

Medicaid Accounts Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brady Brammer

House Sponsor:

LONG TITLE**General Description:**

This bill addresses budgeting for the Medicaid program and Medicaid expansion.

Highlighted Provisions:

This bill:

- defines terms, including "Medicaid shortfall";
- establishes the conditions under which a Medicaid shortfall occurs;
- requires that appropriations for costs related to the Medicaid program and Medicaid expansion, respectively, be funded from a specific dedicated account or fund; and
- establishes a protocol of cost control measures to implement relative to the Medicaid program and Medicaid expansion in the event of a Medicaid shortfall; and
- makes technical corrections.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:**AMENDS:**

26B-1-315, as last amended by Laws of Utah 2024, Chapter 439

26B-3-113, as last amended by Laws of Utah 2024, Chapter 439

63J-1-315, as last amended by Laws of Utah 2024, Chapters 77, 439

ENACTS:

63J-1-315.1, 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 . 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) savings attributable to the inclusion of psychotropic drugs on the preferred drug list under Subsection 26B-3-105(3) as determined by the department;
- (g) revenues collected from the sales tax described in Subsection 59-12-103(11);
- (h) gifts, grants, donations, or any other conveyance of money that may be made to the fund from private sources;
- (i) administrative fees collected by the division as an administrative indirect match;
- ~~[(f)]~~ (j) interest earned on money in the fund; and
- ~~[(j)]~~ (k) additional amounts as appropriated by the Legislature.

(3)(a) The fund shall earn interest~~[-]~~

~~[(b) All]~~ , and all interest earned on fund money shall be deposited into the fund.

(b) All administrative fees collected by the division as an administrative indirect match shall be deposited into the fund.

(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).

(5) Beginning July 1, 2025, the Legislature may appropriate money to pay the state's portion of costs and services attributable to the Medicaid waiver expansion only from the Medicaid ACA Fund.

Section 2. Section **26B-3-113** is amended to read:

26B-3-113 . Expanding the Medicaid program.

(1) As used in this section:

(a) "Federal poverty level" means the same as that term is defined in Section 26B-3-207.

(b) "Medicaid ACA Fund" means the Medicaid ACA Fund created in Section 26B-1-315.

(c) "Medicaid expansion" means an expansion of the Medicaid program in accordance with this section.

(2)(a) As set forth in Subsections (2) through (5), eligibility criteria for the Medicaid program shall be expanded to cover additional low-income individuals.

(b) The department shall continue to seek approval from CMS to implement the Medicaid waiver expansion as defined in Section 26B-3-210.

(c) The department may implement any provision described in Subsections 26B-3-210 (2)(b)(iii) through (viii) in a Medicaid expansion if the department receives approval from CMS to implement that provision.

(3) The department shall expand the Medicaid program in accordance with this Subsection (3) if the department:

(a) receives approval from CMS to:

(i) expand Medicaid coverage to eligible individuals whose income is below 95% of the federal poverty level;

(ii) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(b) for enrolling an individual in the Medicaid expansion under this Subsection (3); and

(iii) permit the state to close enrollment in the Medicaid expansion under this Subsection (3) if the department has insufficient funds to provide services to new enrollment under the Medicaid expansion under this Subsection (3);

(b) pays the state portion of costs for the Medicaid expansion under this Subsection (3) with funds from:

(i) the Medicaid ACA Fund;

(ii) county contributions to the nonfederal share of Medicaid expenditures; or

(iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid expenditures; and

(c) closes the Medicaid program to new enrollment under the Medicaid expansion under this Subsection (3) if the department projects that the cost of the Medicaid expansion under this Subsection (3) will exceed the appropriations for the fiscal year that are authorized by the Legislature through an appropriations act adopted in accordance with Title 63J, Chapter 1, Budgetary Procedures Act.

