

# Utah Medicaid and HR 1

## frequently asked questions for providers

### 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 is currently reviewing the bill, analyzing it for impacts and estimates, and preparing for future programmatic changes. **There are many details that have yet to be defined.**

We anticipate that guidance from the Centers for Medicare and Medicaid Services (CMS) will be provided to states over the next several months. This guidance will give Utah further direction from the federal government on how to implement these changes.

### 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 have **not** estimated coverage loss. We are focusing on understanding the provisions of the new law and building tools to help Utahns affected by this new law. This includes more data sources to automate compliance and more outreach to help members be successful.

### How will these changes affect providers?

#### Provider taxes:

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:

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 FMAP for Emergency Medicaid:**

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. This will go into effect October 1, 2026.

**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. This provision was effective immediately, however as of July 7, 2025 was paused due to a temporary restraining order.

**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. To access these funds, Utah must submit a rural health transformation plan to the Centers for Medicare and Medicaid Services (CMS) by December 31, 2025.

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.

DHHS is currently gathering stakeholders to share input, develop priorities, and shape program investments. Details about joining listening sessions or this program are posted on our website at [dhhs.utah.gov/ruralhealth](https://dhhs.utah.gov/ruralhealth).