

SB0288S03 compared with SB0288

~~{Omitted text}~~ shows text that was in SB0288 but was omitted in SB0288S03

inserted text shows text that was not in SB0288 but was inserted into SB0288S03

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1

Medicaid Provider Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keven J. Stratton

House Sponsor:

2

LONG TITLE

General Description:

This bill addresses ~~{quality-based incentive payments for}~~ provisions related to Medicaid providers.

Highlighted Provisions:

This bill:

▶ ~~{permits interest earned on the Medicaid ACA Fund to be appropriated to fund incentive payments for Medicaid providers based on performance;}~~

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

• establish ~~{metrics-}~~ quality measures for evaluating certain Medicaid providers' performance;

• ~~{rate-}~~ evaluate certain Medicaid providers on performance as measured by the ~~{metrics}~~ quality measures; and

• annually report to the Social Services Appropriations Subcommittee on the performance based on the quality measures of the Medicaid providers ~~{-ratings}~~ determined by the Legislature;

▶

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requires the department to implement a closed loop referral system for referrals for the delivery of {social} health-related social needs care to Medicaid-eligible individuals;

- 17 ▶ {provides certain requirements for amendments to contracts} requires the Division of Services for People with Disabilities {enters into} (division) to notify a provider of amendments to the provider's contract with {providers} the division;
- 19 ▶ defines terms; and
- 20 ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

- 22 ▶ **This bill appropriates \$40,140,800 in operating and capital budgets for fiscal year 2027, including:**
- 23 • **\$15,888,300 from General Fund; and**
- 24 • **\$24,252,500 from various sources as detailed in this bill.**
-
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Other Special Clauses:

27 None

Utah Code Sections Affected:

29 AMENDS:

27 ~~{26B-1-315 (Effective 05/06/26) (Superseded 07/01/26), as last amended by Laws of Utah 2025, Chapter 135}~~

29 ~~{26B-1-315 (Effective 07/01/26) (Repealed 07/01/34), as last amended by Laws of Utah 2025, Chapter 285}~~

30 **26B-6-403** ~~{(Effective 05/06/26)}~~, as renumbered and amended by Laws of Utah 2023, Chapter 308

31 ENACTS:

32 **26B-3-143** ~~{(Effective 05/06/26)}~~, Utah Code Annotated 1953

33 **26B-3-144** ~~{(Effective 05/06/26)}~~, Utah Code Annotated 1953

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

38 ~~{Section 1. Section 26B-1-315 is amended to read: }~~

26B-1-315. Medicaid ACA Fund.

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

42 (2) The fund consists of:

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- 43 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
44 (b) intergovernmental transfers under Section 26B-3-508;
45 (c) savings attributable to the health coverage improvement program, as defined in Section 26B-3-501,
as determined by the department;
47 (d) savings attributable to the enhancement waiver program, as defined in Section 26B-3-501, as
determined by the department;
49 (e) savings attributable to the Medicaid waiver expansion, as defined in Section 26B-3-501, as
determined by the department;
51 (f) revenues collected from the sales tax described in Subsection 59-12-103(11);
52 (g) gifts, grants, donations, or any other conveyance of money that may be made to the fund from
private sources;
54 (h) interest earned on money in the fund; and
55 (i) additional amounts as appropriated by the Legislature.
56 (3)
(a) The fund shall earn interest.
57 (b) All interest earned on fund money shall be deposited into the fund.
58 (c) Interest earned on the fund may be appropriated by the Legislature to provide incentive payments
described in Section 26B-3-143.
60 (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:
63 (i) the health coverage improvement program as defined in Section 26B-3-501;
64 (ii) the enhancement waiver program as defined in Section 26B-3-501;
65 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
66 (iv) the outpatient upper payment limit supplemental payments under Section 26B-3-511.
68 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital Assessment,
may not use:
70 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper payment limit
supplemental payments; or
72 (ii) money in the fund for any purpose not described in Subsection (4)(a).