(4)(a) The department shall expand the Medicaid program in accordance with this Subsection (4) if the department:

(i) receives approval from CMS to:

(A) expand Medicaid coverage to eligible individuals whose income is below 95% of the federal poverty level;

(B) obtain maximum federal financial participation under 42 U.S.C. Sec. 1396d(y) for enrolling an individual in the Medicaid expansion under this Subsection (4); and

(C) permit the state to close enrollment in the Medicaid expansion under this Subsection (4) if the department has insufficient funds to provide services to new enrollment under the Medicaid expansion under this Subsection (4);

(ii) pays the state portion of costs for the Medicaid expansion under this Subsection (4) with funds from:

(A) the Medicaid ACA Fund;

(B) county contributions to the nonfederal share of Medicaid expenditures; or

(C) any other contributions, funds, or transfers from a nonstate agency for Medicaid expenditures; and

(iii) closes the Medicaid program to new enrollment under the Medicaid expansion under this Subsection (4) if the department projects that the cost of the Medicaid expansion under this Subsection (4) will exceed the appropriations for the fiscal year that are authorized by the Legislature through an appropriations act adopted in accordance with Title 63J, Chapter 1, Budgetary Procedures Act.

(b) The department shall submit a waiver, an amendment to an existing waiver, or a state plan amendment to CMS to:

(i) administer federal funds for the Medicaid expansion under this Subsection (4) according to a per capita cap developed by the department that includes an annual inflationary adjustment, accounts for differences in cost among categories of Medicaid expansion enrollees, and provides greater flexibility to the state than the current Medicaid payment model;

- (ii) limit, in certain circumstances as defined by the department, the ability of a qualified entity to determine presumptive eligibility for Medicaid coverage for an individual enrolled in a Medicaid expansion under this Subsection (4);
- (iii) impose a lock-out period if an individual enrolled in a Medicaid expansion under this Subsection (4) violates certain program requirements as defined by the department;
- (iv) allow an individual enrolled in a Medicaid expansion under this Subsection (4) to remain in the Medicaid program for up to a 12-month certification period as defined by the department; and
- (v) allow federal Medicaid funds to be used for housing support for eligible enrollees in the Medicaid expansion under this Subsection (4).

(5)(a)(i) If CMS does not approve a waiver to expand the Medicaid program in accordance with Subsection (4)(a) on or before January 1, 2020, the department shall develop proposals to implement additional flexibilities and cost controls, including cost sharing tools, within a Medicaid expansion under this Subsection (5) through a request to CMS for a waiver or state plan amendment.

- (ii) The request for a waiver or state plan amendment described in Subsection (5)(a)(i) shall include:

- (A) a path to self-sufficiency for qualified adults in the Medicaid expansion that includes employment and training as defined in 7 U.S.C. Sec. 2015(d)(4); and

- (B) a requirement that an individual who is offered a private health benefit plan by an employer to enroll in the employer's health plan.

- (iii) The department shall submit the request for a waiver or state plan amendment developed under Subsection (5)(a)(i) on or before March 15, 2020.

(b) Notwithstanding Sections 26B-3-127 and 63J-5-204, and in accordance with this Subsection (5), eligibility for the Medicaid program shall be expanded to include all persons in the optional Medicaid expansion population under PPACA and the Health Care Education Reconciliation Act of 2010, Pub. L. No. 111-152, and related federal regulations and guidance, on the earlier of:

- (i) the day on which CMS approves a waiver to implement the provisions described in Subsections (5)(a)(ii)(A) and (B); or
- (ii) July 1, 2020.

(c) The department shall seek a waiver, or an amendment to an existing waiver, from federal law to:

- (i) implement each provision described in Subsections 26B-3-210(2)(b)(iii) through (viii) in a Medicaid expansion under this Subsection (5);
- (ii) limit, in certain circumstances as defined by the department, the ability of a qualified entity to determine presumptive eligibility for Medicaid coverage for an individual enrolled in a Medicaid expansion under this Subsection (5); and
- (iii) impose a lock-out period if an individual enrolled in a Medicaid expansion under this Subsection (5) violates certain program requirements as defined by the department.
- (d) The eligibility criteria in this Subsection (5) shall be construed to include all individuals eligible for the health coverage improvement program under Section 26B-3-207.
- (e) The department shall pay the state portion of costs for a Medicaid expansion under this Subsection (5) entirely from:
- (i) the Medicaid ACA Fund;
 - (ii) county contributions to the nonfederal share of Medicaid expenditures; or
 - (iii) any other contributions, funds, or transfers from a nonstate agency for Medicaid expansion expenditures.
- (f) If the costs of the Medicaid expansion under this Subsection (5) exceed the funds available under Subsection (5)(e)[:],
- ~~[(i) the department may reduce or eliminate optional Medicaid services under this chapter;]~~
- ~~[(ii) savings, as determined by the department, from the reduction or elimination of optional Medicaid services under Subsection (5)(f)(i) shall be deposited into the Medicaid ACA Fund; and]~~
- ~~[(iii)]~~ the department may submit to CMS a request for waivers, or an amendment of existing waivers, from federal law necessary to implement budget controls within the Medicaid program to address the deficiency.
- (g) In the event of a Medicaid shortfall, as that term is defined in Section 63J-1-315.1, the department shall:
- (i) maximize state financial savings in implementing this section and Section 63J-1-315.1; and
 - (ii) each state division or agency expending state funds for Medicaid expansion shall comply with the requirements of Section 63J-1-315.1.
- ~~[(g)]~~ (h) If, after the department has acted in accordance with Subsections (5)(f) and (g),

the costs of the Medicaid expansion under this Subsection (5) are projected by the department to exceed the funds available in the current fiscal year under Subsection (5)(e), including savings resulting from any action taken under Subsection (5)(f):

(i) the governor shall direct the department and Department of Workforce Services to reduce commitments and expenditures by an amount sufficient to offset the deficiency:

(A) proportionate to the share of total current fiscal year General Fund appropriations for each of those agencies; and

(B) up to 10% of each agency's total current fiscal year General Fund appropriations;

(ii) the Division of Finance shall reduce allotments to the department and Department of Workforce Services by a percentage:

(A) proportionate to the amount of the deficiency; and

(B) up to 10% of each agency's total current fiscal year General Fund appropriations; and

(iii) the Division of Finance shall deposit the total amount from the reduced allotments described in Subsection [(5)(g)(ii)] (5)(h)(ii) into the Medicaid ACA Fund.

(6) [The] Except in the event of a Medicaid shortfall, as described in Subsection (5)(g) and Section 63J-1-315.1, the department shall maximize federal financial participation in implementing this section, including by seeking to obtain any necessary federal approvals or waivers.

(7) Notwithstanding Sections 17-43-201 and 17-43-301, a county does not have to provide matching funds to the state for the cost of providing Medicaid services to newly enrolled individuals who qualify for Medicaid coverage under a Medicaid expansion.

(8) The department shall report to the Social Services Appropriations Subcommittee on or before November 1 of each year that a Medicaid expansion is operational:

(a) the number of individuals who enrolled in the Medicaid expansion;

(b) costs to the state for the Medicaid expansion;

(c) estimated costs to the state for the Medicaid expansion for the current and following fiscal years;

(d) recommendations to control costs of the Medicaid expansion; and

(e) as calculated in accordance with Subsections 26B-3-506(4) and 26B-3-606(2), the state's net cost of the qualified Medicaid expansion.

Section 3. Section **63J-1-315** is amended to read:

**63J-1-315 . Medicaid Growth Reduction and Budget Stabilization Account --
Transfers of Medicaid growth savings -- Base budget adjustments.**

(1) As used in this section:

- (a) "Department" means the Department of Health and Human Services created in Section 26B-1-201.
- (b) "Division" means the Division of Integrated Healthcare created in Section 26B-3-102.
- (c) "General Fund revenue surplus" means a situation where actual General Fund revenues collected in a completed fiscal year exceed the estimated revenues for the General Fund for that fiscal year that were adopted by the Executive Appropriations Committee of the Legislature.
- (d) "Medicaid growth savings" means the Medicaid growth target minus Medicaid program expenditures, if Medicaid program expenditures are less than the Medicaid growth target.
- (e) "Medicaid growth target" means Medicaid program expenditures for the previous year multiplied by 1.08.
- (f) "Medicaid program" is as defined in Section 26B-3-101.
- (g) "Medicaid program expenditures" means total state revenue expended for the Medicaid program from the General Fund, including restricted accounts within the General Fund, during a fiscal year.
- (h) "Medicaid program expenditures for the previous year" means total state revenue expended for the Medicaid program from the General Fund, including restricted accounts within the General Fund, during the fiscal year immediately preceding a fiscal year for which Medicaid program expenditures are calculated.
- (i) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund balance in the General Fund is less than zero.
- (j) "State revenue" means revenue other than federal revenue.
- (k) "State revenue expended for the Medicaid program" includes money transferred or appropriated to the Medicaid Growth Reduction and Budget Stabilization Account only to the extent the money is appropriated for the Medicaid program by the Legislature.

