

HB0599

~~{Omitted text}~~ shows text that was in HB0599 but was omitted in HB0599S03

inserted text shows text that was not in HB0599 but was inserted into HB0599S03

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1 Social Services Funding Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Raymond P. Ward

Senate Sponsor: Keven J. Stratton

2 _____
 3 **LONG TITLE**

4 General Description:

5 This bill addresses social services funding.

6 Highlighted Provisions:

7 This bill:

- 8 ▶ provides that interest earned on money in the Medicaid ACA Fund shall be deposited into the
General Fund;

- ▶ requires immunosuppressive drugs to be added to the Medicaid preferred drug list;

- 11 ▶ requires the Department of Health and Human Services (department) to:

- 12 • transition the state's Children's Health Insurance Program from a separate program, to
providing benefits under the state's Medicaid program; and

- 14 • after the transition, to the extent possible, provide dental services to individuals covered by
the Children's Health Insurance Program through the University of Utah School of Dentistry;

- 16 ▶ ~~{increases the}~~ requires certain funds ~~{appropriated}~~ to be distributed from the ~~{Tobacco Settlement}~~ Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account ~~{to the~~

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~~department~~ } for { ~~children in the Medicaid program~~ } substance use treatment and prevention services;
and

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

- ▶ **This bill appropriates (\$759,700) in operating and capital budgets for fiscal year 2026, all of which is from the General Fund.**
- ▶ **This bill appropriates (\$759,700) in operating and capital budgets for fiscal year 2027, all of which is from the General Fund.**

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 26B-1-315 (Effective 05/06/26) (Superseded 07/01/26)**, as last amended by Laws of Utah 2025, Chapter 135
- 26B-1-315 (Effective 07/01/26) (Repealed 07/01/34)**, as last amended by Laws of Utah 2025, Chapter 285
- 26B-3-105 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 135
- 26B-3-902 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2023, Chapter 306
- ~~**{51-9-201 (Effective 05/06/26), as last amended by Laws of Utah 2023, Chapter 328}**~~
- 59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30)**, as last amended by Laws of Utah 2025, Chapters 173, 366

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

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

26B-1-315. Medicaid ACA Fund.

- (1) There is created an expendable special revenue fund known as the "Medicaid ACA Fund."
- (2) The fund consists of:
 - (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
 - (b) intergovernmental transfers under Section 26B-3-508;

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- 42 (c) savings attributable to the health coverage improvement program, as defined in Section 26B-3-501,
as determined by the department;
- 44 (d) savings attributable to the enhancement waiver program, as defined in Section 26B-3-501, as
determined by the department;
- 46 (e) savings attributable to the Medicaid waiver expansion, as defined in Section 26B-3-501, as
determined by the department;
- 48 (f) revenues collected from the sales tax described in Subsection 59-12-103(11);
- 49 (g) gifts, grants, donations, or any other conveyance of money that may be made to the fund from
private sources; and
- 51 ~~[(h) interest earned on money in the fund; and]~~
- 52 ~~[(i)]~~ (h) additional amounts as appropriated by the Legislature.
- 53 (3)
- (a) The fund shall earn interest.
- 54 (b) All interest earned on fund money in a fiscal year beginning on or after July 1, 2025, shall be
deposited into the ~~[fund]~~ General Fund.
- 55 (4)
- (a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital Assessment,
may use money from the fund to pay the costs, not otherwise paid for with federal funds or other
revenue sources, of:
- 58 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 59 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 60 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 61 (iv) the outpatient upper payment limit supplemental payments under Section 26B-3-511.
- 63 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital Assessment,
may not use:
- 65 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper payment limit
supplemental payments; or
- 67 (ii) money in the fund for any purpose not described in Subsection (4)(a).
- 75 Section 2. Section **26B-1-315** is amended to read:
- 76 **26B-1-315. Medicaid ACA Fund.**
- 70 (1) There is created an expendable special revenue fund known as the "Medicaid ACA Fund."