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73 ~~{Section 2. Section 26B-1-315 is amended to read:}~~

74 **26B-1-315. Medicaid ACA Fund.**

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

77 (2) The fund consists of:

78 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;

79 (b) intergovernmental transfers under Section 26B-3-508;

80 (c) savings attributable to the health coverage improvement program, as defined in Section 26B-3-501,
as determined by the department;

82 (d) savings attributable to the enhancement waiver program, as defined in Section 26B-3-501, as
determined by the department;

84 (e) savings attributable to the Medicaid waiver expansion, as defined in Section 26B-3-501, as
determined by the department;

86 (f) revenues collected from the sales tax described in Subsection 59-12-103(6);

87 (g) gifts, grants, donations, or any other conveyance of money that may be made to the fund from
private sources;

89 (h) interest earned on money in the fund; and

90 (i) additional amounts as appropriated by the Legislature.

91 (3)

(a) The fund shall earn interest.

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

93 (c) Interest earned on the fund may be appropriated by the Legislature to provide incentive payments
described in Section 26B-3-143.

95 (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:

98 (i) the health coverage improvement program as defined in Section 26B-3-501;

99 (ii) the enhancement waiver program as defined in Section 26B-3-501;

100 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and

101 (iv) the outpatient upper payment limit supplemental payments under Section 26B-3-511.

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(b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital Assessment, may not use:

105 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper payment limit supplemental payments; or

107 (ii) money in the fund for any purpose not described in Subsection (4)(a).

36 Section 1. Section 1 is enacted to read:

37 **26B-3-143. ~~{(Effective 05/06/26)}~~ Medicaid provider quality measures -- Reporting --**

Eligibility for incentive payments.

111 (1) As used in this section:

40 (a) "Incentive payment" means a one-time fee-for-services payment to a participating Medicaid provider, including a managed care entity or a Medicaid provider that is paid under a fee-for-service arrangement, based on the Medicaid provider's performance as evaluated by the department as described in this section.

112 (a){(b)} "Managed care {organization} entity" means a {comprehensive, full risk, managed care delivery system} person that contracts with the Medicaid program to {deliver} manage the provision of health care {through} services in a managed care {plan} delivery system on a capitated basis.

115 {~~(b) {"Managed care plan" means a risk-based delivery service model authorized by Section 26B-3-202 and administered by a managed care organization.}}~~}

117 (c) "Medicaid provider" means any person, individual, corporation, institution, or organization that {provides medical, behavioral, or dental care services under the Medicaid program and who has entered into a written contract with the Medicaid program.} :

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; and

52 (iv) is reimbursed:

53 (A) through a managed care entity; or

54 (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 Legislature directs the department to evaluate in a fiscal year as described in Subsection (5)(a); and

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- 121 (d) ~~(ii)~~ { "~~Participating Medicaid provider~~" means a Medicaid provider } that submits verifying
documentation of the Medicaid provider's completion or progress toward quality measures in
accordance with rules made by the department under this section.
- 124 (e) "Quality measures" means the metrics the department establishes to evaluate a Medicaid provider's
performance as described in Subsection (2).
- 126 (2)
- (a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, to establish quality measures { ~~to evaluate a Medicaid provider's performance~~ }.
- 129 ~~(b) { The department shall design the quality measures described in Subsection (2)(a) to evaluate a
Medicaid provider's completion or progress toward: } }~~
- 66 (b) Quality measures may include:
- 131 (i) improved health outcomes and care experience for enrollees;
- 132 (ii) care coordination, data sharing, and value-based delivery;
- 133 (iii) workforce stability and evidence-based clinical practices; and
- 134 (iv) any other metrics or performance areas the department deems appropriate.
- 135 (c) The department shall establish separate quality measures for each Medicaid provider type ~~selected~~
for participation in accordance with the process described in Subsections (4) and (5).
- 137 (3) The department shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, to establish:
- 139 (a) a process for a participating Medicaid provider to submit documentation verifying the participating
Medicaid provider's completion or progress toward the quality measures established for the
Medicaid provider's provider type; { and }
- 142 (b) a methodology for evaluating a participating Medicaid provider's { ~~performance as measured by the~~
} progress toward quality measures { ~~:~~ } ; and
- 144 ~~{(4) { To fulfill the department's duties under this section, the department may contract with an
independent, nonprofit entity with experience in health care measurement and proven expertise in
analyzing health care cost drivers in Utah, including experience working across payers, providers,
purchasers, and state agencies to support system-level analysis and accountability. } }~~
- 81 (c) exclusions for a Medicaid provider's participation based on adverse findings or disciplinary actions
by a certifying, licensing, or accrediting entity.
- 83 (4)

