

Keven J. Stratton proposes the following substitute bill:

Medicaid Provider Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keven J. Stratton

House Sponsor: Steve Eliason

LONG TITLE

General Description:

This bill addresses provisions related to Medicaid providers.

Highlighted Provisions:

This bill:

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

- establish quality measures for evaluating certain Medicaid providers' performance;
- evaluate certain Medicaid providers on performance as measured by the quality

measures; and

- annually report to the Social Services Appropriations Subcommittee on the performance based on the quality measures of the Medicaid providers determined by the Legislature;

▸ requires the department to implement a closed loop referral system for referrals for the delivery of health-related social needs care to Medicaid-eligible individuals;

▸ requires the Division of Services for People with Disabilities (division) to notify a provider of amendments to the provider's contract with the division;

▸ defines terms; and

▸ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates \$42,778,300 in operating and capital budgets for fiscal year 2027, including:

- \$16,888,300 from General Fund; and
- \$25,890,000 from various sources as detailed in this bill.

Other Special Clauses:

None

Utah Code Sections Affected:

29 AMENDS:

30 **26B-6-403**, as renumbered and amended by Laws of Utah 2023, Chapter 308

31 ENACTS:

32 **26B-3-143**, Utah Code Annotated 1953

33 **26B-3-144**, Utah Code Annotated 1953



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

36 Section 1. Section **26B-3-143** is enacted to read:

37 **26B-3-143** . **Medicaid provider quality measures -- Reporting -- Eligibility for**
38 **incentive payments.**

39 (1) As used in this section:

40 (a) "Incentive payment" means a one-time fee-for-services payment to a participating
41 Medicaid provider, including a managed care entity or a Medicaid provider that is
42 paid under a fee-for-service arrangement, based on the Medicaid provider's
43 performance as evaluated by the department as described in this section.

44 (b) "Managed care entity" means a person that contracts with the Medicaid program to
45 manage the provision of health care services in a managed care delivery system on a
46 capitated basis.

47 (c) "Medicaid provider" means any person, individual, corporation, institution, or
48 organization that:

49 (i) is currently enrolled in the Medicaid program;

50 (ii) provides Medicaid-covered services under the Medicaid program;

51 (iii) has entered into a provider agreement with the Medicaid program; and

52 (iv) is reimbursed:

53 (A) through a managed care entity; or

54 (B) fee-for-service.

55 (d) "Participating Medicaid provider" means a Medicaid provider:

56 (i) that is in a group of Medicaid providers selected by the Legislature and that the
57 Legislature directs the department to evaluate in a fiscal year as described in
58 Subsection (5)(a); and

59 (ii) that submits verifying documentation of the Medicaid provider's completion or
60 progress toward quality measures in accordance with rules made by the
61 department under this section.

62 (e) "Quality measures" means the metrics the department establishes to evaluate a

63 Medicaid provider's performance as described in Subsection (2).

64 (2)(a) The department shall make rules in accordance with Title 63G, Chapter 3, Utah
 65 Administrative Rulemaking Act, to establish quality measures.

66 (b) Quality measures may include:

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

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

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

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

71 (c) The department shall establish separate quality measures for each Medicaid provider
 72 type selected for participation in accordance with the process described in
 73 Subsections (4) and (5).

74 (3) ~~Ĥ~~ → (a) ← ~~Ĥ~~ The department shall make rules in accordance with Title 63G,
 74a Chapter 3, Utah

75 Administrative Rulemaking Act, to establish:

76 ~~Ĥ~~ → [~~(a)~~] (i) ← ~~Ĥ~~ a process for a participating Medicaid provider to submit

76a documentation verifying

77 the participating Medicaid provider's completion or progress toward the quality

78 measures established for the Medicaid provider's provider type;

79 ~~Ĥ~~ → [~~(b)~~] (ii) ← ~~Ĥ~~ a methodology for evaluating a participating Medicaid

79a provider's progress toward

80 quality measures; and

81 ~~Ĥ~~ → [~~(c)~~] (iii) ← ~~Ĥ~~ exclusions for a Medicaid provider's participation based on

81a adverse findings or

82 disciplinary actions by a certifying, licensing, or accrediting entity.

82a ~~Ĥ~~ → (b) **The department shall report to the Rules Review and General Oversight**

82b **Committee on rules the department makes in accordance with this Subsection (3).** ← ~~Ĥ~~

83 (4)(a) The department shall annually, before October 31, submit a report to the Social

84 Services Appropriations Subcommittee of the department's evaluation of:

85 (i) Medicaid provider types to assist the Legislature in selecting and prioritizing

86 Medicaid providers eligible for incentive payments under Subsection (6) in the

87 following fiscal year; and

88 (ii) participating Medicaid providers' completion or progress toward quality measures

89 as described in Subsection (3)(b), if any.

90 (b) The report described in Subsection (4)(a)(i) shall include:

- 91 (i) a comparative analysis of current Medicaid reimbursement rates and rates paid by
 92 other comparable payers, including Medicare, where applicable;
 93 (ii) the length of time since the last rate increase for the Medicaid provider type; and
 94 (iii) an analysis of the impact of incentive payments on the Medicaid provider type.

