

Medicaid Funding Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jennifer Dailey-Provost

Senate Sponsor:

LONG TITLE**General Description:**

This bill addresses funding for Medicaid services.

Highlighted Provisions:

This bill:

▸ directs that interest earned on money in the Medicaid ACA Fund shall be deposited into:

- the Division of Services for People with Disabilities Restricted Account; and
- Medicaid Growth Reduction and Budget Stabilization Account, except in certain

circumstances;

▸ directs money deposited into the Division of Services for People with Disabilities Restricted Account from the Medicaid ACA Fund to be used to provide services to eligible individuals who would otherwise remain on the Division of Services for People with Disabilities' waitlist for services; and

▸ makes technical and conforming changes.

Money Appropriated in this Bill:

None

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26B-1-315 (Effective 05/06/26) (Superseded 07/01/26), as last amended by Laws of Utah 2025, Chapter 135

26B-1-315 (Effective 07/01/26) (Repealed 07/01/34), as last amended by Laws of Utah 2025, Chapter 285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-1-335 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapter 268

63J-1-315 (Effective 05/06/26), as last amended by Laws of Utah 2025, Chapter 113

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

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

32 **26B-1-315 (Effective 05/06/26) (Superseded 07/01/26). Medicaid ACA Fund.**

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

35 (2) The fund consists of:

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

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

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

40 (d) savings attributable to the enhancement waiver program, as defined in Section
41 26B-3-501, as determined by the department;

42 (e) savings attributable to the Medicaid waiver expansion, as defined in Section
43 26B-3-501, as determined by the department;

44 (f) revenues collected from the sales tax described in Subsection 59-12-103(11);

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

47 (h) interest earned on money in the fund as described in Subsection (3)(d); and

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

49 (3)(a) The fund shall earn interest.

50 (b) [AH] Beginning July 1, 2026, up to \$7,000,000 of the interest earned on fund money
51 shall be deposited annually into the [fund] Division of Services for People with
52 Disabilities Restricted Account created in Section 26B-1-335.

53 (c) Beginning July 1, 2026, except as provided in Subsection (3)(d), remaining interest
54 earned on fund money after the deposit described in Subsection (3)(b) shall be
55 deposited annually into the Medicaid Growth Reduction and Budget Stabilization
56 Account created in Section 63J-1-315.

57 (d) In any year in which the principal in the Medicaid ACA Fund falls below the five-
58 year expenditure value at risk as determined by the Office of the Legislative Fiscal
59 Analyst and approved by the Executive Appropriations Committee, the amount
60 described in Subsection (3)(c) shall be deposited into the Medicaid ACA Fund.

61 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient
62 Hospital Assessment, may use money from the fund to pay the costs, not otherwise
63 paid for with federal funds or other revenue sources, of:

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

- 65 (ii) the enhancement waiver program as defined in Section 26B-3-501;
 66 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
 67 (iv) the outpatient upper payment limit supplemental payments under Section
 68 26B-3-511.
- 69 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital
 70 Assessment, may not use:
 71 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper
 72 payment limit supplemental payments; or
 73 (ii) money in the fund for any purpose not described in Subsection (4)(a).

74 Section 2. Section **26B-1-315** is amended to read:

75 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34). Medicaid ACA Fund.**

- 76 (1) There is created an expendable special revenue fund known as the "Medicaid ACA
 77 Fund."
 78 (2) The fund consists of:
 79 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
 80 (b) intergovernmental transfers under Section 26B-3-508;
 81 (c) savings attributable to the health coverage improvement program, as defined in
 82 Section 26B-3-501, as determined by the department;
 83 (d) savings attributable to the enhancement waiver program, as defined in Section
 84 26B-3-501, as determined by the department;
 85 (e) savings attributable to the Medicaid waiver expansion, as defined in Section
 86 26B-3-501, as determined by the department;
 87 (f) revenues collected from the sales tax described in Subsection 59-12-103(6);
 88 (g) gifts, grants, donations, or any other conveyance of money that may be made to the
 89 fund from private sources;
 90 (h) interest earned on money in the fund as described in Subsection (3)(d); and
 91 (i) additional amounts as appropriated by the Legislature.
- 92 (3)(a) The fund shall earn interest.
 93 (b) [AH] Beginning July 1, 2026, up to \$7,000,000 of the interest earned on fund money
 94 shall be deposited annually into the [fund] Division of Services for People with
 95 Disabilities Restricted Account created in Section 26B-1-335.
 96 (c) Beginning July 1, 2026, except as provided in Subsection (3)(d), remaining interest
 97 earned on fund money after the deposit described in Subsection (3)(b) shall be
 98 deposited annually into the Medicaid Growth Reduction and Budget Stabilization

99 Account created in Section 63J-1-315.
 100 (d) In any fiscal year in which the principal in the Medicaid ACA Fund falls below the
 101 five-year expenditure value at risk as determined by the Office of the Legislative
 102 Fiscal Analyst and approved by the Executive Appropriations Committee, the amount
 103 described in Subsection (3)(c) shall be deposited into the Medicaid ACA Fund.