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- 149 (5){(a)} The department shall annually, before {~~January~~} October 31, submit a report to the Social
Services Appropriations Subcommittee of the department's evaluation of {~~participating Medicaid~~
~~providers' performance using the methodology described in Subsection (3)(b).~~} :
- 85 (i) Medicaid provider types to assist the Legislature in selecting and prioritizing Medicaid providers
eligible for incentive payments under Subsection (6) in the following fiscal year; and
- 88 (ii) participating Medicaid providers' completion or progress toward quality measures as described
in Subsection (3)(b), if any.
- 90 (b) The report described in Subsection (4)(a)(i) shall include:
- 91 (i) a comparative analysis of current Medicaid reimbursement rates and rates paid by other comparable
payers, including Medicare, where applicable;
- 93 (ii) the length of time since the last rate increase for the Medicaid provider type; and
- 94 (iii) an analysis of the impact of incentive payments on the Medicaid provider type.
- 95 (5)
- 152 (6){(a)} {~~Within~~} Subject to appropriations from the Legislature for this purpose, and the Legislature's
determination of eligible Medicaid provider types for the following fiscal year, a participating
Medicaid {~~providers~~} provider may be eligible for incentive payments based on the participating
Medicaid provider's performance as evaluated by the department as described in Subsection (3)(b).
- 100 (b) The department may use up to 2% of an appropriation under this section for costs related to the
administration of the provisions of this section.
- 102 (6) The department shall ensure that incentive payments are distributed:
- 103 (a) proportionally to participating Medicaid providers;
- 104 (b) in accordance with legislative appropriations; and
- 105 (c) in accordance with CMS rules and regulations.
- 155 (7) The department may apply for {~~a waiver or state plan amendment if~~} necessary CMS authority to
implement this section.
- 107 Section 2. Section 2 is enacted to read:
- 108 **26B-3-144. ~~{(Effective 05/06/26)}~~Closed loop referral system.**
- 159 (1) As used in this section:
- 110 (a) "Authorized user" means a social needs care provider authorized by rules the department makes to
use a closed loop referral system.
- 160

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- (a){(b)} "Closed loop referral system" means a system that{:} enables efficient outreach, engagement, and care coordination across cross-sector social needs care providers.
- 161 {(i) {stores individually identifiable social care information for the purpose of referrals to social care providers; and}-}
- 163 {(ii) {shares individually identifiable social care information with one or more entities that provide social care, including health care providers, health plans, health information exchanges, government entities, and charitable organizations.-} }
- 166 {(b) {"Individually identifiable social care information" means:-} }
- 167 {(i) {protected health information as defined in 45 C.F.R. Sec. 160.103; and}-}
- 168 {(ii) {information about an individual that:-} }
- 169 {(A) {identifies the individual receiving social care; or}-}
- 170 {(B) {can be used to identify the individual receiving social care.-} }
- 171 {(e) }
- (i){(c)} {"Social"} "Social needs care" means {care,-} community-level services{-, goods, or supplies related to an individual's-} and supports that address health-related social needs.
- 173 {(ii) {"Social care" includes support and assistance for an individual's food stability and nutritional needs, housing, transportation, economic stability, employment, education access and quality, child care and family relationship needs, or environmental and physical safety.-} }
- 177 (d) "Social needs care provider" means a person that contracts with the department, directly or indirectly, to provide social needs care {:} , including a:
- 118 (i) government entity;
- 119 (ii) healthcare organization;
- 120 (iii) community organization; or
- 121 (iv) social service organization.
- 179 (2) The department shall implement a closed loop referral system for referrals for the delivery of social care to Medicaid-eligible individuals.
- 181 (3) The department shall ensure that the closed loop referral system {shall ensure that individually identifiable social care information may only be shared between social care providers if the individual about whom the individually identifiable social care information relates } :
- 184 {(a) {consents to the sharing of the individual's individually identifiable social care information separately for each social care provider; and}-}

