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State/Territory Name: Utah

State Plan Amendment (SPA) UT: 25-0016

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

August 20, 2026

Julie Ewing
State Medicaid Director
Utah Department of Health & Human Services
P.O. Box 143102
Salt Lake City UT 84114-4102

RE: Utah TN: 25-0016

Dear Director Julie Ewing,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Utah state plan amendment (SPA) to Attachment 4.19-B TN#25-0016, which was submitted to CMS June 27, 2026. This plan amendment updates Outpatient and Physicians Fee for Service Supplemental Payment Methodologies.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July,1 2026. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Monica Neiman at via email at monica.neiman@cms.hhs.gov

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid
Services 7500 Security Boulevard,
Mail Stop S2-26-12 Baltimore,
Maryland 21244-1850

Financial Management Group

August 20, 2026
Julie Ewing
State Medicaid Director
Utah Department of Health & Human Services
P.O. Box 143102
Salt Lake City UT 84-114-4102

RE: TN: UT-25-0016

Dear Director Julie Ewing,

This letter is being sent as a companion to our approval of Utah Medicaid State Plan Amendment (SPA) UT-25-0016, submitted on June 27, 2025, with an effective date of July 1, 2025. This amendment updates Outpatient hospital and Physicians Fee for Service Supplemental Payment Methodologies.

During CMS's review of SPA UT-25-0016, CMS identified concerns regarding the administrative fee arrangement associated with Utah's Intergovernmental Transfer (IGT) mechanism under the contract between the Utah Department of Health and Human Services (UDHHS) and the University of Utah Medical Group (UUMG). Specifically, CMS identified that the State has been collecting contractual administrative charges from UUMG, a public entity serving as the IGT contributor as a condition of participation in the supplemental payment program. CMS has determined that this administrative fee arrangement raises concerns under the following federal authorities:

(1) Section 1902(a)(2) of the Social Security Act (the Act) establishes requirements for state and local financial participation in the non-federal share of Medicaid expenditures. CMS is concerned that the administrative fee arrangement may affect the amount or characterization of UUMG's actual governmental contribution toward the non-federal share. Since the state is requiring the collection of an administrative fee from UUMG as a condition of IGT participation and a condition on the receipt of a Medicaid supplemental payment, the net effect of the administrative fee may result in the reduction in the amount, amount, duration, scope, or quality of care and services available under the plan
as the provider is obligated to forfeit a portion of their revenue from the payment in the form of an administrative fee.

(2) Section 1902(a)(4) of the Act requires the state plan to provide for methods of administration the Secretary finds necessary for the proper and efficient operation of the plan. The amounts received by the state as a percentage of a provider's payment appear to have no clear

relationship to the state's cost of IGT processing, which should not vary based on the amount of a provider's payment and may also be matched as a Medicaid administrative expenditure. CMS is concerned that, to the extent the administrative fee is calculated as a percentage of the amount of the funds received through an IGT to support the supplemental payment, the amounts collected are not proper and efficient consistent with section 1902(a)(4) of the Act.

(3) Section 1902(a)(30)(A) of the Act requires the state plan to provide methods and procedures related to the payment for care and services that assure that Medicaid payments are consistent with efficiency and economy, as well as quality of care and sufficient access. Administrative fees imposed on IGT contributors to cover the state's operations raise concerns that the net payment received by a provider is less than the amount of the payment that is approved under the Medicaid state plan which is approved on the basis that the payments are for care and services and the establish methods of payment are economic and efficient.

(4) Section 1903(a)(1) of the Act provides federal financial participation based on the applicable federal percentage of the "total amount expended" as medical assistance under the state plan. The administrative fees imposed on IGT contributors as a condition of payment raises concerns that the state may report and claim the full supplemental payment even though the related administrative fee returns a portion of that amount to the state or otherwise reduces the state's actual net expenditure. Further, conditioning a provider's service payment based on receipt of the IGT administrative fees may result in a reduction in amount, duration, scope, or quality of care and services under the plan because the source of non-federal share is only available if the provider also furnishes the administrative fee. As a result, the arrangement appears inconsistent with section 1902(a)(2) of the Act.

(5) Section 1903(w)(6)(A) of the Act discusses the use of qualifying governmental funds transferred or certified as the non-federal share, subject to section 1902(a)(2) of the Act and the exceptions specified in section 1903(w)(6)(A). Pursuant to 42 CFR 433.51, public funds may be considered the state share if they satisfy the applicable appropriation, transfer or certification, administrative-control, and federal funds requirements. While we acknowledge that UUMG is a unit of state government eligible to provide IGTs under section 1903(w)(6)(A) of the Act and 42 CFR 433.51, the administrative fees imposed on UUMG's IGT contributors as a condition of receiving their Medicaid payment raises concerns that the providers are held harmless for any reduction of the amount of the administrative fee paid to the state under the arrangement. This raises concerns that the IGTs may be an impermissible source of non-federal share and, without such funding, the state's financing arrangement may not comply with section 1902(a)(2) of the Act.

CMS acknowledges Utah's formal commitment to sunset the IGT administrative fee arrangement program-wide by December 31, 2027 and this letter memorializes our acceptance of that compliance timeline. We understand this time is necessary to allow the state to phase out the administrative fee collection in an orderly manner that minimizes disruption to Medicaid administrative operations while transitioning away from the arrangement identified in this letter.

We are committed to provide technical assistance as Utah transitions away from the current

administrative fee arrangement and explores permissible alternative financing mechanisms consistent with federal requirements. If you have any questions regarding this companion letter, please contact Monica Neiman at monica.neiman@cms.hhs.gov.