104 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient
 105 Hospital Assessment, may use money from the fund to pay the costs, not otherwise
 106 paid for with federal funds or other revenue sources, of:

- 107 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 108 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 109 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 110 (iv) the outpatient upper payment limit supplemental payments under Section
 111 26B-3-511.

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

- 114 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper
 115 payment limit supplemental payments; or
- 116 (ii) money in the fund for any purpose not described in Subsection (4)(a).

117 Section 3. Section **26B-1-335** is amended to read:

118 **26B-1-335 (Effective 05/06/26). Division of Services for People with Disabilities**

119 **Restricted Account.**

- 120 (1) As used in this section, "account" means the Division of Services for People with
 121 Disabilities Restricted Account created in Subsection (2).
- 122 (2) There is created a restricted account within the General Fund known as the "Division of
 123 Services for People with Disabilities Restricted Account."
- 124 (3) The account consists of:
 - 125 (a) carry forward funds from the division's budget;~~and~~
 - 126 (b) unexpended balances lapsed to the account from the division's budget~~;~~ and
 - 127 (c) funds deposited into the account from the Medicaid ACA Fund in accordance with
 128 Subsection 26B-1-315(3)(b).
- 129 (4) At the close of a fiscal year, the division may, without an appropriation, deposit into the
 130 account carry forward funds described in Subsection (3).
- 131 (5) Subject to appropriation, the Department of Health and Human Services:
 - 132 (a) may expend funds from the account to serve individuals eligible for division services

133 statewide[-] ; and
 134 (b) shall expend funds deposited into the account as described in Subsection (3)(c) to
 135 serve individuals who are eligible for services from the division and who would
 136 otherwise remain on the division's waitlist for services.

137 Section 4. Section **63J-1-315** is amended to read:

138 **63J-1-315 (Effective 05/06/26). Medicaid Growth Reduction and Budget**
 139 **Stabilization Account -- Transfers of Medicaid growth savings -- Base budget**
 140 **adjustments.**

141 (1) As used in this section:

- 142 (a) "Department" means the Department of Health and Human Services created in
 143 Section 26B-1-201.
- 144 (b) "Division" means the Division of Integrated Healthcare created in Section 26B-3-102.
- 145 (c) "General Fund revenue surplus" means a situation where actual General Fund
 146 revenues collected in a completed fiscal year exceed the estimated revenues for the
 147 General Fund for that fiscal year that were adopted by the Executive Appropriations
 148 Committee of the Legislature.
- 149 (d) "Medicaid growth savings" means the Medicaid growth target minus Medicaid
 150 program expenditures, if Medicaid program expenditures are less than the Medicaid
 151 growth target.
- 152 (e) "Medicaid growth target" means Medicaid program expenditures for the previous
 153 year multiplied by 1.08.
- 154 (f) "Medicaid program" is as defined in Section 26B-3-101.
- 155 (g) "Medicaid program expenditures" means total state revenue expended for the
 156 Medicaid program from the General Fund, including restricted accounts within the
 157 General Fund, during a fiscal year.
- 158 (h) "Medicaid program expenditures for the previous year" means total state revenue
 159 expended for the Medicaid program from the General Fund, including restricted
 160 accounts within the General Fund, during the fiscal year immediately preceding a
 161 fiscal year for which Medicaid program expenditures are calculated.
- 162 (i) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
 163 balance in the General Fund is less than zero.
- 164 (j) "State revenue" means revenue other than federal revenue.
- 165 (k) "State revenue expended for the Medicaid program" includes money transferred or
 166 appropriated to the Medicaid Growth Reduction and Budget Stabilization Account

- 167 only to the extent the money is appropriated for the Medicaid program by the
168 Legislature.
- 169 (2) There is created within the General Fund a restricted account to be known as the
170 Medicaid Growth Reduction and Budget Stabilization Account.
- 171 (3)(a) The following shall be deposited into the Medicaid Growth Reduction and Budget
172 Stabilization Account:
- 173 (i) deposits described in Subsection (4);
- 174 (ii) beginning July 1, 2024, any general funds appropriated to the department for the
175 state plan for medical assistance or for Medicaid administration by the Division of
176 Integrated Healthcare that are not expended by the department in the fiscal year
177 for which the general funds were appropriated and which are not otherwise
178 designated as nonlapsing shall lapse into the Medicaid Growth Reduction and
179 Budget Stabilization Account;
- 180 (iii) beginning July 1, 2024, any unused state funds that are associated with the
181 Medicaid program from the Department of Workforce Services;
- 182 (iv) beginning July 1, 2024, any penalties imposed and collected under:
- 183 (A) Section 17B-2a-818.5;
- 184 (B) Section 19-1-206;
- 185 (C) Section 63A-5b-607;
- 186 (D) Section [63C-9-403] 63O-2-403;
- 187 (E) Section 72-6-107.5; or
- 188 (F) Section 79-2-404; and
- 189 [~~at the close of fiscal year 2024, the Division of Finance shall transfer any~~
190 ~~existing balance in the Medicaid Restricted Account created in Section 26B-1-309~~
191 ~~into the Medicaid Growth Reduction and Budget Stabilization Account.]~~
- 192 (v) funds deposited into the Medicaid Growth Reduction and Budget Stabilization
193 Account in accordance with Subsection 26B-1-315(3)(c).
- 194 (b) In addition to the deposits described in Subsection (3)(a), the Legislature may
195 appropriate money into the Medicaid Growth Reduction and Budget Stabilization
196 Account.
- 197 (4)(a)(i) Except as provided in Subsection (7), if, at the end of a fiscal year, there is a
198 General Fund revenue surplus, the Division of Finance shall transfer an amount
199 equal to Medicaid growth savings from the General Fund to the Medicaid Growth
200 Reduction and Budget Stabilization Account.

