

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

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;

▸ includes a coordination clause to incorporate changes made to Section 59-14-807 with changes made to that section in H.B. 337, Nicotine Product Tax Amendments, and S.B. 98, Substance Use Rehabilitation Amendments; 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.

29 **Other Special Clauses:**

30 This bill provides a special effective date.

31 This bill provides a coordination clause.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **26B-1-315 (Effective 05/06/26) (Superseded 07/01/26)**, as last amended by Laws of Utah
35 2025, Chapter 13536 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34)**, as last amended by Laws of Utah
37 2025, Chapter 28538 **26B-3-105 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 13539 **26B-3-902 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2023,
40 Chapter 30641 **59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30)**, as last amended by Laws
42 of Utah 2025, Chapters 173, 36643 **Utah Code Sections affected by Coordination Clause:**44 **59-14-807 (Effective 07/01/26)(Partially Repealed 07/01/30)**, as last amended by Laws
45 of Utah 2025, Chapters 173, 36646

47 *Be it enacted by the Legislature of the state of Utah:*48 Section 1. Section **26B-1-315** is amended to read:49 **26B-1-315 (Effective 05/06/26) (Superseded 07/01/26). Medicaid ACA Fund.**50 (1) There is created an expendable special revenue fund known as the "Medicaid ACA
51 Fund."

52 (2) The fund consists of:

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

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

55 (c) savings attributable to the health coverage improvement program, as defined in
56 Section 26B-3-501, as determined by the department;57 (d) savings attributable to the enhancement waiver program, as defined in Section
58 26B-3-501, as determined by the department;59 (e) savings attributable to the Medicaid waiver expansion, as defined in Section
60 26B-3-501, as determined by the department;

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

62 (g) gifts, grants, donations, or any other conveyance of money that may be made to the

- 63 fund from private sources; and
- 64 ~~[(h) interest earned on money in the fund; and]~~
- 65 ~~[(+)]~~ (h) additional amounts as appropriated by the Legislature.
- 66 (3)(a) The fund shall earn interest.
- 67 (b) All interest earned on fund money in a fiscal year beginning on or after July 1, 2025,
- 68 shall be deposited into the ~~[fund]~~ General Fund.
- 69 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient
- 70 Hospital Assessment, may use money from the fund to pay the costs, not otherwise
- 71 paid for with federal funds or other revenue sources, of:
- 72 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 73 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 74 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 75 (iv) the outpatient upper payment limit supplemental payments under Section
- 76 26B-3-511.
- 77 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital
- 78 Assessment, may not use:
- 79 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper
- 80 payment limit supplemental payments; or
- 81 (ii) money in the fund for any purpose not described in Subsection (4)(a).
- 82 Section 2. Section **26B-1-315** is amended to read:
- 83 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34). Medicaid ACA Fund.**
- 84 (1) There is created an expendable special revenue fund known as the "Medicaid ACA
- 85 Fund."
- 86 (2) The fund consists of:
- 87 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
- 88 (b) intergovernmental transfers under Section 26B-3-508;
- 89 (c) savings attributable to the health coverage improvement program, as defined in
- 90 Section 26B-3-501, as determined by the department;
- 91 (d) savings attributable to the enhancement waiver program, as defined in Section
- 92 26B-3-501, as determined by the department;
- 93 (e) savings attributable to the Medicaid waiver expansion, as defined in Section
- 94 26B-3-501, as determined by the department;
- 95 (f) revenues collected from the sales tax described in Subsection 59-12-103(6);
- 96 (g) gifts, grants, donations, or any other conveyance of money that may be made to the

- 97 fund from private sources; and
98 [~~h~~] ~~interest earned on money in the fund; and~~
99 [~~+~~] h additional amounts as appropriated by the Legislature.
- 100 (3)(a) The fund shall earn interest.
- 101 (b) All interest earned on fund money in a fiscal year beginning on or after July 1, 2025,
102 shall be deposited into the [~~fund~~] General Fund.
- 103 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient
104 Hospital Assessment, may use money from the fund to pay the costs, not otherwise
105 paid for with federal funds or other revenue sources, of:
- 106 (i) the health coverage improvement program as defined in Section 26B-3-501;
107 (ii) the enhancement waiver program as defined in Section 26B-3-501;
108 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
109 (iv) the outpatient upper payment limit supplemental payments under Section
110 26B-3-511.
- 111 (b) A state agency administering the provisions of Chapter 3, Part 5, Inpatient Hospital
112 Assessment, may not use:
- 113 (i) funds described in Subsection (2)(b) to pay the cost of private outpatient upper
114 payment limit supplemental payments; or
115 (ii) money in the fund for any purpose not described in Subsection (4)(a).
- 116 Section 3. Section **26B-3-105** is amended to read:
- 117 **26B-3-105 (Effective 05/06/26). Medicaid drug program -- Preferred drug list.**
- 118 (1) As used in this section:
- 119 (a) "Immunosuppressive drug" means a drug that:
- 120 (i) is used in immunosuppressive therapy to inhibit or prevent activity of the immune
121 system to aid the body in preventing the rejection of transplanted organs and
122 tissue; and
123 (ii) does not include drugs used for the treatment of autoimmune disease or diseases
124 that are most likely of autoimmune origin.
- 125 (b) "Psychotropic drug" means the following classes of drugs:
- 126 (i) anti-depressant;
127 (ii) anti-convulsant/mood stabilizer;
128 (iii) anti-anxiety; and
129 (iv) attention deficit hyperactivity disorder stimulant.
- 130 (c) "Stabilized" means a health care provider has documented in the patient's medical

