Utah Medicaid and HR 1

August 2025

Utah Department of Health & Human Services

DHHS vision

The Department of Health and Human Services will advocate for, support, and serve all individuals and communities in Utah. We will ensure all Utahns have fair and equitable opportunities to live safe and healthy lives. We will achieve this through effective policy and a seamless system of services and programs.

Ensure all Utahns have fair and equitable opportunities to live safe and healthy lives.

Medicaid basics

Key facts

- Single **largest insurer** in every state
- Critical **engine in state economies** and significant item in state budgets

Spending on Medicaid

- Medicaid represents **$1 out of every $6** spent on healthcare
- 3rd largest spending program in federal budget
- One of the largest budget items in state budgets

Utah Medicaid specifics

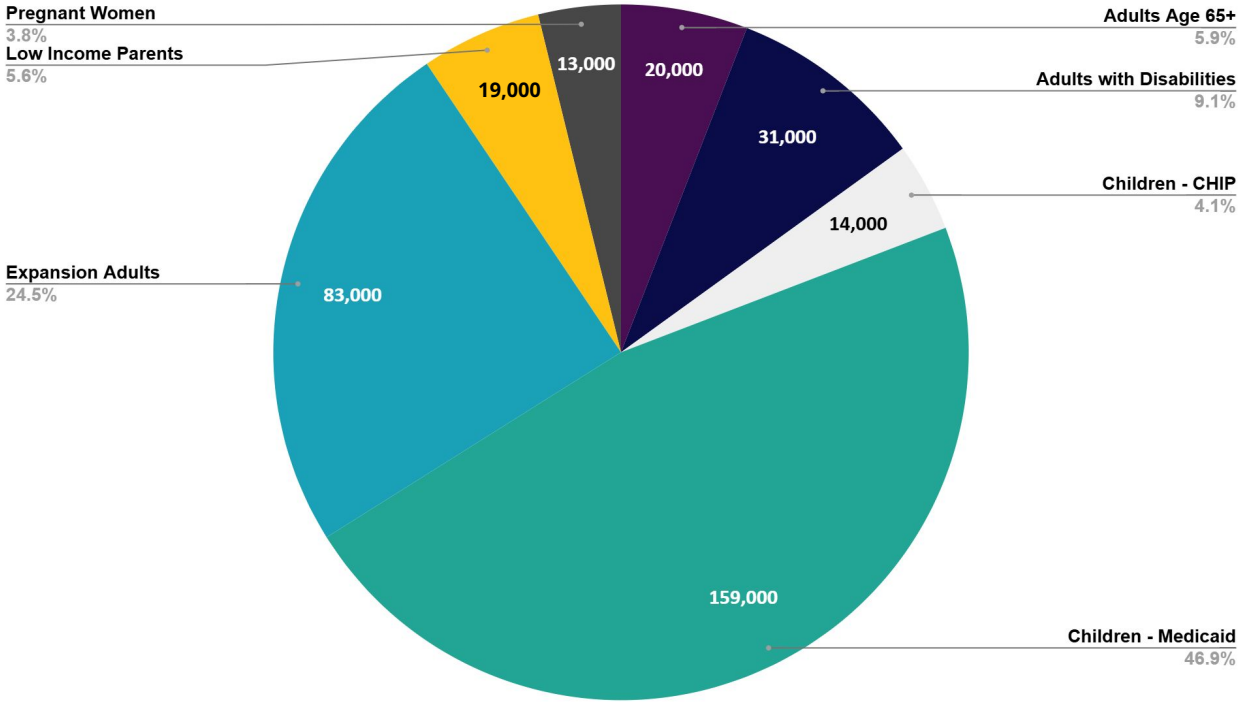
350,00
members every month

$5.3 billion (SFY24)
expenditures

338
employees

Members by category of assistance

June 2025



What is HR 1?

- On July 4, HR 1 (also known as the One Big Beautiful Bill Act (OBBBA)) was signed into law.
- The bill included more than 21 Medicaid reforms including, but not limited to, mandatory work/community engagement requirements for some adults, increased frequency of eligibility checks for some adults, and changes to provider taxes.

What are the impacts of the bill?

