) facilities within the community;
- 179 (h) determine whether to approve providers;
- 180 (i) monitor and sanction approved providers, as specified in the providers' contract;
- 181 (j) subject to Section 26B-6-410, receive and disburse public funds;
- 182 (k) review financial actions of a provider who is a representative payee appointed by the
- 183 Social Security Administration;
- 184 (l) establish standards and rules for the administration and operation of programs
- 185 conducted by, or under contract with, the division;
- 186 (m) approve and monitor division programs to insure compliance with the board's rules
- 187 and standards;
- 188 (n) establish standards and rules necessary to fulfill the division's responsibilities under
- 189 Part 5, Utah State Developmental Center, and Part 6, Admission to an Intermediate
- 190 Care Facility for People with an Intellectual Disability, with regard to an intermediate
- 191 care facility for people with an intellectual disability;
- 192 (o) assess and collect equitable fees for a person who receives services provided under
- 193 this chapter;
- 194 (p) maintain records of, and account for, the funds described in Subsection (2)(o);
- 195 (q) establish and apply rules to determine whether to approve, deny, or defer the
- 196 division's services to a person who is:
- 197 (i) applying to receive the services; or

- 198 (ii) currently receiving the services;
- 199 (r) in accordance with state law, establish rules:
 - 200 (i) relating to an intermediate care facility for people with an intellectual disability
 - 201 that is an endorsed program; and
 - 202 (ii) governing the admission, transfer, and discharge of a person with a disability;
 - 203 (s) manage funds for a person residing in a facility operated by the division:
 - 204 (i) upon request of a parent or guardian of the person; or
 - 205 (ii) under administrative or court order; and
 - 206 (t) fulfill the responsibilities described in Section 26B-1-430.
- 207 (3) The due process procedures described in Subsection (2)(g):
 - 208 (a) shall include initial and periodic reviews to determine the constitutional
 - 209 appropriateness of the placement; and
 - 210 (b) with regard to facilities in the community, do not require commitment to the division.
- 211 (4) Except as provided in Subsection (5), when the division makes amendments to a
- 212 contract the division enters into under Subsection (2), the division shall notify a provider
- 213 under contract with the division at least 30 days before the effective date of the
- 214 amendments.
- 215 (5) The division may waive the 30-day notice requirement described in Subsection (4):
 - 216 (a) if a contractor requests a contract change;
 - 217 (b) if a service rate is increased; or
 - 218 (c) in response to a natural disaster or public health emergency.

219 **Section 4. FY 2027 Appropriations.**

220 The following sums of money are appropriated for the fiscal year beginning July 1,
 221 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
 222 fiscal year 2027.

223 Subsection 4(a). **Operating and Capital Budgets**

224 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
 225 Legislature appropriates the following sums of money from the funds or accounts indicated for
 226 the use and support of the government of the state of Utah.

| | | | |
|-----|--------|------------------------------------------------------------------------------|-----------|
| 227 | ITEM 1 | To Department of Health and Human Services - Integrated Health Care Services | |
| 228 | | From General Fund | 3,925,900 |
| 229 | | From Federal Funds | 6,752,900 |
| 230 | | Schedule of Programs: | |
| 231 | | Medicaid Accountable Care Organizations | 1,319,800 |

| | | |
|-----|----------------------------------------------------------------------------------|------------|
| 232 | Medicaid Home and Community Based Services | 5,275,000 |
| 233 | Medicaid Other Services | 4,084,000 |
| 234 | The Legislature intends that the Department of | |
| 235 | Health and Human Services use: | |
| 236 | (1) \$1,925,900 ongoing General Fund | |
| 237 | appropriation in this item to raise Medicaid provider rates | |
| 238 | for private duty nursing. | |
| 239 | (2) \$2,000,000 ongoing General Fund | |
| 240 | appropriation in this item to raise Medicaid provider rates | |
| 241 | for the New Choices Waiver. | |
| 242 | ITEM 2 To Department of Health and Human Services - Long-Term Services & Support | |
| 243 | From General Fund | 4,162,700 |
| 244 | From Federal Funds | 6,548,500 |
| 245 | Schedule of Programs: | |
| 246 | Aging Waiver Services | 162,700 |
| 247 | Community Supports Waiver Services | 10,548,500 |
| 248 | The Legislature intends that the Department of | |
| 249 | Health and Human Services use: | |
| 250 | (1) \$4,000,000 ongoing General Fund | |
| 251 | appropriation in this item to raise Medicaid provider | |
| 252 | reimbursement rates for the Division of Services for | |
| 253 | People with Disabilities providers, excluding the Limited | |
| 254 | Supports Waiver providers, and including support | |
| 255 | coordinators. | |
| 256 | (2) \$162,700 ongoing General Fund | |
| 257 | appropriation in this item to raise provider | |
| 258 | reimbursement rates for personal care. | |
| 259 | ITEM 3 To Department of Health and Human Services - Children, Youth, & Families | |
| 260 | From General Fund | 2,000,000 |
| 261 | Schedule of Programs: | |
| 262 | Child & Family Services | 2,000,000 |
| 263 | The Legislature intends that the Department of | |
| 264 | Health and Human Services use the \$2,000,000 ongoing | |
| 265 | General Fund appropriation in this item to raise provider | |

| | | |
|-----|-------------------------------------------------------------------------------------|------------|
| 266 | reimbursement rates for the proctor, congregate, and | |
| 267 | foster care providers housing foster children. | |
| 268 | ITEM 4 To Department of Health and Human Services - Integrated Health Care Services | |
| 269 | From General Fund | 6,799,700 |
| 270 | From Federal Funds | 12,588,600 |
| 271 | Schedule of Programs: | |
| 272 | Medicaid Accountable Care Organizations | 902,900 |
| 273 | Medicaid Home and Community Based Services | 7,107,100 |
| 274 | Medicaid Long Term Care Services | 7,911,400 |
| 275 | Medicaid Other Services | 3,226,300 |
| 276 | Expansion Accountable Care Organizations | 47,900 |
| 277 | Expansion Other Services | 192,700 |

278 The Legislature intends that the Department of
 279 Health and Human Services use:
 280 (1) \$3,000,000 ongoing General Fund
 281 appropriation in this item to raise Medicaid provider
 282 reimbursement rates for nursing homes and intermediate
 283 care facilities for individuals with intellectual disabilities.
 284 (2) \$1,962,400 ongoing General Fund
 285 appropriation in this item to raise Medicaid provider
 286 reimbursement rates for home health.
 287 (3) \$1,837,300 ongoing General Fund
 288 appropriation in this item to raise Medicaid provider
 289 reimbursement rates for personal care.

290 **Section 5. Effective Date.**

291 This bill takes effect on May 6, 2026.