131 chart that a patient has achieved a stable or steadfast medical state within the past 90
132 days.

133 (2) A Medicaid drug program developed by the department under Subsection
134 26B-3-104(2)(f):

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

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

141 (c) notwithstanding Section 58-17b-606, may include placing some drugs on a preferred
142 drug list:

143 (i) to the extent determined appropriate by the department; and

144 (ii) in the manner described in Subsection (4) for atypical anti-psychotic drugs;

145 (d) notwithstanding the requirements of Sections 26B-3-302 through 26B-3-309
146 regarding the Drug Utilization Review Board, and except as provided in Subsection
147 (4), shall immediately implement the prior authorization requirements for a
148 nonpreferred drug that is in the same therapeutic class as a drug that is:

149 (i) on the preferred drug list on the date that this act takes effect; or

150 (ii) added to the preferred drug list after this act takes effect; and

151 (e) except as prohibited by Subsections 58-17b-606(4) and (5), shall establish the prior
152 authorization requirements which shall permit a health care provider or the health
153 care provider's agent to obtain a prior authorization override of the preferred drug list
154 through the department's pharmacy prior authorization review process, and which
155 shall:

156 (i) provide either telephone or fax approval or denial of the request within 24 hours of
157 the receipt of a request that is submitted during normal business hours of Monday
158 through Friday from 8 a.m. to 5 p.m.;

159 (ii) provide for the dispensing of a limited supply of a requested drug as determined
160 appropriate by the department in an emergency situation, if the request for an
161 override is received outside of the department's normal business hours; and

162 (iii) require the health care provider to provide the department with documentation of
163 the medical need for the preferred drug list override in accordance with criteria
164 established by the department in consultation with the Pharmacy and Therapeutics

- 165 Committee.
- 166 (3)(a)(i) [A] Except as provided in Subsection (3)(a)(ii), a preferred drug list
167 developed under the provisions of this section may not include an
168 immunosuppressive drug.
- 169 (ii) Beginning on March 1, 2027, the department shall include immunosuppressive
170 drugs on the preferred drug list.
- 171 [(+)] (b) The state Medicaid program shall reimburse for a prescription for an
172 immunosuppressive drug as written by the health care provider for a patient who has
173 undergone an organ transplant.
- 174 [(+)] (c) For purposes of Subsection 58-17b-606(4), and with respect to patients who
175 have undergone an organ transplant, the prescription for a particular
176 immunosuppressive drug as written by a health care provider meets the criteria of
177 demonstrating to the department a medical necessity for dispensing the prescribed
178 immunosuppressive drug.
- 179 [(+)] (d) Notwithstanding the requirements of Sections 26B-3-302 through 26B-3-309
180 regarding the Drug Utilization Review Board, the state Medicaid drug program may
181 not require the use of step therapy for immunosuppressive drugs without the written
182 or oral consent of the health care provider and the patient.
- 183 (4)(a)(i) The department shall include atypical anti-psychotic drugs on the preferred
184 drug list.
- 185 (ii) The department shall allow a health care provider to override the preferred drug
186 list for an atypical anti-psychotic drug by writing "dispense as written" on the
187 prescription for the atypical anti-psychotic drug.
- 188 (iii) A health care provider may not override Section 58-17b-606 by writing
189 "dispense as written" on a prescription.
- 190 (b) The department, and a Medicaid accountable care organization that is responsible for
191 providing behavioral health, shall establish a system to:
- 192 (i) track health care provider prescribing patterns for atypical anti-psychotic drugs;
193 (ii) educate health care providers who are not complying with the preferred drug list;
194 and
195 (iii) implement peer to peer education for health care providers whose prescribing
196 practices continue to not comply with the preferred drug list.
- 197 (5) For enrollees that begin a psychotropic drug treatment on or after July 1, 2025, the
198 department shall pay for a psychotropic drug that is not on the preferred drug list if the

199 department, based on patient claims history or health care provider attestation, has
200 evidence of:

- 201 (a) an enrollee's trial and failure of a psychotropic drug on the preferred drug list that is
202 equivalent or similar to the drug that is not on the preferred drug list in the last 365
203 days; or
204 (b) the enrollee being stabilized on the psychotropic drug that is not on the preferred
205 drug list at the time of enrollment.