(2) There is created within the General Fund a restricted account to be known as the Medicaid Growth Reduction and Budget Stabilization Account.

(3)(a) The following shall be deposited into the Medicaid Growth Reduction and Budget

269 Stabilization Account:

270 (i) deposits described in Subsection (4);

271 (ii) ~~[beginning July 1, 2024,]~~any general funds appropriated to the department for the
272 state plan for medical assistance or for Medicaid administration by the ~~[Division~~
273 ~~of Integrated Healthcare]~~ division that are not expended by the department in the
274 fiscal year for which the general funds were appropriated and which are not
275 otherwise designated as nonlapsing shall lapse into the Medicaid Growth
276 Reduction and Budget Stabilization Account;

277 (iii) ~~[beginning July 1, 2024,]~~any unused state funds that are associated with the
278 Medicaid program from the Department of Workforce Services; and

279 (iv) ~~[beginning July 1, 2024,]~~any penalties imposed and collected under:

280 (A) Section 17B-2a-818.5;

281 (B) Section 19-1-206;

282 (C) Section 63A-5b-607;

283 (D) Section 63C-9-403;

284 (E) Section 72-6-107.5; or

285 (F) Section 79-2-404~~[; and]~~ .

286 ~~[(v) at the close of fiscal year 2024, the Division of Finance shall transfer any~~
287 ~~existing balance in the Medicaid Restricted Account created in Section 26B-1-309~~
288 ~~into the Medicaid Growth Reduction and Budget Stabilization Account.]~~

289 (b) In addition to the deposits described in Subsection (3)(a), the Legislature may
290 appropriate money into the Medicaid Growth Reduction and Budget Stabilization
291 Account.

292 (4)(a)(i) Except as provided in Subsection (7), if, at the end of a fiscal year, there is a
293 General Fund revenue surplus, the Division of Finance shall transfer an amount
294 equal to Medicaid growth savings from the General Fund to the Medicaid Growth
295 Reduction and Budget Stabilization Account.

296 (ii) If the amount transferred is reduced to prevent an operating deficit, as provided in
297 Subsection (7), the Legislature shall include, to the extent revenue is available, an
298 amount equal to the reduction as an appropriation from the General Fund to the
299 account in the base budget for the second fiscal year following the fiscal year for
300 which the reduction was made.

301 (b) If, at the end of a fiscal year, there is not a General Fund revenue surplus, the
302 Legislature shall include, to the extent revenue is available, an amount equal to

Medicaid growth savings as an appropriation from the General Fund to the account in the base budget for the second fiscal year following the fiscal year for which the reduction was made.

- (c) Subsections (4)(a) and (4)(b) apply only to the fiscal year in which the department implements the proposal developed under Section 26B-3-202 to reduce the long-term growth in state expenditures for the Medicaid program, and to each fiscal year after that year.

- (5) The Division of Finance shall calculate the amount to be transferred under Subsection (4):

- (a) before transferring revenue from the General Fund revenue surplus to:

(i) the General Fund Budget Reserve Account under Section 63J-1-312;

(ii)(A) the Wildland Fire Suppression Fund created in Section 65A-8-204, as described in Section 63J-1-314; or

(B) the Wildland-urban Interface Prevention, Preparedness, and Mitigation Fund under Section 63J-1-314; and

(iii) the State Disaster Recovery Restricted Account under Section 63J-1-314;

- (b) before earmarking revenue from the General Fund revenue surplus to the Industrial Assistance Account under Section 63N-3-106; and

- (c) before making any other year-end contingency appropriations, year-end set-asides, or other year-end transfers required by law.

