

Raymond P. Ward proposes the following substitute bill:

**Social Services Funding Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Raymond P. Ward**

Senate Sponsor: Keven J. Stratton

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**LONG TITLE**

**General Description:**

This bill addresses social services funding.

**Highlighted Provisions:**

This bill:

▸ 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;

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

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

• 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;

▸ requires certain funds to be distributed from the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account for substance use treatment and prevention 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**26B-1-315 (Effective 05/06/26) (Superseded 07/01/26)**, as last amended by Laws of Utah 2025, Chapter 135

29 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34)**, as last amended by Laws of Utah  
30 2025, Chapter 285

31 **26B-3-105 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 135

32 **26B-3-902 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2023,  
33 Chapter 306

34 **59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30)**, as last amended by Laws  
35 of Utah 2025, Chapters 173, 366

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

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

39 **26B-1-315 (Effective 05/06/26) (Superseded 07/01/26). Medicaid ACA Fund.**

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

42 (2) The fund consists of:

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  
46 Section 26B-3-501, as determined by the department;

47 (d) savings attributable to the enhancement waiver program, as defined in Section  
48 26B-3-501, as determined by the department;

49 (e) savings attributable to the Medicaid waiver expansion, as defined in Section  
50 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  
53 fund from private sources; and

54 [~~(h) interest earned on money in the fund; and~~]

55 [~~(+)~~ (h) additional amounts as appropriated by the Legislature.

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

57 (b) All interest earned on fund money in a fiscal year beginning on or after July 1, 2025,  
58 shall be deposited into the [~~fund~~] General Fund.

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

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

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

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

73 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34). Medicaid ACA Fund.**

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

- 97 (ii) the enhancement waiver program as defined in Section 26B-3-501;  
98 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and  
99 (iv) the outpatient upper payment limit supplemental payments under Section  
100 26B-3-511.

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

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

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

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

107 **26B-3-105 (Effective 05/06/26). Medicaid drug program -- Preferred drug list.**

108 (1) As used in this section:

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

110 (i) is used in immunosuppressive therapy to inhibit or prevent activity of the immune  
111 system to aid the body in preventing the rejection of transplanted organs and  
112 tissue; and

113 (ii) does not include drugs used for the treatment of autoimmune disease or diseases  
114 that are most likely of autoimmune origin.

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

116 (i) anti-depressant;

117 (ii) anti-convulsant/mood stabilizer;

118 (iii) anti-anxiety; and

119 (iv) attention deficit hyperactivity disorder stimulant.

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

123 (2) A Medicaid drug program developed by the department under Subsection  
124 26B-3-104(2)(f):

125 (a) shall, notwithstanding Subsection 26B-3-104(1)(b), be based on clinical and  
126 cost-related factors which include medical necessity as determined by a provider in  
127 accordance with administrative rules established by the Drug Utilization Review  
128 Board;

129 (b) may include therapeutic categories of drugs that may be exempted from the drug  
130 program;

- 131 (c) notwithstanding Section 58-17b-606, may include placing some drugs on a preferred  
 132 drug list:
- 133 (i) to the extent determined appropriate by the department; and  
 134 (ii) in the manner described in Subsection (4) for atypical anti-psychotic drugs;
- 135 (d) notwithstanding the requirements of Sections 26B-3-302 through 26B-3-309  
 136 regarding the Drug Utilization Review Board, and except as provided in Subsection  
 137 (4), shall immediately implement the prior authorization requirements for a  
 138 nonpreferred drug that is in the same therapeutic class as a drug that is:
- 139 (i) on the preferred drug list on the date that this act takes effect; or  
 140 (ii) added to the preferred drug list after this act takes effect; and
- 141 (e) except as prohibited by Subsections 58-17b-606(4) and (5), shall establish the prior  
 142 authorization requirements which shall permit a health care provider or the health  
 143 care provider's agent to obtain a prior authorization override of the preferred drug list  
 144 through the department's pharmacy prior authorization review process, and which  
 145 shall:
- 146 (i) provide either telephone or fax approval or denial of the request within 24 hours of  
 147 the receipt of a request that is submitted during normal business hours of Monday  
 148 through Friday from 8 a.m. to 5 p.m.;
- 149 (ii) provide for the dispensing of a limited supply of a requested drug as determined  
 150 appropriate by the department in an emergency situation, if the request for an  
 151 override is received outside of the department's normal business hours; and
- 152 (iii) require the health care provider to provide the department with documentation of  
 153 the medical need for the preferred drug list override in accordance with criteria  
 154 established by the department in consultation with the Pharmacy and Therapeutics  
 155 Committee.
- 156 (3)(a)(i) [A] Except as provided in Subsection (3)(a)(ii), a preferred drug list  
 157 developed under the provisions of this section may not include an  
 158 immunosuppressive drug.
- 159 (ii) Beginning on March 1, 2027, the department shall include immunosuppressive  
 160 drugs on the preferred drug list.
- 161 [(†)] (b) The state Medicaid program shall reimburse for a prescription for an  
 162 immunosuppressive drug as written by the health care provider for a patient who has  
 163 undergone an organ transplant.
- 164 [(††)] (c) For purposes of Subsection 58-17b-606(4), and with respect to patients who

165 have undergone an organ transplant, the prescription for a particular  
 166 immunosuppressive drug as written by a health care provider meets the criteria of  
 167 demonstrating to the department a medical necessity for dispensing the prescribed  
 168 immunosuppressive drug.

