

**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; and

▸ makes technical and conforming changes.

**Money Appropriated in this Bill:**

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

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

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

29 AMENDS:

30 **26B-1-315 (Effective 05/06/26) (Superseded 07/01/26)**, as last amended by Laws of Utah  
31 2025, Chapter 135

32 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34)**, as last amended by Laws of Utah  
33 2025, Chapter 285

34 **26B-3-105 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, Chapter 135

35 **26B-3-902 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2023,  
36 Chapter 306

37 **59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30)**, as last amended by Laws  
38 of Utah 2025, Chapters 173, 366

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

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

42 **26B-1-315 (Effective 05/06/26) (Superseded 07/01/26). Medicaid ACA Fund.**

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

45 (2) The fund consists of:

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

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

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

50 (d) savings attributable to the enhancement waiver program, as defined in Section  
51 26B-3-501, as determined by the department;

52 (e) savings attributable to the Medicaid waiver expansion, as defined in Section  
53 26B-3-501, as determined by the department;

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

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

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

58 [~~(i)~~] (h) additional amounts as appropriated by the Legislature.

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

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

62 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient

63 Hospital Assessment, may use money from the fund to pay the costs, not otherwise  
64 paid for with federal funds or other revenue sources, of:

- 65 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 66 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 67 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 68 (iv) the outpatient upper payment limit supplemental payments under Section  
69 26B-3-511.

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

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

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

76 **26B-1-315 (Effective 07/01/26) (Repealed 07/01/34). Medicaid ACA Fund.**

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

79 (2) The fund consists of:

- 80 (a) assessments collected under Chapter 3, Part 5, Inpatient Hospital Assessment;
- 81 (b) intergovernmental transfers under Section 26B-3-508;
- 82 (c) savings attributable to the health coverage improvement program, as defined in  
83 Section 26B-3-501, as determined by the department;
- 84 (d) savings attributable to the enhancement waiver program, as defined in Section  
85 26B-3-501, as determined by the department;
- 86 (e) savings attributable to the Medicaid waiver expansion, as defined in Section  
87 26B-3-501, as determined by the department;
- 88 (f) revenues collected from the sales tax described in Subsection 59-12-103(6);
- 89 (g) gifts, grants, donations, or any other conveyance of money that may be made to the  
90 fund from private sources; and
- 91 [~~(h) interest earned on money in the fund; and~~]
- 92 [~~(+)~~ (h) additional amounts as appropriated by the Legislature.

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

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

96 (4)(a) A state agency administering the provisions of Chapter 3, Part 5, Inpatient

97 Hospital Assessment, may use money from the fund to pay the costs, not otherwise  
98 paid for with federal funds or other revenue sources, of:

- 99 (i) the health coverage improvement program as defined in Section 26B-3-501;
- 100 (ii) the enhancement waiver program as defined in Section 26B-3-501;
- 101 (iii) a Medicaid waiver expansion as defined in Section 26B-3-501; and
- 102 (iv) the outpatient upper payment limit supplemental payments under Section  
103 26B-3-511.

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

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

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

110 **26B-3-105 (Effective 05/06/26). Medicaid drug program -- Preferred drug list.**

111 (1) As used in this section:

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

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

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

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

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

126 (2) A Medicaid drug program developed by the department under Subsection  
127 26B-3-104(2)(f):

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

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

165 immunosuppressive drug as written by the health care provider for a patient who has  
166 undergone an organ transplant.

167 [(ii)] (c) For purposes of Subsection 58-17b-606(4), and with respect to patients who  
168 have undergone an organ transplant, the prescription for a particular  
169 immunosuppressive drug as written by a health care provider meets the criteria of  
170 demonstrating to the department a medical necessity for dispensing the prescribed  
171 immunosuppressive drug.

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

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

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

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

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

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

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

187 and

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

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

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

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

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

200 **26B-3-902 (Effective 05/06/26). Creation and administration of the Utah**

201 **Children's Health Insurance Program.**

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

204 (a) this part; and

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

206 (2) The department shall:

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

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

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

213 (ii) program benefits;

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

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

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

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

219 (v) the administration of the program; and

220 (vi) a requirement that:

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

224 (B) prior to enrollment in the electronic exchange of clinical health records the  
225 member shall receive notice of the enrollment in the electronic exchange of  
226 clinical health records and the right to opt out of participation at any time; and

227 (C) beginning July 1, 2012, when the program sends enrollment or renewal  
228 information to the member and when the member logs onto the program's  
229 website, the member shall receive notice of the right to opt out of the electronic  
230 exchange of clinical health records.