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

207 **26B-3-902 (Effective 05/06/26). Creation and administration of the Utah**
208 **Children's Health Insurance Program.**

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

- 211 (a) this part; and
212 (b) the State Children's Health Insurance Program, 42 U.S.C. Sec. 1397aa et seq.

213 (2) The department shall:

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

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

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

220 (ii) program benefits;

221 (iii) the level of coverage for each program benefit;

222 (iv) cost-sharing requirements for members, which may not:

223 (A) exceed the guidelines set forth in 42 U.S.C. Sec. 1397ee; or

224 (B) impose deductible, copayment, or coinsurance requirements on a member for
225 well-child, well-baby, and immunizations;

226 (v) the administration of the program; and

227 (vi) a requirement that:

228 (A) members in the program shall participate in the electronic exchange of clinical
229 health records established in accordance with Section 26B-8-411 unless the
230 member opts out of participation;

231 (B) prior to enrollment in the electronic exchange of clinical health records the
232 member shall receive notice of the enrollment in the electronic exchange of

233 clinical health records and the right to opt out of participation at any time; and
 234 (C) beginning July 1, 2012, when the program sends enrollment or renewal
 235 information to the member and when the member logs onto the program's
 236 website, the member shall receive notice of the right to opt out of the electronic
 237 exchange of clinical health records.

238 (3)(a) Before July 1, 2026, the department shall apply for a state plan amendment to
 239 transition the state's Children's Health Insurance Program from a separate program
 240 under 42 U.S.C. Sec. 1397aa(a)(1), to providing benefits under the state's Medicaid
 241 program under 42 U.S.C. Sec. 1397aa(1)(2).

242 (b) If the application described in Subsection (3)(a) is approved, and the state's
 243 Children's Health Insurance Program transitions as described in Subsection (3)(a), to
 244 the extent possible, dental services for individuals covered by the state's Children's
 245 Health Insurance Program shall be provided through the University of Utah School of
 246 Dentistry and the University of Utah School of Dentistry's associated statewide
 247 network.

248 *The following section is affected by a coordination clause at the end of this bill.*

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

250 **59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30). Electronic**
 251 **Cigarette Substance and Nicotine Product Proceeds Restricted Account.**

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

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

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

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

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

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

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

266 (d) amounts appropriated by the Legislature.

- 267 (3)(a) Subject to Subsections (3)(b) and (c), for each fiscal year and subject to
268 appropriation by the Legislature, the Division of Finance shall distribute from the
269 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:
- 270 (i) \$2,000,000 to the Department of Health and Human Services for enforcement
271 services aimed at disrupting organizations and networks that provide tobacco
272 products, electronic cigarette products, nicotine products, or other illegal
273 controlled substances to minors, which the Department of Health and Human
274 Services shall allocate to the local health departments using the formula created in
275 accordance with Section 26A-1-116;
 - 276 (ii) \$1,180,000 to the Department of Public Safety for law enforcement officers
277 aimed at disrupting organizations and networks that provide tobacco products,
278 electronic cigarette products, nicotine products, and other illegal controlled
279 substances to minors;
 - 280 (iii) \$1,000,000 to the Department of Health and Human Services for enforcement
281 services aimed at disrupting organizations and networks that provide tobacco
282 products, electronic cigarette products, nicotine products, and other illegal
283 controlled substances to minors;
 - 284 (iv) \$3,000,000 to the Department of Health and Human Services for community
285 partner prevention programs, which the Department of Health and Human
286 Services shall allocate to the local health departments using the formula created in
287 accordance with Section 26A-1-116;
 - 288 (v) \$1,000,000 to the Department of Health and Human Services for statewide
289 cessation programs and prevention education;
 - 290 (vi) \$2,000,000 to the Department of Health and Human Services for alcohol,
291 tobacco, and other drug prevention, reduction, cessation, and control programs
292 that promote unified messages and make use of media outlets, including radio,
293 newspaper, billboards, and television; ~~and~~
 - 294 (vii) \$759,700 to the Department of Health and Human Services for the Office of
295 Substance Use and Mental Health to provide substance use treatment and
296 prevention services, including Medicaid matching funds for substance use
297 treatment services; and
 - 298 ~~(vii)] (viii) \$5,084,200 to the State Board of Education for school-based prevention~~
299 programs.
- 300 (b) If the amount in the Electronic Cigarette Substance and Nicotine Product Proceeds

