

Utah Medicaid and HR 1

frequently asked questions for partners

What is HR 1?

On July 4, 2025, HR 1, also known as the [One Big Beautiful Bill Act \(OBBBA\)](#), was signed into law. The bill included more than 21 Medicaid reforms. Most of the provisions in the bill will go into effect beginning in the fall of 2026 or later.

Utah Medicaid did a comprehensive review of the bill, analyzing it for impacts and estimates, and is preparing for future programmatic changes. **There are many details that have yet to be defined.**

The Centers for Medicare and Medicaid Services (CMS) provided states with additional guidance on December 8, 2025, that gave Utah further direction from the federal government on how to implement these changes. There are still outstanding questions from states on some of the provisions.

What provisions will impact Utah Medicaid?

HR 1 included more than 21 provisions that will impact Medicaid. Some of these are:

- Community engagement requirements
- Changes to determination rules
- Retroactive coverage
- Provider taxes and state-directed payments
- FMAP for Emergency Medicaid
- Definitions of a qualified immigrant
- Waiver options
- Medicaid and CHIP Eligibility Final Rule

What hasn't changed?

Benefits will stay the same for the large majority of kids, adults with disabilities, and pregnant and postpartum women. However, the new law will make some people without citizenship ineligible for Utah Medicaid starting in the fall of 2026. Utah's [State CHIP](#) program will continue to be an option for qualifying children through June 2028.

Will Medicaid members lose coverage?

We recognize there have been multiple estimates on the number of members that will lose coverage, but we don't have a reliable way to calculate or validate those estimates. Of the 83,000 members currently on Adult Expansion or Targeted Adult Medicaid (TAM), a significant percentage will meet exceptions from community engagement referenced below. Certain exceptions - like Medically Frail - need more definition before a more accurate estimate can be made.

What are notable changes affecting members?

Community engagement/work requirement (effective date January 1, 2027):

One of the largest changes in the new law is a **community engagement (or work)** requirement for certain adult programs (Adult Expansion and Targeted Adult Medicaid (TAM) programs). This **excludes** adults with disabilities, pregnant women, and parents of children age 13 and younger.

This requirement means that **before** someone can be eligible for Medicaid, they will be required to participate in at least one of the following activities:

- 80 hours a month of work, community service, and/or “work program”
- Enrolled in education at least half time
- Monthly income of minimum wage multiplied by 80 hours
- Seasonal workers with an average monthly income over 6 months of minimum wage multiplied by 80 hours

These CE requirements will need to be met every 6 months. American Indian and Alaska Natives are exempt from this requirement. Some adults will not be required to complete the work requirement if they meet an exclusion, such as being a caretaker of a child under 14 years of age or individuals with certain medical conditions.

Are there any exceptions?

Certain individuals are exempt from CE requirements, including:

- Parent, guardian, or caretaker of dependent children under age 13 or disabled individuals
- Pregnant or postpartum coverage
- Foster youth or former foster youth
- Medically frail
- Participation in SUD program
- Meeting SNAP or TANF work requirements
- American Indians and Alaska Natives
- Disabled veterans
- Incarcerated or 90 days post release
- Entitled to Medicare Part A or enrolled in Medicare Part B

What are we doing?

Utah Medicaid is committed to supporting people through this process. We plan to maximize available data sources that will demonstrate compliance. This will include automating certain exemptions or recognizing member participation with less individual reporting requirements.

Utah will also **design education tools to help individuals understand and fulfill the requirements**. We want members to be successful with these new requirements, and we are committed to building a system of services that will support their success.

What about Utah's 1115 Waiver for CE?

On July 3, 2025, Utah submitted its 1115 Waiver request for work requirements. We are looking forward to having discussions with CMS to find out if there is flexibility on some of the provisions, as there are parts of this requirement that are well defined and some parts that are not.