169 ~~[(iii)]~~ (d) Notwithstanding the requirements of Sections 26B-3-302 through 26B-3-309  
 170 regarding the Drug Utilization Review Board, the state Medicaid drug program may  
 171 not require the use of step therapy for immunosuppressive drugs without the written  
 172 or oral consent of the health care provider and the patient.

173 (4)(a)(i) The department shall include atypical anti-psychotic drugs on the preferred  
 174 drug list.

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

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

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

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

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

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

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

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

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

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

197 **26B-3-902 (Effective 05/06/26). Creation and administration of the Utah**  
 198 **Children's Health Insurance Program.**

- 199 (1) There is created the Utah Children's Health Insurance Program to be administered by  
200 the department in accordance with the provisions of:
- 201 (a) this part; and  
202 (b) the State Children's Health Insurance Program, 42 U.S.C. Sec. 1397aa et seq.
- 203 (2) The department shall:
- 204 (a) prepare and submit the state's children's health insurance plan before May 1, 1998,  
205 and any amendments to the United States Department of Health and Human Services  
206 in accordance with 42 U.S.C. Sec. 1397ff; and
- 207 (b) make rules in accordance with Title 63G, Chapter 3, Utah Administrative  
208 Rulemaking Act, regarding:
- 209 (i) eligibility requirements consistent with Section 26B-3-108;  
210 (ii) program benefits;  
211 (iii) the level of coverage for each program benefit;  
212 (iv) cost-sharing requirements for members, which may not:
- 213 (A) exceed the guidelines set forth in 42 U.S.C. Sec. 1397ee; or  
214 (B) impose deductible, copayment, or coinsurance requirements on a member for  
215 well-child, well-baby, and immunizations;
- 216 (v) the administration of the program; and  
217 (vi) a requirement that:
- 218 (A) members in the program shall participate in the electronic exchange of clinical  
219 health records established in accordance with Section 26B-8-411 unless the  
220 member opts out of participation;
- 221 (B) prior to enrollment in the electronic exchange of clinical health records the  
222 member shall receive notice of the enrollment in the electronic exchange of  
223 clinical health records and the right to opt out of participation at any time; and  
224 (C) beginning July 1, 2012, when the program sends enrollment or renewal  
225 information to the member and when the member logs onto the program's  
226 website, the member shall receive notice of the right to opt out of the electronic  
227 exchange of clinical health records.
- 228 (3)(a) Before July 1, 2026, the department shall apply for a state plan amendment to  
229 transition the state's Children's Health Insurance Program from a separate program  
230 under 42 U.S.C. Sec. 1397aa(a)(1), to providing benefits under the state's Medicaid  
231 program under 42 U.S.C. Sec. 1397aa(1)(2).
- 232 (b) If the application described in Subsection (3)(a) is approved, and the state's

233 Children's Health Insurance Program transitions as described in Subsection (3)(a), to  
 234 the extent possible, dental services for individuals covered by the state's Children's  
 235 Health Insurance Program shall be provided through the University of Utah School of  
 236 Dentistry and the University of Utah School of Dentistry's associated statewide  
 237 network.

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

239 **59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30). Electronic**  
 240 **Cigarette Substance and Nicotine Product Proceeds Restricted Account.**

241 (1) There is created within the General Fund a restricted account known as the "Electronic  
 242 Cigarette Substance and Nicotine Product Proceeds Restricted Account."

243 (2) The Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account  
 244 consists of:

245 (a) revenue collected from the tax imposed by Section 59-14-804;

246 (b) fees and penalties collected under Section 59-14-810;

247 (c) all money received by the attorney general or the Department of Commerce as a  
 248 result of any judgment, settlement, or compromise of claims pertaining to alleged  
 249 violations of law related to the manufacture, marketing, distribution, or sale of  
 250 electronic cigarette products, as defined in Section 76-9-1101:

251 (i) if the total amount of the judgment, settlement, or compromise received by the  
 252 state exceeds \$1,000,000; and

253 (ii) after reimbursement to the attorney general and the Department of Commerce for  
 254 expenses related to the matters described in this Subsection (2)(c); and

255 (d) amounts appropriated by the Legislature.