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- 72 (2) The fund consists of:
- 73 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
- 74 (b) intergovernmental transfers under Section 26B-3-508;
- 75 (c) savings attributable to the health coverage improvement program, as defined in Section 26B-3-501,
as determined by the department;
- 77 (d) savings attributable to the enhancement waiver program, as defined in Section 26B-3-501, as
determined by the department;
- 79 (e) savings attributable to the Medicaid waiver expansion, as defined in Section 26B-3-501, as
determined by the department;
- 81 (f) revenues collected from the sales tax described in Subsection 59-12-103(6);
- 82 (g) gifts, grants, donations, or any other conveyance of money that may be made to the fund from
private sources; and
- 84 ~~[(h) interest earned on money in the fund; and]~~
- 85 ~~[(i)]~~ (h) additional amounts as appropriated by the Legislature.
- 86 (3)
- (a) The fund shall earn interest.
- 87 (b) All interest earned on fund money in a fiscal year beginning on or after July 1, 2025, shall be
deposited into the ~~[fund]~~ General Fund.
- 88 (4)
- (a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital Assessment,
may use money from the fund to pay the costs, not otherwise paid for with federal funds or other
revenue sources, of:
- 91 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 92 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 93 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 94 (iv) the outpatient upper payment limit supplemental payments under Section 26B-3-511.
- 96 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital Assessment,
may not use:
- 98 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper payment limit
supplemental payments; or
- 100 (ii) money in the fund for any purpose not described in Subsection (4)(a).

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Section 3. Section **26B-3-105** is amended to read:

26B-3-105. Medicaid drug program -- Preferred drug list.

(1) As used in this section:

(a) "Immunosuppressive drug" means a drug that:

- (i) is used in immunosuppressive therapy to inhibit or prevent activity of the immune system to aid the body in preventing the rejection of transplanted organs and tissue; and
- (ii) does not include drugs used for the treatment of autoimmune disease or diseases that are most likely of autoimmune origin.

(b) "Psychotropic drug" means the following classes of drugs:

- (i) anti-depressant;
- (ii) anti-convulsant/mood stabilizer;
- (iii) anti-anxiety; and
- (iv) attention deficit hyperactivity disorder stimulant.

(c) "Stabilized" means a health care provider has documented in the patient's medical chart that a patient has achieved a stable or steadfast medical state within the past 90 days.

(2) A Medicaid drug program developed by the department under Subsection 26B-3-104(2)(f):

- (a) shall, notwithstanding Subsection 26B-3-104(1)(b), be based on clinical and cost-related factors which include medical necessity as determined by a provider in accordance with administrative rules established by the Drug Utilization Review Board;
- (b) may include therapeutic categories of drugs that may be exempted from the drug program;
- (c) notwithstanding Section 58-17b-606, may include placing some drugs on a preferred drug list:
 - (i) to the extent determined appropriate by the department; and
 - (ii) in the manner described in Subsection (4) for atypical anti-psychotic drugs;
- (d) notwithstanding the requirements of Sections 26B-3-302 through 26B-3-309 regarding the Drug Utilization Review Board, and except as provided in Subsection (4), shall immediately implement the prior authorization requirements for a nonpreferred drug that is in the same therapeutic class as a drug that is:
 - (i) on the preferred drug list on the date that this act takes effect; or
 - (ii) added to the preferred drug list after this act takes effect; and
- (e) except as prohibited by Subsections 58-17b-606(4) and (5), shall establish the prior authorization requirements which shall permit a health care provider or the health care provider's agent to obtain

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a prior authorization override of the preferred drug list through the department's pharmacy prior authorization review process, and which shall:

- (i) provide either telephone or fax approval or denial of the request within 24 hours of the receipt of a request that is submitted during normal business hours of Monday through Friday from 8 a.m. to 5 p.m.;
 - (ii) provide for the dispensing of a limited supply of a requested drug as determined appropriate by the department in an emergency situation, if the request for an override is received outside of the department's normal business hours; and
 - (iii) require the health care provider to provide the department with documentation of the medical need for the preferred drug list override in accordance with criteria established by the department in consultation with the Pharmacy and Therapeutics Committee.
- (3)
- (a)
- (i) [A] Except as provided in Subsection (3)(a)(ii), a preferred drug list developed under the provisions of this section may not include an immunosuppressive drug.
 - (ii) Beginning on March 1, 2027, the department shall include immunosuppressive drugs on the preferred drug list.
- ~~[(i)]~~ (b) The state Medicaid program shall reimburse for a prescription for an immunosuppressive drug as written by the health care provider for a patient who has undergone an organ transplant.
- ~~[(ii)]~~ (c) For purposes of Subsection 58-17b-606(4), and with respect to patients who have undergone an organ transplant, the prescription for a particular immunosuppressive drug as written by a health care provider meets the criteria of demonstrating to the department a medical necessity for dispensing the prescribed immunosuppressive drug.
- ~~[(iii)]~~ (d) Notwithstanding the requirements of Sections 26B-3-302 through 26B-3-309 regarding the Drug Utilization Review Board, the state Medicaid drug program may not require the use of step therapy for immunosuppressive drugs without the written or oral consent of the health care provider and the patient.
- (4)
- (a)
- (i) The department shall include atypical anti-psychotic drugs on the preferred drug list.

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(ii) The department shall allow a health care provider to override the preferred drug list for an atypical anti-psychotic drug by writing "dispense as written" on the prescription for the atypical anti-psychotic drug.

(iii) A health care provider may not override Section 58-17b-606 by writing "dispense as written" on a prescription.

(b) The department, and a Medicaid accountable care organization that is responsible for providing behavioral health, shall establish a system to:

(i) track health care provider prescribing patterns for atypical anti-psychotic drugs;

(ii) educate health care providers who are not complying with the preferred drug list; and

(iii) implement peer to peer education for health care providers whose prescribing practices continue to not comply with the preferred drug list.

(5) For enrollees that begin a psychotropic drug treatment on or after July 1, 2025, the department shall pay for a psychotropic drug that is not on the preferred drug list if the department, based on patient claims history or health care provider attestation, has evidence of:

(a) an enrollee's trial and failure of a psychotropic drug on the preferred drug list that is equivalent or similar to the drug that is not on the preferred drug list in the last 365 days; or

(b) the enrollee being stabilized on the psychotropic drug that is not on the preferred drug list at the time of enrollment.

Section 4. Section **26B-3-902** is amended to read:

26B-3-902. Creation and administration of the Utah Children's Health Insurance Program.

(1) There is created the Utah Children's Health Insurance Program to be administered by the department in accordance with the provisions of:

(a) this part; and

(b) the State Children's Health Insurance Program, 42 U.S.C. Sec. 1397aa et seq.

(2) The department shall:

(a) prepare and submit the state's children's health insurance plan before May 1, 1998, and any amendments to the United States Department of Health and Human Services in accordance with 42 U.S.C. Sec. 1397ff; and

(b) make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, regarding:

(i) eligibility requirements consistent with Section 26B-3-108;

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- 205 (ii) program benefits;
- 206 (iii) the level of coverage for each program benefit;
- 207 (iv) cost-sharing requirements for members, which may not:
- 208 (A) exceed the guidelines set forth in 42 U.S.C. Sec. 1397ee; or
- 209 (B) impose deductible, copayment, or coinsurance requirements on a member for well-child, well-baby,
and immunizations;
- 211 (v) the administration of the program; and
- 212 (vi) a requirement that:
- 213 (A) members in the program shall participate in the electronic exchange of clinical health records
established in accordance with Section 26B-8-411 unless the member opts out of participation;
- 216 (B) prior to enrollment in the electronic exchange of clinical health records the member shall receive
notice of the enrollment in the electronic exchange of clinical health records and the right to opt out
of participation at any time; and
- 219 (C) beginning July 1, 2012, when the program sends enrollment or renewal information to the member
and when the member logs onto the program's website, the member shall receive notice of the right
to opt out of the electronic exchange of clinical health records.
- 223 (3)
- (a) Before July 1, 2026, the department shall apply for a state plan amendment to transition the state's
Children's Health Insurance Program from a separate program under 42 U.S.C. Sec. 1397aa(a)(1), to
providing benefits under the state's Medicaid program under 42 U.S.C. Sec. 1397aa(1)(2).
- 227 (b) {To} If the application described in Subsection (3)(a) is approved, and the state's Children's Health
Insurance Program transitions as described in Subsection (3)(a), to the extent possible, dental
services for individuals covered by the state's Children's Health Insurance Program shall be provided
through the University of Utah School of Dentistry and the University of Utah School of Dentistry's
associated statewide network.
- 231 {Section 5. Section 51-9-201 is amended to read: }
- 232 **51-9-201. Creation of Tobacco Settlement Restricted Account.**
- 234 (1) There is created within the General Fund a restricted account known as the "Tobacco Settlement
Restricted Account."
- 236 (2) The account shall earn interest.
- 237 (3) The account shall consist of:

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- 238 (a) on and after July 1, 2007, 60% of all funds of every kind that are received by the state that are
related to the settlement agreement that the state entered into with leading tobacco manufacturers on
November 23, 1998; and
- 241 (b) interest earned on the account.
- 242 (4) To the extent that funds will be available for appropriation in a given fiscal year, those funds shall
be appropriated from the account in the following order:
- 244 (a) \$66,600 to the Office of the Attorney General for ongoing enforcement and defense of the Tobacco
Settlement Agreement;
- 246 (b) \$18,500 to the State Tax Commission for ongoing enforcement of business compliance with the
Tobacco Tax Settlement Agreement;
- 248 (c) ~~[\$11,022,900]~~ \$12,722,900 to the Department of Health and Human Services for:
- 249 (i) children in the Medicaid program created in Title 26B, Chapter 3, Health Care - Administration and
Assistance, and the Children's Health Insurance Program created in Section 26B-3-902; and
- 252 (ii) for restoration of dental benefits in the Children's Health Insurance Program;
- 253 (d) \$3,277,100 to the Department of Health and Human Services for alcohol, tobacco, and other drug
prevention, reduction, cessation, and control programs that promote unified messages and make use
of media outlets, including radio, newspaper, billboards, and television, and with a preference in
funding given to tobacco-related programs;
- 258 (e) \$193,700 to the Administrative Office of the Courts and \$2,325,400 to the Department of Health and
Human Services for the statewide expansion of the drug court program;
- 261 (f) \$4,000,000 to the Utah Board of Higher Education for the University of Utah Health Sciences
Center to benefit the health and well-being of Utah citizens through in-state research, treatment, and
educational activities; and
- 264 (g) any remaining funds as directed by the Legislature through appropriation.

241 Section 5. Section 59-14-807 is amended to read:

242 **59-14-807. Electronic Cigarette Substance and Nicotine Product Proceeds Restricted**
Account.

- 244 (1) There is created within the General Fund a restricted account known as the "Electronic Cigarette
Substance and Nicotine Product Proceeds Restricted Account."
- 246 (2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account consists of:
- 248 (a) revenue collected from the tax imposed by Section 59-14-804;

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- 249 (b) fees and penalties collected under Section 59-14-810;
- 250 (c) all money received by the attorney general or the Department of Commerce as a result of any
judgment, settlement, or compromise of claims pertaining to alleged violations of law related to the
manufacture, marketing, distribution, or sale of electronic cigarette products, as defined in Section
76-9-1101:
- 254 (i) if the total amount of the judgment, settlement, or compromise received by the state exceeds
\$1,000,000; and
- 256 (ii) after reimbursement to the attorney general and the Department of Commerce for expenses related
to the matters described in this Subsection (2)(c); and
- 258 (d) amounts appropriated by the Legislature.
- 259 (3)
- (a) Subject to Subsections (3)(b) and (c), for each fiscal year and subject to appropriation by the
Legislature, the Division of Finance shall distribute from the Electronic Cigarette Substance and
Nicotine Product Proceeds Restricted Account:
- 262 (i) \$2,000,000 to the Department of Health and Human Services for enforcement services aimed
at disrupting organizations and networks that provide tobacco products, electronic cigarette
products, nicotine products, or other illegal controlled substances to minors, which the
Department of Health and Human Services shall allocate to the local health departments using
the formula created in accordance with Section 26A-1-116;
- 268 (ii) \$1,180,000 to the Department of Public Safety for law enforcement officers aimed at disrupting
organizations and networks that provide tobacco products, electronic cigarette products, nicotine
products, and other illegal controlled substances to minors;
- 272 (iii) \$1,000,000 to the Department of Health and Human Services for enforcement services aimed
at disrupting organizations and networks that provide tobacco products, electronic cigarette
products, nicotine products, and other illegal controlled substances to minors;
- 276 (iv) \$3,000,000 to the Department of Health and Human Services for community partner prevention
programs, which the Department of Health and Human Services shall allocate to the local health
departments using the formula created in accordance with Section 26A-1-116;
- 280 (v) \$1,000,000 to the Department of Health and Human Services for statewide cessation programs
and prevention education;
- 282