- 301 Restricted Account is insufficient to cover the distributions described in Subsection
302 (3)(a), the Division of Finance shall make the distributions under Subsection (3)(a):
303 (i) sequentially in the order of priority the distributions are listed under Subsection
304 (3)(a);
305 (ii) in full or, if insufficient funds are available to satisfy the next distribution in the
306 sequence, in part; and
307 (iii) until the available funds in the Electronic Cigarette Substance and Nicotine
308 Product Proceeds Restricted Account are exhausted.
- 309 (c) For each fiscal year and subject to appropriation by the Legislature, the Division of
310 Finance shall distribute from the funds deposited under Section 59-14-810 into the
311 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:
312 (i) to the commission, in an amount equal to the amount necessary to create and
313 maintain the registry described in Section 59-14-810;
314 (ii) to the Department of Health and Human Services, in an amount necessary for
315 completing duties described in Section 59-14-810; and
316 (iii) to the Department of Health and Human Services, the remainder to be divided
317 among the local health departments for inspection and enforcement described in
318 Sections 26A-1-131 and 59-14-810.
- 319 (4)(a) The local health departments shall use the money received in accordance with
320 Subsection (3)(a) for enforcing:
321 (i) the regulation provisions described in Section 26B-7-505;
322 (ii) the labeling requirement described in Section 26B-7-505; and
323 (iii) the penalty provisions described in Section 26B-7-518.
- 324 (b) The Department of Health and Human Services shall use the money received in
325 accordance with Subsection (3)(a)(v) for the Youth Electronic Cigarette, Marijuana,
326 and Other Drug Prevention Program created in Section 26B-1-428.
- 327 (c) The local health departments shall use the money received in accordance with
328 Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and
329 Other Drug Prevention Grant Program created in Section 26A-1-129.
- 330 (d) The State Board of Education shall use the money received in accordance with
331 Subsection (3)(a)(vii) to distribute to local education agencies to pay for:
332 (i)(A) stipends for positive behaviors specialists as described in Subsection
333 53G-10-407(4)(a)(i);
334 (B) the cost of administering the positive behaviors plan as described in

335 Subsection 53G-10-407(4)(a)(ii); and
 336 (C) the cost of implementing an Underage Drinking and Substance Abuse
 337 Prevention Program in grade 4 or 5, as described in Subsection
 338 53G-10-406(3)(b); or
 339 (ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.

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

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

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

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

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

349 **Section 6. FY 2026 Appropriations.**

350 The following sums of money are appropriated for the fiscal year beginning July 1,
 351 2025, and ending June 30, 2026. These are additions to amounts previously appropriated for
 352 fiscal year 2026.

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

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

357 ITEM 1 To Department of Health and Human Services - Integrated Health Care Services

358 From General Fund, One-time (759,700)

359 Schedule of Programs:

360 Non-Medicaid Behavioral Health Treatment and

361 Crisis Response (759,700)

362 **Section 7. FY 2027 Appropriations.**

363 The following sums of money are appropriated for the fiscal year beginning July 1,
 364 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
 365 fiscal year 2027.

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

367 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
 368 Legislature appropriates the following sums of money from the funds or accounts indicated for

369 the use and support of the government of the state of Utah.

370 ITEM 2 To Department of Health and Human Services - Integrated Health Care Services

371 From General Fund (759,700)

372 Schedule of Programs:

373 Non-Medicaid Behavioral Health Treatment and

374 Crisis Response (759,700)

375 Section 8. **Effective Date.**

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

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

379 Section 9. **Coordinating H.B. 599 with H.B. 377 and S.B. 98 if all pass and become law.**

380 If H.B. 599, Social Services Funding Amendments, H.B. 337, Nicotine Product Tax

381 Amendments, and S.B. 98, Substance Use Rehabilitation Amendments, all pass and become
382 law, the Legislature intends that, on July 1, 2026:

383 (1) the coordination clause in H.B. 337 that coordinates H.B. 337 with S.B. 98 not take
384 effect;

385 (2) Subsection 59-14-807(3)(a)(viii), enacted in H.B. 337, be renumbered to Subsection
386 59-14-807(ix); and

387 (3) Subsection 59-14-807(3)(a)(viii), enacted in H.B. 98, be renumbered to Subsection
388 59-14-807(x).