94a **ñ→ (c) In each year in which incentive payments are distributed as described in**
 94b **this section, department shall annually, before October 31, report to the Social**
 94c **Services Appropriations Subcommittee on the distribution of incentive payments as**
 94d **described in Subsection (6), including on what percentage of an appropriation under**
 94e **this section was distributed directly to Medicaid providers. ←ñ**

95 (5)(a) Subject to appropriations from the Legislature for this purpose, and the
 96 Legislature's determination of eligible Medicaid provider types for the following
 97 fiscal year, a participating Medicaid provider may be eligible for incentive payments
 98 based on the participating Medicaid provider's performance as evaluated by the
 99 department as described in Subsection (3)(b).

100 (b) The department may use up to 2% of an appropriation under this section for costs
 101 related to the administration of the provisions of this section.

102 (6) The department shall ensure that incentive payments are distributed:

- 103 (a) proportionally to participating Medicaid providers;
 104 (b) in accordance with legislative appropriations; and
 105 (c) in accordance with CMS rules and regulations.

106 (7) The department may apply for necessary CMS authority to implement this section.

107 Section 2. Section **26B-3-144** is enacted to read:

108 **26B-3-144 . Closed loop referral system.**

109 (1) As used in this section:

- 110 (a) "Authorized user" means a social needs care provider authorized by rules the
 111 department makes to use a closed loop referral system.
 112 (b) "Closed loop referral system" means a system that enables efficient outreach,
 113 engagement, and care coordination across cross-sector social needs care providers.
 114 (c) "Social needs care" means community-level services and supports that address
 115 health-related social needs.
 116 (d) "Social needs care provider" means a person that contracts with the department,
 117 directly or indirectly, to provide social needs care, including a:
 118 (i) government entity;
 119 (ii) healthcare organization;

- 120 (iii) community organization; or
 121 (iv) social service organization.
- 122 (2) The department shall implement a closed loop referral system for referrals for the
 123 delivery of social care to Medicaid-eligible individuals.
- 124 (3) The department shall ensure that the closed loop referral system:
- 125 (a) notifies authorized users of social needs care requests and referrals;
 126 (b) allows authorized users to securely access relevant information related to the social
 127 care needs of individuals the authorized user serves;
 128 (c) allows an individual's information to be accessed only with the individual's consent
 129 and consistent with applicable privacy laws;
 130 (d) facilitates communication between referring social needs care providers using a
 131 secure chat function;
 132 (e) sends social needs care referrals on behalf of an individual receiving social needs
 133 care; and
 134 (f) in a single record, tracks and stores:
 135 (i) the outcome of a referral; and
 136 (ii) the outcome of services delivered to an individual.
- 137 (4) The department shall make rules in accordance with Title 63G, Chapter 3, Utah
 138 Administrative Rulemaking Act, to implement this section, including rules to establish
 139 authorized use and authorized users of the closed loop referral system.

140 Section 3. Section **26B-6-403** is amended to read:

141 **26B-6-403 . Responsibility and authority of division.**

- 142 (1) For purposes of this section "administer" means to:
- 143 (a) plan;
 144 (b) develop;
 145 (c) manage;
 146 (d) monitor; and
 147 (e) conduct certification reviews.
- 148 (2) The division has the authority and responsibility to:
- 149 (a) administer an array of services and supports for persons with disabilities and their
 150 families throughout the state;
 151 (b) make rules in accordance with Title 63G, Chapter 3, Utah Administrative
 152 Rulemaking Act, that establish eligibility criteria for the services and supports
 153 described in Subsection (2)(a);

- 154 (c) consistent with Section 26B-6-506, supervise the programs and facilities of the
155 Developmental Center;
- 156 (d) in order to enhance the quality of life for a person with a disability, establish either
157 directly, or by contract with private, nonprofit organizations, programs of:
158 (i) outreach;
159 (ii) information and referral;
160 (iii) prevention;
161 (iv) technical assistance; and
162 (v) public awareness;
- 163 (e) supervise the programs and facilities operated by, or under contract with, the division;
- 164 (f) cooperate with other state, governmental, and private agencies that provide services
165 to a person with a disability;
- 166 (g) subject to Subsection (3), ensure that a person with a disability is not deprived of that
167 person's constitutionally protected rights without due process procedures designed to
168 minimize the risk of error when a person with a disability is admitted to an
169 intermediate care facility for people with an intellectual disability, including:
170 (i) the developmental center; and
171 (ii) facilities within the community;
- 172 (h) determine whether to approve providers;
- 173 (i) monitor and sanction approved providers, as specified in the providers' contract;
- 174 (j) subject to Section 26B-6-410, receive and disburse public funds;
- 175 (k) review financial actions of a provider who is a representative payee appointed by the
176 Social Security Administration;
- 177 (l) establish standards and rules for the administration and operation of programs
178 conducted by, or under contract with, the division;
- 179 (m) approve and monitor division programs to insure compliance with the board's rules
180 and standards;
- 181 (n) establish standards and rules necessary to fulfill the division's responsibilities under
182 Part 5, Utah State Developmental Center, and Part 6, Admission to an Intermediate
183 Care Facility for People with an Intellectual Disability, with regard to an intermediate
184 care facility for people with an intellectual disability;
- 185 (o) assess and collect equitable fees for a person who receives services provided under
186 this chapter;
- 187 (p) maintain records of, and account for, the funds described in Subsection (2)(o);