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(vi) \$2,000,000 to the Department of Health and Human Services for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and make use of media outlets, including radio, newspaper, billboards, and television; ~~[and]~~

(vii) \$759,700 to the Department of Health and Human Services for the Office of Substance Use and Mental Health to provide substance use treatment and prevention services, including Medicaid matching funds for substance use treatment services; and

~~[(vii)]~~ (viii) \$5,084,200 to the State Board of Education for school-based prevention programs.

(b) If the amount in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account is insufficient to cover the distributions described in Subsection (3)(a), the Division of Finance shall make the distributions under Subsection (3)(a):

(i) sequentially in the order of priority the distributions are listed under Subsection (3)(a);

(ii) in full or, if insufficient funds are available to satisfy the next distribution in the sequence, in part; and

(iii) until the available funds in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account are exhausted.

(c) For each fiscal year and subject to appropriation by the Legislature, the Division of Finance shall distribute from the funds deposited under Section 59-14-810 into the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:

(i) to the commission, in an amount equal to the amount necessary to create and maintain the registry described in Section 59-14-810;

(ii) to the Department of Health and Human Services, in an amount necessary for completing duties described in Section 59-14-810; and

(iii) to the Department of Health and Human Services, the remainder to be divided among the local health departments for inspection and enforcement described in Sections 26A-1-131 and 59-14-810.

(4)

(a) The local health departments shall use the money received in accordance with Subsection (3)(a) for enforcing:

(i) the regulation provisions described in Section 26B-7-505;

(ii) the labeling requirement described in Section 26B-7-505; and

(iii) the penalty provisions described in Section 26B-7-518.

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(b) The Department of Health and Human Services shall use the money received in accordance with Subsection (3)(a)(v) for the Youth Electronic Cigarette, Marijuana, and Other Drug Prevention Program created in Section 26B-1-428.

(c) The local health departments shall use the money received in accordance with Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and Other Drug Prevention Grant Program created in Section 26A-1-129.

(d) The State Board of Education shall use the money received in accordance with Subsection (3)(a)(vii) to distribute to local education agencies to pay for:

(i)

(A) stipends for positive behaviors specialists as described in Subsection 53G-10-407(4)(a)(i);

(B) the cost of administering the positive behaviors plan as described in Subsection 53G-10-407(4)(a)(ii); and

(C) the cost of implementing an Underage Drinking and Substance Abuse Prevention Program in grade 4 or 5, as described in Subsection 53G-10-406(3)(b); or

(ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.

(5)

(a) The fund shall earn interest.

(b) All interest earned on fund money shall be deposited into the fund.

(6) Subject to legislative appropriations, funds remaining in the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account after the distribution described in Subsection (3) may only be used for:

(a) funding commission personnel to enforce compliance with the tax collection requirements of this part; and

(b) programs and activities related to the prevention and cessation of electronic cigarette, nicotine products, marijuana, and other drug use.

Section . **FY 2026 Appropriations.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026. These are additions to amounts previously appropriated for fiscal year 2026.

Subsection 6(a). **Operating and Capital Budgets**

Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the

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Legislature appropriates the following sums of money from the funds or accounts indicated for the use and support of the government of the state of Utah.

To Department of Health and Human Services - Integrated Health Care Services

(759,700)

Schedule of Programs:

(759,700)

Section . **FY 2027 Appropriations.**

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

Subsection 7(a). **Operating and Capital Budgets**

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

To Department of Health and Human Services - Integrated Health Care Services

(759,700)

Schedule of Programs:

(759,700)

Section 8. **Effective date.**

Effective Date.

(1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.

(2) The actions affecting Section 26B-1-315 (Effective 07/01/26) (Repealed 07/01/34) take effect on July 1, 2026.

3-3-26 10:01 AM