256 (3)(a) Subject to Subsections (3)(b) and (c), for each fiscal year and subject to  
 257 appropriation by the Legislature, the Division of Finance shall distribute from the  
 258 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:

259 (i) \$2,000,000 to the Department of Health and Human Services for enforcement  
 260 services aimed at disrupting organizations and networks that provide tobacco  
 261 products, electronic cigarette products, nicotine products, or other illegal  
 262 controlled substances to minors, which the Department of Health and Human  
 263 Services shall allocate to the local health departments using the formula created in  
 264 accordance with Section 26A-1-116;

265 (ii) \$1,180,000 to the Department of Public Safety for law enforcement officers  
 266 aimed at disrupting organizations and networks that provide tobacco products,

- 267 electronic cigarette products, nicotine products, and other illegal controlled  
 268 substances to minors;
- 269 (iii) \$1,000,000 to the Department of Health and Human Services for enforcement  
 270 services aimed at disrupting organizations and networks that provide tobacco  
 271 products, electronic cigarette products, nicotine products, and other illegal  
 272 controlled substances to minors;
- 273 (iv) \$3,000,000 to the Department of Health and Human Services for community  
 274 partner prevention programs, which the Department of Health and Human  
 275 Services shall allocate to the local health departments using the formula created in  
 276 accordance with Section 26A-1-116;
- 277 (v) \$1,000,000 to the Department of Health and Human Services for statewide  
 278 cessation programs and prevention education;
- 279 (vi) \$2,000,000 to the Department of Health and Human Services for alcohol,  
 280 tobacco, and other drug prevention, reduction, cessation, and control programs  
 281 that promote unified messages and make use of media outlets, including radio,  
 282 newspaper, billboards, and television; ~~and~~
- 283 (vii) \$759,700 to the Department of Health and Human Services for the Office of  
 284 Substance Use and Mental Health to provide substance use treatment and  
 285 prevention services, including Medicaid matching funds for substance use  
 286 treatment services; and
- 287 ~~[(vii)]~~ (viii) \$5,084,200 to the State Board of Education for school-based prevention  
 288 programs.
- 289 (b) If the amount in the Electronic Cigarette Substance and Nicotine Product Proceeds  
 290 Restricted Account is insufficient to cover the distributions described in Subsection  
 291 (3)(a), the Division of Finance shall make the distributions under Subsection (3)(a):  
 292 (i) sequentially in the order of priority the distributions are listed under Subsection  
 293 (3)(a);  
 294 (ii) in full or, if insufficient funds are available to satisfy the next distribution in the  
 295 sequence, in part; and  
 296 (iii) until the available funds in the Electronic Cigarette Substance and Nicotine  
 297 Product Proceeds Restricted Account are exhausted.
- 298 (c) For each fiscal year and subject to appropriation by the Legislature, the Division of  
 299 Finance shall distribute from the funds deposited under Section 59-14-810 into the  
 300 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:

- 301 (i) to the commission, in an amount equal to the amount necessary to create and  
302 maintain the registry described in Section 59-14-810;
- 303 (ii) to the Department of Health and Human Services, in an amount necessary for  
304 completing duties described in Section 59-14-810; and
- 305 (iii) to the Department of Health and Human Services, the remainder to be divided  
306 among the local health departments for inspection and enforcement described in  
307 Sections 26A-1-131 and 59-14-810.

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

- 310 (i) the regulation provisions described in Section 26B-7-505;
- 311 (ii) the labeling requirement described in Section 26B-7-505; and
- 312 (iii) the penalty provisions described in Section 26B-7-518.
- 313 (b) The Department of Health and Human Services shall use the money received in  
314 accordance with Subsection (3)(a)(v) for the Youth Electronic Cigarette, Marijuana,  
315 and Other Drug Prevention Program created in Section 26B-1-428.
- 316 (c) The local health departments shall use the money received in accordance with  
317 Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and  
318 Other Drug Prevention Grant Program created in Section 26A-1-129.
- 319 (d) The State Board of Education shall use the money received in accordance with  
320 Subsection (3)(a)(vii) to distribute to local education agencies to pay for:
- 321 (i)(A) stipends for positive behaviors specialists as described in Subsection  
322 53G-10-407(4)(a)(i);
- 323 (B) the cost of administering the positive behaviors plan as described in  
324 Subsection 53G-10-407(4)(a)(ii); and
- 325 (C) the cost of implementing an Underage Drinking and Substance Abuse  
326 Prevention Program in grade 4 or 5, as described in Subsection  
327 53G-10-406(3)(b); or
- 328 (ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.

329 (5)(a) The fund shall earn interest.

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

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

334 (a) funding commission personnel to enforce compliance with the tax collection

335 requirements of this part; and  
336 (b) programs and activities related to the prevention and cessation of electronic cigarette,  
337 nicotine products, marijuana, and other drug use.

338 Section 6. **Effective Date.**

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

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