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- 125 (a) notifies authorized users of social needs care requests and referrals;
186 (b) ~~{ specifies }~~ allows authorized users to securely access relevant information related to the social care
{ providers who are able to view } needs of individuals the ~~{ individual's individually identifiable~~
~~social care information. }~~ authorized user serves;
- 188 (4) ~~{ (c) }~~ ~~{ An individual who consents as described in Subsection (3) retains the right }~~ allows an
individual's information to ~~{ revoke }~~ be accessed only with the individual's consent ~~{ at any time. }~~
and consistent with applicable privacy laws;
- 130 (d) facilitates communication between referring social needs care providers using a secure chat
function;
- 132 (e) sends social needs care referrals on behalf of an individual receiving social needs care; and
134 (f) in a single record, tracks and stores:
135 (i) the outcome of a referral; and
136 (ii) the outcome of services delivered to an individual.
- 190 (5) ~~{ (4) }~~ The department ~~{ may }~~ shall make rules in accordance with Title 63G, Chapter 3, Utah
Administrative Rulemaking Act, to implement this section, including rules to establish authorized
use and authorized users of the closed loop referral system.

140 Section 3. Section **26B-6-403** is amended to read:

141 **26B-6-403. ~~{ Effective 05/06/26 }~~ Responsibility and authority of division.**

194 (1) For purposes of this section "administer" means to:

- 195 (a) plan;
196 (b) develop;
197 (c) manage;
198 (d) monitor; and
199 (e) conduct certification reviews.

200 (2) The division has the authority and responsibility to:

- 201 (a) administer an array of services and supports for persons with disabilities and their families
throughout the state;
203 (b) make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that
establish eligibility criteria for the services and supports described in Subsection (2)(a);
206 (c) consistent with Section 26B-6-506, supervise the programs and facilities of the Developmental
Center;

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- 208 (d) in order to enhance the quality of life for a person with a disability, establish either directly, or by
contract with private, nonprofit organizations, programs of:
- 210 (i) outreach;
- 211 (ii) information and referral;
- 212 (iii) prevention;
- 213 (iv) technical assistance; and
- 214 (v) public awareness;
- 215 (e) supervise the programs and facilities operated by, or under contract with, the division;
- 216 (f) cooperate with other state, governmental, and private agencies that provide services to a person with
a disability;
- 218 (g) subject to Subsection (3), ensure that a person with a disability is not deprived of that person's
constitutionally protected rights without due process procedures designed to minimize the risk of
error when a person with a disability is admitted to an intermediate care facility for people with an
intellectual disability, including:
- 222 (i) the developmental center; and
- 223 (ii) facilities within the community;
- 224 (h) determine whether to approve providers;
- 225 (i) monitor and sanction approved providers, as specified in the providers' contract;
- 226 (j) subject to Section 26B-6-410, receive and disburse public funds;
- 227 (k) review financial actions of a provider who is a representative payee appointed by the Social Security
Administration;
- 229 (l) establish standards and rules for the administration and operation of programs conducted by, or
under contract with, the division;
- 231 (m) approve and monitor division programs to insure compliance with the board's rules and standards;
- 233 (n) establish standards and rules necessary to fulfill the division's responsibilities under Part 5, Utah
State Developmental Center, and Part 6, Admission to an Intermediate Care Facility for People with
an Intellectual Disability, with regard to an intermediate care facility for people with an intellectual
disability;
- 237 (o) assess and collect equitable fees for a person who receives services provided under this chapter;
- 239 (p) maintain records of, and account for, the funds described in Subsection (2)(o);
- 240

