Medicaid Provider Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keven J. Stratton

House Sponsor:

LONG TITLE

General Description:

This bill addresses quality-based incentive payments for Medicaid providers.

Highlighted Provisions:

This bill:

- permits interest earned on the Medicaid ACA Fund to be appropriated to fund incentive payments for Medicaid providers based on performance;
- requires the Department of Health and Human Services (department) to:
  - establish metrics for evaluating Medicaid providers' performance;
  - rate Medicaid providers on performance as measured by the metrics; and
  - annually report to the Social Services Appropriations Subcommittee on Medicaid providers' ratings;
- requires the department to implement a closed loop referral system for referrals for the delivery of social care to Medicaid-eligible individuals;
- provides certain requirements for amendments to contracts the Division of Services for People with Disabilities enters into with providers;
- defines terms; 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26B-1-315 (Effective 05/06/26) (Superseded 07/01/26), as last amended by Laws of Utah 2025, Chapter 135

26B-1-315 (Effective 07/01/26) (Repealed 07/01/34), as last amended by Laws of Utah 2025, Chapter 285

S.B. 288

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

ENACTS:

26B-3-143 (Effective 05/06/26), Utah Code Annotated 1953

26B-3-144 (Effective 05/06/26), Utah Code Annotated 1953

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

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

26B-1-315 (Effective 05/06/26) (Superseded 07/01/26).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

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

(2) The fund consists of:

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

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

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

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

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

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

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

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

(i) additional amounts as appropriated by the Legislature.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The fund consists of:

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

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

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

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

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

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

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

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

(i) additional amounts as appropriated by the Legislature.

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

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

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

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

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

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

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

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

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

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

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

Section 3. Section **26B-3-143** is enacted to read:

26B-3-143 (Effective 05/06/26). Medicaid provider quality measures -- Reporting -- Eligibility for incentive payments.

(1) As used in this section:

(a) "Managed care organization" means a comprehensive, full risk, managed care delivery system that contracts with the Medicaid program to deliver health care through a managed care plan.

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

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

(d) "Participating Medicaid provider" means a Medicaid provider that submits verifying documentation of the Medicaid provider's completion or progress toward quality measures in accordance with rules made by the department under this section.

(e) "Quality measures" means the metrics the department establishes to evaluate a Medicaid provider's performance as described in Subsection (2).

(2)(a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish quality measures to evaluate a Medicaid provider's performance.

(b) The department shall design the quality measures described in Subsection (2)(a) to evaluate a Medicaid provider's completion or progress toward:

(i) improved health outcomes and care experience for enrollees;

(ii) care coordination, data sharing, and value-based delivery;

(iii) workforce stability and evidence-based clinical practices; and

(iv) any other metrics or performance areas the department deems appropriate.

(c) The department shall establish separate quality measures for each Medicaid provider type.

(3) The department shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish:

(a) a process for a Medicaid provider to submit documentation verifying the Medicaid provider's completion or progress toward the quality measures established for the Medicaid provider's provider type; and

(b) a methodology for evaluating a participating Medicaid provider's performance as measured by the quality measures.

(4) To fulfill the department's duties under this section, the department may contract with an independent, nonprofit entity with experience in healthcare measurement and proven expertise in analyzing healthcare cost drivers in Utah, including experience working across payers, providers, purchasers, and state agencies to support system-level analysis and accountability.

(5) The department shall annually, before January 31, submit a report to the Social Services Appropriations Subcommittee of the department's evaluation of participating Medicaid providers' performance using the methodology described in Subsection (3)(b).

(6) Within appropriations from the Legislature for this purpose, participating Medicaid providers may be eligible for incentive payments based on the participating Medicaid provider's performance as evaluated by the department as described in Subsection (3)(b).

(7) The department may apply for a waiver or state plan amendment if necessary to implement this section.

Section 4. Section **26B-3-144** is enacted to read:

26B-3-144 (Effective 05/06/26). Closed loop referral system.

(1) As used in this section:

(a) "Closed loop referral system" means a system that:

(i) stores individually identifiable social care information for the purpose of referrals to social care providers; and

(ii) shares individually identifiable social care information with one or more entities that provide social care, including health care providers, health plans, health information exchanges, government entities, and charitable organizations.

(b) "Individually identifiable social care information" means:

(i) protected health information as defined in 45 C.F.R. Sec. 160.103; and

(ii) information about an individual that:

(A) identifies the individual receiving social care; or

(B) can be used to identify the individual receiving social care.

(c)(i) "Social care" means care, services, goods, or supplies related to an individual's social needs.

(ii) "Social care" includes support and assistance for an individual's food stability and nutritional needs, housing, transportation, economic stability, employment, education access and quality, child care and family relationship needs, or environmental and physical safety.

(d) "Social care provider" means a person that contracts with the department, directly or indirectly, to provide social care.

(2) The department shall implement a closed loop referral system for referrals for the delivery of social care to Medicaid-eligible individuals.

(3) The closed loop referral system shall ensure that individually identifiable social care information may only be shared between social care providers if the individual about whom the individually identifiable social care information relates:

(a) consents to the sharing of the individual's individually identifiable social care information separately for each social care provider; and

(b) specifies the social care providers who are able to view the individual's individually identifiable social care information.

(4) An individual who consents as described in Subsection (3) retains the right to revoke the individual's consent at any time.

(5) The department may make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement this section.

Section 5. Section **26B-6-403** is amended to read:

26B-6-403 (Effective 05/06/26). Responsibility and authority of division.

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

(a) plan;

(b) develop;

(c) manage;

(d) monitor; and

(e) conduct certification reviews.

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

(a) administer an array of services and supports for persons with disabilities and their families throughout the state;

(b) make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that establish eligibility criteria for the services and supports described in Subsection (2)(a);

(c) consistent with Section 26B-6-506, supervise the programs and facilities of the Developmental Center;

(d) in order to enhance the quality of life for a person with a disability, establish either directly, or by contract with private, nonprofit organizations, programs of:

(i) outreach;

(ii) information and referral;

(iii) prevention;

(iv) technical assistance; and

(v) public awareness;

(e) supervise the programs and facilities operated by, or under contract with, the division;

(f) cooperate with other state, governmental, and private agencies that provide services to a person with a disability;

(g) subject to Subsection (3), ensure that a person with a disability is not deprived of that person's constitutionally protected rights without due process procedures designed to minimize the risk of error when a person with a disability is admitted to an intermediate care facility for people with an intellectual disability, including:

(i) the developmental center; and

(ii) facilities within the community;

(h) determine whether to approve providers;

(i) monitor and sanction approved providers, as specified in the providers' contract;

(j) subject to Section 26B-6-410, receive and disburse public funds;

(k) review financial actions of a provider who is a representative payee appointed by the Social Security Administration;

(l) establish standards and rules for the administration and operation of programs conducted by, or under contract with, the division;

(m) approve and monitor division programs to insure compliance with the board's rules and standards;

(n) establish standards and rules necessary to fulfill the division's responsibilities under Part 5, Utah State Developmental Center, and Part 6, Admission to an Intermediate

Care Facility for People with an Intellectual Disability, with regard to an intermediate care facility for people with an intellectual disability;

(o) assess and collect equitable fees for a person who receives services provided under this chapter;

(p) maintain records of, and account for, the funds described in Subsection (2)(o);

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

(i) applying to receive the services; or

(ii) currently receiving the services;

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

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

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

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

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

(ii) under administrative or court order; and

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

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

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

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

(4) When the division makes amendments to a contract the division enters into under Subsection (2), the division shall:

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

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

Section 6. **Effective Date.**

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

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