231 (3)(a) Before July 1, 2026, the department shall apply for a state plan amendment to

232 transition the state's Children's Health Insurance Program from a separate program

233 under 42 U.S.C. Sec. 1397aa(a)(1), to providing benefits under the state's Medicaid  
 234 program under 42 U.S.C. Sec. 1397aa(1)(2).

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

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

242 **59-14-807 (Effective 05/06/26) (Partially Repealed 07/01/30). Electronic**

243 **Cigarette Substance and Nicotine Product Proceeds Restricted Account.**

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

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

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

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

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

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

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

258 (d) amounts appropriated by the Legislature.

259 (3)(a) Subject to Subsections (3)(b) and (c), for each fiscal year and subject to

260 appropriation by the Legislature, the Division of Finance shall distribute from the

261 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:

262 (i) \$2,000,000 to the Department of Health and Human Services for enforcement  
 263 services aimed at disrupting organizations and networks that provide tobacco  
 264 products, electronic cigarette products, nicotine products, or other illegal  
 265 controlled substances to minors, which the Department of Health and Human  
 266 Services shall allocate to the local health departments using the formula created in

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

- 301 (c) For each fiscal year and subject to appropriation by the Legislature, the Division of  
302 Finance shall distribute from the funds deposited under Section 59-14-810 into the  
303 Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account:  
304 (i) to the commission, in an amount equal to the amount necessary to create and  
305 maintain the registry described in Section 59-14-810;  
306 (ii) to the Department of Health and Human Services, in an amount necessary for  
307 completing duties described in Section 59-14-810; and  
308 (iii) to the Department of Health and Human Services, the remainder to be divided  
309 among the local health departments for inspection and enforcement described in  
310 Sections 26A-1-131 and 59-14-810.
- 311 (4)(a) The local health departments shall use the money received in accordance with  
312 Subsection (3)(a) for enforcing:  
313 (i) the regulation provisions described in Section 26B-7-505;  
314 (ii) the labeling requirement described in Section 26B-7-505; and  
315 (iii) the penalty provisions described in Section 26B-7-518.
- 316 (b) The Department of Health and Human Services shall use the money received in  
317 accordance with Subsection (3)(a)(v) for the Youth Electronic Cigarette, Marijuana,  
318 and Other Drug Prevention Program created in Section 26B-1-428.
- 319 (c) The local health departments shall use the money received in accordance with  
320 Subsection (3)(a)(iv) to issue grants under the Electronic Cigarette, Marijuana, and  
321 Other Drug Prevention Grant Program created in Section 26A-1-129.
- 322 (d) The State Board of Education shall use the money received in accordance with  
323 Subsection (3)(a)(vii) to distribute to local education agencies to pay for:  
324 (i)(A) stipends for positive behaviors specialists as described in Subsection  
325 53G-10-407(4)(a)(i);  
326 (B) the cost of administering the positive behaviors plan as described in  
327 Subsection 53G-10-407(4)(a)(ii); and  
328 (C) the cost of implementing an Underage Drinking and Substance Abuse  
329 Prevention Program in grade 4 or 5, as described in Subsection  
330 53G-10-406(3)(b); or  
331 (ii) a comprehensive prevention plan, as that term is defined in Section 53F-2-525.
- 332 (5)(a) The fund shall earn interest.
- 333 (b) All interest earned on fund money shall be deposited into the fund.
- 334 (6) Subject to legislative appropriations, funds remaining in the Electronic Cigarette

335 Substance and Nicotine Product Proceeds Restricted Account after the distribution  
 336 described in Subsection (3) may only be used for:  
 337 (a) funding commission personnel to enforce compliance with the tax collection  
 338 requirements of this part; and  
 339 (b) programs and activities related to the prevention and cessation of electronic cigarette,  
 340 nicotine products, marijuana, and other drug use.

341 **Section 6. FY 2026 Appropriations.**

342 The following sums of money are appropriated for the fiscal year beginning July 1,  
 343 2025, and ending June 30, 2026. These are additions to amounts previously appropriated for  
 344 fiscal year 2026.

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

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

349 ITEM 1 To Department of Health and Human Services - Integrated Health Care Services  
 350 From General Fund, One-time (759,700)  
 351 Schedule of Programs:  
 352 Non-Medicaid Behavioral Health Treatment and  
 353 Crisis Response (759,700)

354 **Section 7. FY 2027 Appropriations.**

355 The following sums of money are appropriated for the fiscal year beginning July 1,  
 356 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for  
 357 fiscal year 2027.

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

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

362 ITEM 2 To Department of Health and Human Services - Integrated Health Care Services  
 363 From General Fund (759,700)  
 364 Schedule of Programs:  
 365 Non-Medicaid Behavioral Health Treatment and  
 366 Crisis Response (759,700)

367 **Section 8. Effective Date.**

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

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