Eligibility reviews every 6 months (effective date January 1, 2027):

Adult members enrolled in Adult Expansion Medicaid and Targeted Adult Medicaid (TAM) will be required to complete an eligibility review (renewal) every 6 months. Previously, members were required to complete a review every 12 months. Members in other non-expansion and non-TAM Medicaid programs are not affected by this provision. Members can look at their approval or renewal letters or the online [MyBenefits](#) portal to learn which program they are enrolled in.

American Indian and Alaska Natives are exempt from this requirement and will have a review every 12 months.

Retroactive eligibility coverage change (effective date January 1, 2027):

Most Medicaid programs allow an applicant to request coverage for medical services for up to 3 months prior to the month that the person submitted a Medicaid application. OBBBA reduces retroactive coverage to 2 months prior to the month of application and 1 month prior for adults enrolled in Adult Expansion Medicaid.

Definition of "qualified immigrant" (effective date October 1, 2026):

OBBBA changes the definition of qualified immigrant to only include lawful permanent residents, certain Cuban and Haitian immigrants, and Compact of Free Association (COFA) migrants.

Previously, a qualified immigrant for Medicaid and the Children's Health Insurance Program (CHIP) eligibility included, refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, trafficking victims, and certain other non-citizens.

How will these changes affect providers?

Provider taxes (effective date October 1, 2027):

OBBBA freezes the current 6% provider tax thresholds for all states for 2 years and reduces the allowable level of provider taxes 0.5% each year until Utah reaches 3.5% in FY 2032. In Utah, this impacts our hospital and ambulance providers.

State-directed payments (effective date July 4, 2024):

OBBBA set the payment limit for hospital state directed payments to 100% of Medicare rates. Existing state directed payment limits would be reduced by 10% annually to reach the Medicaid allowable rate.

Today they can go to the average commercial rate. In Utah, we will continue to use the commercial rate, less 10% for federal fiscal year (FFY) 2028 and then continue to annually reduce an additional 10% from the commercial rate until we arrive at the Medicare rate.

In combination with the provider tax, Utah Medicaid estimates that payments to hospitals will be reduced by hundreds of millions of dollars per year once the phase down is complete.

Expansion Federal Medical Assistance Percentage (FMAP) for Emergency Medicaid (effective date October 1, 2026):

OBBBA reduces federal matching funds for emergency services mandated for non-citizens who would otherwise qualify for Adult Expansion Medicaid. Last year, Utah Medicaid covered 5,800 individuals through the Emergency Medicaid program. While this change affects federal funds available to Utah, it will not affect reimbursement to providers.

Federal payments to prohibited entities:

For a 1-year period beginning at enactment, OBBBA prohibits Medicaid funds from being paid to certain family planning providers that offer abortion services and received at least \$800,000 or more in Medicaid payments in 2023.

Rural Health Transformation Program

OBBBA establishes a five-year Rural Health Transformation Program to enhance rural healthcare access, infrastructure, and workforce development. Utah is expected to receive a minimum of \$100 million annually during this period. Utah submitted a rural health transformation application to the Centers for Medicare and Medicaid Services (CMS) and was awarded more than \$195 million for the first year on December 29, 2025. More information about Utah's application and plan is available online at dhhs.utah.gov/ruralhealth.

While this funding may partially offset projected decreases in federal Medicaid spending for rural Utah due to HR 1, it is also a significant opportunity to reshape rural healthcare and aligns with Governor Cox's strategic objective to improve rural healthcare access.

What other changes does HR 1 make?

CMS Final Rule on Medicaid and CHIP eligibility (prohibition goes through October 1, 2034):

On September 18, 2023 CMS released a final rule, [Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment](#). On July 4, 2025 HR 1 was passed and signed into law, officially pending the implementation of the rule through October 1, 2034. Utah had implemented some provisions and some are now paused.

Waiver options:

- More stringent cost neutrality standards for 1115 Waivers (effective October 1, 2027).
- New 1915(c) Waiver option to expand home and community-based services (HCBS) criteria (effective July 1, 2028).

Resources

HR 1 website: medicaid.utah.gov/obbba

Questions? Email: dih_obbba@utah.gov