- 188 (q) establish and apply rules to determine whether to approve, deny, or defer the
 189 division's services to a person who is:
 190 (i) applying to receive the services; or
 191 (ii) currently receiving the services;
- 192 (r) in accordance with state law, establish rules:
 193 (i) relating to an intermediate care facility for people with an intellectual disability
 194 that is an endorsed program; and
 195 (ii) governing the admission, transfer, and discharge of a person with a disability;
- 196 (s) manage funds for a person residing in a facility operated by the division:
 197 (i) upon request of a parent or guardian of the person; or
 198 (ii) under administrative or court order; and
- 199 (t) fulfill the responsibilities described in Section 26B-1-430.
- 200 (3) The due process procedures described in Subsection (2)(g):
 201 (a) shall include initial and periodic reviews to determine the constitutional
 202 appropriateness of the placement; and
 203 (b) with regard to facilities in the community, do not require commitment to the division.
- 204 (4) ~~§~~ → **When** **Except as provided in Subsection (5), when** ← ~~§~~ the division makes
 204a amendments to a contract the division enters into under
 205 Subsection (2), the division shall notify a provider under contract with the division at
 206 least 30 days before the effective date of the amendments.
- 206a ~~§~~ → **(5) The division may waive the 30-day notice requirement described in**
 206b **Subsection (4):**
- 206c **(a) if a contractor requests a contract change;**
 206d **(b) if a service rate is increased; or**
 206e **(c) in response to a natural disaster or public health emergency.** ← ~~§~~

207 Section 4. **FY 2027 Appropriations.**

208 The following sums of money are appropriated for the fiscal year beginning July 1,
 209 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
 210 fiscal year 2027.

211 Subsection 4(a). **Operating and Capital Budgets**

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

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

216	From General Fund	3,925,900
217	From Federal Funds	6,752,900
218	Schedule of Programs:	
219	Medicaid Accountable Care Organizations	1,319,800
220	Medicaid Home and Community Based Services	5,275,000
221	Medicaid Other Services	4,084,000
222	The Legislature intends that the Department of	
223	Health and Human Services use:	
224	(1) \$1,925,900 ongoing General Fund	
225	appropriation in this item to raise Medicaid provider rates	
226	for private duty nursing.	
227	(2) \$2,000,000 ongoing General Fund	
228	appropriation in this item to raise Medicaid provider rates	
229	for the New Choices Waiver.	
230	ITEM 2 To Department of Health and Human Services - Long-Term Services & Support	
231	From General Fund	4,162,700
232	From Federal Funds	6,548,500
233	Schedule of Programs:	
234	Aging Waiver Services	162,700
235	Community Supports Waiver Services	10,548,500
236	The Legislature intends that the Department of	
237	Health and Human Services use:	
238	(1) \$4,000,000 ongoing General Fund	
239	appropriation in this item to raise Medicaid provider	
240	reimbursement rates for the Division of Services for	
241	People with Disabilities providers, excluding the Limited	
242	Supports Waiver providers, and including support	
243	coordinators.	
244	(2) \$162,700 ongoing General Fund	
245	appropriation in this item to raise provider	
246	reimbursement rates for personal care.	
247	ITEM 3 To Department of Health and Human Services - Children, Youth, & Families	
248	From General Fund	2,000,000
249	Schedule of Programs:	

250	Child & Family Services	2,000,000
251	The Legislature intends that the Department of	
252	Health and Human Services use the \$2,000,000 ongoing	
253	General Fund appropriation in this item to raise provider	
254	reimbursement rates for the proctor, congregate, and	
255	foster care providers housing foster children.	
256	ITEM 4 To Department of Health and Human Services - Integrated Health Care Services	
257	From General Fund	6,799,700
258	From Federal Funds	12,588,600
259	Schedule of Programs:	
260	Medicaid Accountable Care Organizations	902,900
261	Medicaid Home and Community Based Services	7,107,100
262	Medicaid Long Term Care Services	7,911,400
263	Medicaid Other Services	3,226,300
264	Expansion Accountable Care Organizations	47,900
265	Expansion Other Services	192,700
266	The Legislature intends that the Department of	
267	Health and Human Services use:	
268	(1) \$3,000,000 ongoing General Fund	
269	appropriation in this item to raise Medicaid provider	
270	reimbursement rates for nursing homes and intermediate	
271	care facilities for individuals with intellectual disabilities.	
272	(2) \$1,962,400 ongoing General Fund	
273	appropriation in this item to raise Medicaid provider	
274	reimbursement rates for home health.	
275	(3) \$1,837,300 ongoing General Fund	
276	appropriation in this item to raise Medicaid provider	
277	reimbursement rates for personal care.	
278	Section 5. Effective Date.	
279	<u>This bill takes effect on May 6, 2026.</u>	