- 201 (ii) If the amount transferred is reduced to prevent an operating deficit, as provided in
202 Subsection (7), the Legislature shall include, to the extent revenue is available, an
203 amount equal to the reduction as an appropriation from the General Fund to the
204 account in the base budget for the second fiscal year following the fiscal year for
205 which the reduction was made.
- 206 (b) If, at the end of a fiscal year, there is not a General Fund revenue surplus, the
207 Legislature shall include, to the extent revenue is available, an amount equal to
208 Medicaid growth savings as an appropriation from the General Fund to the account in
209 the base budget for the second fiscal year following the fiscal year for which the
210 reduction was made.
- 211 (c) Subsections (4)(a) and (4)(b) apply only to the fiscal year in which the department
212 implements the proposal developed under Section 26B-3-202 to reduce the long-term
213 growth in state expenditures for the Medicaid program, and to each fiscal year after
214 that year.
- 215 (5) The Division of Finance shall calculate the amount to be transferred under Subsection
216 (4):
- 217 (a) before transferring revenue from the General Fund revenue surplus to:
- 218 (i) the General Fund Budget Reserve Account under Section 63J-1-312;
- 219 (ii) the Utah Wildfire Fund created in Section 65A-8-217, as described in Section
220 63J-1-314; and
- 221 (iii) the State Disaster Recovery Restricted Account under Section 63J-1-314;
- 222 (b) before earmarking revenue from the General Fund revenue surplus to the Industrial
223 Assistance Account under Section 63N-3-106; and
- 224 (c) before making any other year-end contingency appropriations, year-end set-asides, or
225 other year-end transfers required by law.
- 226 (6)(a) If, at the close of any fiscal year, there appears to be insufficient money to pay
227 additional debt service for any bonded debt authorized by the Legislature, the
228 Division of Finance may hold back from any General Fund revenue surplus money
229 sufficient to pay the additional debt service requirements resulting from issuance of
230 bonded debt that was authorized by the Legislature.
- 231 (b) The Division of Finance may not spend the hold back amount for debt service under
232 Subsection (6)(a) unless and until it is appropriated by the Legislature.
- 233 (c) If, after calculating the amount for transfer under Subsection (4), the remaining
234 General Fund revenue surplus is insufficient to cover the hold back for debt service

235 required by Subsection (6)(a), the Division of Finance shall reduce the transfer to the
236 Medicaid Growth Reduction and Budget Stabilization Account by the amount
237 necessary to cover the debt service hold back.

238 (d) Notwithstanding Subsections (4) and (5), the Division of Finance shall hold back the
239 General Fund balance for debt service authorized by this Subsection (6) before
240 making any transfers to the Medicaid Growth Reduction and Budget Stabilization
241 Account or any other designation or allocation of General Fund revenue surplus.

242 (7) Notwithstanding Subsections (4) and (5), if, at the end of a fiscal year, the Division of
243 Finance determines that an operating deficit exists and that holding back earmarks to the
244 Industrial Assistance Account under Section 63N-3-106, transfers to the Utah Wildfire
245 Fund and State Disaster Recovery Restricted Account under Section 63J-1-314,
246 transfers to the General Fund Budget Reserve Account under Section 63J-1-312, or
247 earmarks and transfers to more than one of those accounts, in that order, does not
248 eliminate the operating deficit, the Division of Finance may reduce the transfer to the
249 Medicaid Growth Reduction and Budget Stabilization Account by the amount necessary
250 to eliminate the operating deficit.

251 (8) The Legislature may appropriate money from the Medicaid Growth Reduction and
252 Budget Stabilization Account only:

253 (a) for the Medicaid program; and

254 (b)(i) if Medicaid program expenditures for the fiscal year for which the
255 appropriation is made are estimated to be 108% or more of Medicaid program
256 expenditures for the previous year; or

257 (ii) if the amount of the appropriation is equal to or less than the balance in the
258 Medicaid Growth Reduction and Budget Stabilization Account that comprises
259 deposits described in Subsections (3)(a)(ii) through (v) and appropriations
260 described in Subsection (3)(b).

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

264 Section 5. **Effective Date.**

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

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