- (6)(a) If, at the close of any fiscal year, there appears to be insufficient money to pay additional debt service for any bonded debt authorized by the Legislature, the Division of Finance may hold back from any General Fund revenue surplus money sufficient to pay the additional debt service requirements resulting from issuance of bonded debt that was authorized by the Legislature.

- (b) The Division of Finance may not spend the hold back amount for debt service under Subsection (6)(a) unless and until it is appropriated by the Legislature.

- (c) If, after calculating the amount for transfer under Subsection (4), the remaining General Fund revenue surplus is insufficient to cover the hold back for debt service required by Subsection (6)(a), the Division of Finance shall reduce the transfer to the Medicaid Growth Reduction and Budget Stabilization Account by the amount necessary to cover the debt service hold back.

- (d) Notwithstanding Subsections (4) and (5), the Division of Finance shall hold back the General Fund balance for debt service authorized by this Subsection (6) before

making any transfers to the Medicaid Growth Reduction and Budget Stabilization Account or any other designation or allocation of General Fund revenue surplus.

(7) Notwithstanding Subsections (4) and (5), if, at the end of a fiscal year, the Division of Finance determines that an operating deficit exists and that holding back earmarks to the Industrial Assistance Account under Section 63N-3-106, transfers to the Wildland Fire Suppression Fund and State Disaster Recovery Restricted Account under Section 63J-1-314, transfers to the General Fund Budget Reserve Account under Section 63J-1-312, or earmarks and transfers to more than one of those accounts, in that order, does not eliminate the operating deficit, the Division of Finance may reduce the transfer to the Medicaid Growth Reduction and Budget Stabilization Account by the amount necessary to eliminate the operating deficit.

(8)(a) The Legislature may appropriate money from the Medicaid Growth Reduction and Budget Stabilization Account only:

[(a)] (i) for the Medicaid program; and

[(b)] (ii)[(i)] (A) if Medicaid program expenditures for the fiscal year for which the appropriation is made are estimated to be 108% or more of Medicaid program expenditures for the previous year; or

[(ii)] (B) if the amount of the appropriation is equal to or less than the balance in the Medicaid Growth Reduction and Budget Stabilization Account that comprises deposits described in Subsections (3)(a)(ii) through (v) and appropriations described in Subsection (3)(b).

(b) Beginning July 1, 2025, the Legislature may appropriate money to pay the state's portion of costs and services attributable to the Medicaid program only from the Medicaid Growth Reduction and Budget Stabilization Account.

(9) The Division of Finance shall deposit interest or other earnings derived from investment of Medicaid Growth Reduction and Budget Stabilization Account money into the General Fund.

Section 4. Section **63J-1-315.1** is enacted to read:

63J-1-315.1 . Medicaid shortfall -- Cost saving measures for the Medicaid program and Medicaid expansion.

(1) As used in this section:

(a) "Medicaid expansion" means the same as that term is defined in Section 26B-3-113.

(b) "Medicaid program" means the same as that term is defined in Section 26B-3-101.

(c) "Medicaid shortfall" means a condition in which the ongoing financial stability of the

Medicaid program or Medicaid expansion, respectively, is uncertain, which exists if:

- (i)(A) the Executive Appropriations Committee finds that the most recently adopted revenue estimates are insufficient to pay the ongoing appropriations for the Medicaid program or Medicaid expansion for any fiscal year;
 - (B) the Office of the Legislative Fiscal Analyst projects that state expenditures for services offered under the Medicaid program or Medicaid expansion exceed the funds that have been appropriated to fund those respective services; or
 - (C) there is an operating deficit, as defined in Section 63J-1-211, exists; and
- (ii) a condition described under Subsection (1)(c)(i) exists but is not removed, within 45 days after the day on which the condition occurs, by:

- (A) for a condition described in Subsection (1)(c)(i)(A), the Executive Appropriations Committee adopting revised revenue estimates that are sufficient to pay the ongoing appropriations to the Medicaid program or Medicaid expansion, for any fiscal year; or
- (B) for a condition described in Subsection (1)(c)(i)(B) or (C), the Legislature appropriating sufficient funds to pay the services and benefits offered under the Medicaid program or Medicaid expansion, for any fiscal year.