- 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.
- **Most of the provisions in the bill go into effect beginning in the fall of 2026 or later.**

HR 1 Timeline

2025

July

- Eligibility and enrollment rule moratorium until September 30, 2034 (Sec.71109)
- Federal payment prohibited, including Planned Parenthood, for a 1-year period (Sec. 71113)
- State-Directed Payment limits (Sec. 71116)
- Provider tax provisions (Sec. 71115)

October

- Rural health fund (Sec. 71401)

2026

October

- Eligibility changes for immigrants (Sec. 71109)
- Expansion FMAP for emergency Medicaid (Sec. 71110)

2027

January

- Community engagement requirements (Sec. 71119)
- More frequent eligibility renewals (Sec. 77107)
- Reduction of retroactive period (Sec. 71112)
- Duplicate enrollment and address verification (Sec. 71103)
- 1115 Budget neutrality (Sec. 71118)
- Disenrolling deceased individuals (Sec. 71104)

2028

January

- Disenrolling deceased providers (Sec. 71105)
- Home equity limit (Sec. 71108)

July

- HCBS waiver option (Sec. 71121)

October

- Cost sharing (Sec. 71120)

2029

October

- Duplicate enrollment, HHS national system (Sec. 71103)
- Erroneous payments (Sec. 71106)

What hasn't changed?

- **While some members without citizenship may lose eligibility in the fall of 2026, the majority of Medicaid members should not feel an immediate impact from this bill.**
- For the large majority of kids, adults with disabilities, and pregnant/postpartum women, their benefits will stay the same.
- 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 members lose coverage?

- We have **not** estimated coverage loss.
- Any estimate that you may have heard is subject to variables and assumptions that are dependent on further guidance from CMS.
- We are focused 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.

Changes affecting members

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Community engagement/work requirement

- One of the largest changes in the new law is a **community engagement (or work)** requirement for certain adult programs (Adult Expansion and TAM).
  - This ***excludes*** adults with disabilities, pregnant women, parents of children age 13 and younger, and American Indians/Alaskan Natives.
- This requirement means that BEFORE someone can be eligible for Medicaid, they will be required to demonstrate **working 80 hours a month** or participating in community service or education activities.
- These CE requirements will need to be met every 6 months.
- 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.

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.
  - There are some key differences – for example, the Utah proposal would have allowed members to enroll in Medicaid before completing the requirement. The new model will require participation before enrollment in Medicaid.

What are we doing?

- We are 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.

Eligibility reviews every 6 months

- Adult members enrolled in Adult Expansion Medicaid and Targeted Adult Medicaid (TAM) will be required to complete an eligibility review (renewal) every 6 months.
- Members in other non-expansion, non-TAM Medicaid programs and American Indians/Alaskan Natives are not affected by this provision.
- Previously, members were required to complete a review every 12 months.
- This will go into effect on January 1, 2027.

Retroactive eligibility coverage change

- 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.
- The Children's Health Insurance Program (CHIP) does not currently allow retroactive coverage, but will change to allow coverage up to 2 months prior to the month of application.
- This will go into effect on January 1, 2027.

Definition of “qualified immigrant”

- 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 CHIP eligibility included refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, trafficking victims, and certain other non-citizens.
  - **Some members without citizenship may lose eligibility in the fall of 2026.**

Changes affecting providers

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Medicaid providers

- Medicaid is not a standalone program. It is highly interconnected with healthcare delivery in our state.
- **Medicaid pays many different types of providers, including:**
  - Facilities (hospitals, nursing homes, clinics, dialysis centers, and ambulatory surgical centers)
  - Practitioners (physicians, nurse practitioners, psychologists, dentists, physical and occupational therapists, and certified nurse midwives)
  - Home health and personal care agencies
  - Medical transportation providers
  - HCBS waiver providers
  - Managed care providers

What does Medicaid cost?

Category	Net	Percent
Hospitals	$1,876,000,000	35%
Professional Services	$685,000,000	13%
Pharmacy	$635,000,000	12%
Home & Community Based Waivers	$623,000,000	12%
Nursing Home & Intermediate Care Facilities	$503,000,000	9%
Mental Health and Substance Abuse	$419,000,000	8%
Administration	$186,000,000	4%
ACO Administration	$143,000,000	3%
Dental Services	$96,000,000	2%
Premium Assistance	$93,000,000	2%
Medical Transportation	$58,000,000	1%
Home Health & Hospice	$47,000,000	1%
Collections	-$22,000,000	0%
Total	**$5,342,000,000**	**100%**

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 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

- Under federal law, states must provide an Emergency Only program, which temporarily provides a limited medical benefit to non-citizens for coverage of life-threatening conditions.
- 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 on 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

- 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**.

Question and answer

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