Sincerely,

[redacted]

Director
Financial Management Group

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0016

2. STATE: UT

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447.321 and Sec 1905(a)(2)(A) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ 11,575
b. FFY 2026 $ 46,300

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Page 2f of ATTACHMENT 4.19-B

Page 4c of Attachment 4. 19B

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Page 2f of ATTACHMENT 4.19-B
Supersedes 24-0016
Page 4c of Attachment 4. 19B
Supersedes 21-0006

9. SUBJECT OF AMENDMENT
Outpatient Hospital and Physicians Supplemental Payments - This amendment updates the utilization trend for the outpatient hospital upper payment limit in State Fiscal Year 2026.

10. GOVERNOR'S REVIEW *(Check One)*
(●) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
( ) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]
Tracy S. Gruber

13. TITLE
Executive Director, Utah Dept of Health & Human Services

14. DATE SUBMITTED
June 27, 2025

15. RETURN TO
Craig Devashrayee
Utah Department of Health and Human Services
Division of Integrated Healthcare
cdevashrayee@utah.gov

FOR CMS USE ONLY

16. DATE RECEIVED
June 27, 2026

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2026

OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

Pen and Ink Change process by CMS and Approved by the state in the following 179 Form fields: Box 7, 8 and 9
Box 7: To include Page 4c of Attachment 4. 19B
Box 8 To include: Supersedes 24-0016 and Page 4c of Attachment 4. 19B Supersedes 21-0006
Box 9: To include and Physicians

Instructions on Back

14. **UPL Calculation Overview**

For purposes of calculating the Medicaid outpatient hospital upper payment limits for hospitals, the state shall utilize hospital specific Medicare outpatient cost to charge ratios applied to Medicaid charges. The Medicaid upper payment limit for state hospitals and non-state government owned hospitals are independently calculated. Each Medicaid upper payment limit shall be offset by hospital Medicaid outpatient payments to determine the available spending room (i.e., the gap) applicable to each Medicaid upper payment limit. Claims with third party liability shall be excluded from the calculations. The base year utilized to determine each Medicaid upper payment limit shall be trended to the applicable spending year as follows:

- Inflation trend shall be an annual average calculated using the consumer price index available the December prior to the start of each state fiscal year for "Outpatient Hospital Services" as published by the U.S. Department of Labor, U.S. Bureau of Labor Statistics as compared to the previous December.

- Utilization trend shall be calculated using historical Utah Medicaid outpatient hospital services data. The utilization trend for State Fiscal Year 2026 shall be -5.3 percent.

Following is the data used to calculate the UPL for each state fiscal year:

Medicare Cost to Charge ratio:
- 2552-96: Costs are from Worksheet D, Part V, Columns 9, 9.01, 9.02, 9.03 line 104.
- 2552-10: Costs are from Worksheet D, Part V, Columns 5, 6, and 7 line 202.
- 2552-96: Charges are from Worksheet D, Part V, Columns 5, 5.01, 5.02, 5.03 line 104.
- 2552-10: Charges are from Worksheet D, Part V, Columns 2, 3, 4 line 202.

Note: As Medicare may amend the cost report structure from that noted above, corresponding Medicare Cost Report data will be used in place of the elements noted above.

The hospitals in the analysis have fiscal year ends during the state fiscal year.

Medicaid Charges and payments - Paid hospital outpatient claims from services in a recent period and as available at the time the calculation is made.

Costs for critical access hospitals shall be calculated at 101 percent of cost with any appropriate inflation and utilization added as noted above.

D. PHYSICIANS (Except Anesthesiologists)(Continued)

7. ENHANCED PAYMENT RATES

Rural Areas

Physicians, including persons providing services under the direct supervision of a physician as allowed by state law, providing services in rural areas of the state are paid a rate differential equal to 112 percent of the physician fee schedule. Rural areas are defined as areas of the State of Utah outside of Weber, Davis, Salt Lake and Utah counties.

University of Utah Medical Group

Physicians, including persons providing services under the direct supervision of a physician as allowed by state law, and practitioners (e.g., podiatrist, optometrist, dentist, covered independent nurse practitioners, physician assistants) employed by or associated with University of Utah Medical Group (UUMG) will be paid at 100% of the average commercial insurance professional rate (ACR) for services. Data used to calculate the ACR will be provided by UUMG annually. The ACR is based on paid commercial insurance claims from UUMG's commercial payers. The commercial insurance claims will include service dates in the previous calendar year.

ACR = (Reimbursement + Copayments) / (Total Charges)

The average Medicaid rate (AMR) is also calculated annually based on paid Medicaid claims for service dates in the previous calendar year.

AMR = (Reimbursement + Copayments) / (Total Charges)

In order to determine the total payment to UUMG, a rate differential is calculated prior to making any payments for the period. The rate differential will be calculated annually and is effective for payments made for claims paid between July 1st of that year and June 30th of the following year.

Rate Differential = ACR / AMR Payment = (Rate Differential -1) x Medicaid Allowed Amount

(The *Medicaid Allowed Amount* is the Reimbursement Amount + Copayments, during the period under review for payment.)

Anesthesiologists employed by the University of Utah Medical Group will be considered part of this enhanced payment program, regardless of the anesthesiologist exception noted in this section [Section D, Physicians (Except Anesthesiologists)].

The rate differential payment made to the UUMG will typically be made as a separate quarterly payment; however, annual, semi-annual, monthly or any combination thereof payments may be considered, if requested by UUMG, to the UUMG on behalf of the physicians and practitioners employed based on the paid claims during the period under review for payment. If new or corrected information is identified that would modify the amount of a previous payment the department may make a retroactive adjustment payment in addition to previously paid amounts.