(d) "Operating deficit" means the same as that term is defined in Section 63J-1-211.

(2)(a) Subject to Subsection (2)(b), beginning January 1, 2026, in the event of a Medicaid shortfall regarding the Medicaid program, within 150 days after the day on which the shortfall first occurs, each state agency or division expending state funds for the Medicaid program shall implement the following cost control measures for the Medicaid program costs:

- (i) suspend hiring of noncritical employees;
- (ii) suspend increasing employee wages, excluding employee benefits offered to employees state-wide;
- (iii) suspend increasing provider payment rates that would be paid for using general funds or income tax funds;
- (iv) suspend expanding reimbursement benefits, including drug reimbursements that are paid for using general funds or income tax funds;
- (v) cancel coverage for any optional services or populations covered under the Medicaid program that are paid for using general funds or income tax funds;
- (vi) cancel or reverse all provider payment rate increases approved or implemented during the one-year period immediately preceding the day on which the shortfall

- 405 occurs, if the rate increase is paid for using general funds or income tax funds; and
406 (vii) close enrollment to new members.
- 407 (b) The departments and agencies shall implement the cost control measures under
408 Subsection (2)(a):
- 409 (i) one measure at a time and in the order listed under Subsection (2)(a), unless an
410 exception is approved by the Executive Appropriations Committee;
411 (ii) in consultation with the executive director of the Department of Health and
412 Human Services and the legislative fiscal analyst of the Office of the Legislative
413 Fiscal Analyst;
414 (iii) only to the extent necessary to eliminate the Medicaid shortfall relative to the
415 Medicaid program; and
416 (iv) subject to and only to the extent allowed under all federal laws and regulations
417 governing the Medicaid program.
- 418 (c) In the event of a Medicaid shortfall related to the costs of the Medicaid program, the
419 department shall prioritize state cost savings in implementing this Subsection (2).
- 420 (3)(a) Subject to Subsection (3)(b), beginning January 1, 2026, in the event of a
421 Medicaid shortfall, within 150 days, each state division or agency expending state
422 funds for Medicaid expansion shall implement the following cost control measures
423 on Medicaid expansion spending:
- 424 (i) suspend hiring of noncritical employees;
425 (ii) suspend increasing employee wages, excluding employee benefits offered to
426 employees state-wide;
427 (iii) suspend increasing provider payment rates that would be paid for using general
428 funds or income tax funds;
429 (iv) suspend expanding reimbursement benefits, including drug reimbursements that
430 are paid for using general funds or income tax funds;
431 (v) suspend each application to CMS for Medicaid expansion that CMS has not
432 approved as of the date on which the Medicaid shortfall first occurs;
433 (vi) cancel coverage for any optional services or populations covered under Medicaid
434 expansion that are paid for using general funds or income tax funds;
435 (vii) cancel or reverse all provider payment rate increases approved or implemented
436 during the one-year period immediately preceding the day on which the shortfall
437 occurs, if the rate increase is paid for using general funds or income tax funds; and
438 (viii) close enrollment to new members.

(b) The departments and agencies shall implement the cost control measures under Subsection (3)(a):

- (i) one measure at a time, in the order listed under Subsection (3)(a), unless an exception to the order is approved by the Executive Appropriations Committee;
- (ii) in consultation with the executive director of the Department of Health and Human Services and the legislative fiscal analyst of the Office of the Legislative Fiscal Analyst;
- (iii) only to the extent necessary to eliminate the Medicaid shortfall; and
- (iv) subject to federal laws and regulations governing the Medicaid program and Medicaid expansion.

(c) In the event of a Medicaid shortfall related to the costs of Medicaid expansion, the department shall prioritize state cost savings in implementing this Subsection (3).

Section 5. Effective Date.

This bill takes effect on May 7, 2025.