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(q) establish and apply rules to determine whether to approve, deny, or defer the division's services to a person who is:

242 (i) applying to receive the services; or

243 (ii) currently receiving the services;

244 (r) in accordance with state law, establish rules:

245 (i) relating to an intermediate care facility for people with an intellectual disability that is an endorsed program; and

247 (ii) governing the admission, transfer, and discharge of a person with a disability;

248 (s) manage funds for a person residing in a facility operated by the division:

249 (i) upon request of a parent or guardian of the person; or

250 (ii) under administrative or court order; and

251 (t) fulfill the responsibilities described in Section 26B-1-430.

252 (3) The due process procedures described in Subsection (2)(g):

253 (a) shall include initial and periodic reviews to determine the constitutional appropriateness of the placement; and

255 (b) with regard to facilities in the community, do not require commitment to the division.

256 (4) When the division makes amendments to a contract the division enters into under Subsection (2), the division shall ~~{:}~~ notify a provider under contract with the division at least 30 days before the effective date of the amendments.

258 ~~{(a)} {notify a provider under contract with the division at least 30 days before the effective date of the amendments; and}~~

260 ~~{(b)} {make reasonable efforts to ensure that the effective date of the amendments is on the first day of a fiscal year.}~~

207 Section . **FY 2027 Appropriations.**

208 The following sums of money are appropriated for the fiscal year beginning July 1,
209 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
210 fiscal year 2027.

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

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

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215	To Department of Health and Human Services - Integrated Health Care Services	
216		3,925,900
217		6,752,900
218	Schedule of Programs:	
219		1,319,800
220		5,275,000
221		4,084,000
222	The Legislature intends that the Department of	
223	Health and Human Services use:	
224	(1) \$1,925,900 ongoing General Fund	
225	appropriation in this item to raise Medicaid provider rates	
226	for private duty nursing.	
227	(2) \$2,000,000 ongoing General Fund	
228	appropriation in this item to raise Medicaid provider rates	
229	for the New Choices Waiver.	
230	To Department of Health and Human Services - Long-Term Services & Support	
231		3,162,700
232		4,911,000
233	Schedule of Programs:	
234		162,700
235		7,911,000
236	The Legislature intends that the Department of	
237	Health and Human Services use:	
238	(1) \$3,000,000 ongoing General Fund	
239	appropriation in this item to raise Medicaid provider	
240	reimbursement rates for the Division of Services for	
241	People with Disabilities providers, including support	
242	coordinators.	
243	(2) \$162,700 ongoing General Fund	
244	appropriation in this item to raise provider	
245	reimbursement rates for personal care.	

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246	To Department of Health and Human Services - Children, Youth, & Families	
247		2,000,000
248	Schedule of Programs:	
249		2,000,000
250	The Legislature intends that the Department of	
251	Health and Human Services use the \$2,000,000 ongoing	
252	General Fund appropriation in this item to raise provider	
253	reimbursement rates for the proctor, congregate, and	
254	foster care providers housing foster children.	
255	To Department of Health and Human Services - Integrated Health Care Services	
256		6,799,700
257		12,588,600
258	Schedule of Programs:	
259		902,900
260		7,107,100
261		7,911,400
262		3,226,300
263		47,900
264		192,700
265	The Legislature intends that the Department of	
266	Health and Human Services use:	
267	(1) \$3,000,000 ongoing General Fund	
268	appropriation in this item to raise Medicaid provider	
269	reimbursement rates for nursing homes and intermediate	
270	care facilities for individuals with intellectual disabilities.	
271	(2) \$1,962,400 ongoing General Fund	
272	appropriation in this item to raise Medicaid provider	
273	reimbursement rates for home health.	
274	(3) \$1,837,300 ongoing General Fund	
275	appropriation in this item to raise Medicaid provider	
276	reimbursement rates for personal care.	

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277 Section 5. **Effective date.**

Effective Date.

263 (1) ~~{Except as provided in Subsection (2), this}~~ This bill takes effect on May 6, 2026.

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

3-2-26 11:23 AM