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**State/Territory Name: UT**

**State Plan Amendment (SPA) #: 26-0005**

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**

September 17, 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: 26-0005

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#26-0005, which was submitted to CMS March 20, 2026. This plan amendment clarifies the reimbursement methodology for local education agencies that receive payments for school-based services.

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 Matthew Klein at 214-767-4625 or via email at matthew.klein@cms.hhs.gov

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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


**Financial Management Group**

September 17, 2026

Julie Ewing
State Medicaid Director
Utah Department of Health & Human Services
P.O. Box 143102
Salt Lake City UT 84114-3101

RE: TN UT-26-0005

Dear Director Julie Ewing,

This letter is being sent as a companion to our approval of Utah Medicaid State Plan Amendment (SPA) UT-26-0005, submitted on March 20, 2026, with an effective date of July 1, 2026. This amendment updates the payment methodology for the school-based service program.

During CMS's review of SPA UT-26-0005, 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 local education agencies (LEAs). CMS has determined that this administrative fee arrangement raises concerns under the following federal authorities:

(1) 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.

(2) 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.

(3) 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.

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 providing 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 Matt Klein at Matthew.Klein@cms.hhs.gov.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

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: 26-0005

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, 2026

5. FEDERAL STATUTE/REGULATION CITATION
Section 1902(a)(30)(A) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 0
b. FFY 2027 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Page 29a of ATTACHMENT 4.19-B

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)* Page
29a of ATTACHMENT 4.19-B
(TN: 21-0009)

9. SUBJECT OF AMENDMENT
School-Based Payment and Services - This amendment clarifies the reimbursement methodology for local education agencies that receive payments for school-based services.

*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]

12. TYPED NAME
Tracy S. Gruber

13. TITLE
Executive Director, Utah Dept of Human Services

14. DATE SUBMITTED
March 20, 2026

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

***FOR CMS USE ONLY***

16. DATE RECEIVED
March 20, 2026

17. DATE APPROVED
9/17/2026

***PLAN APPROVED - ONE COPY ATTACHED***

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

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

22. REMARKS



***Instructions on Back***

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

B. Direct Medical Payment Methodology

LEAs will be paid on a cost basis. LEAs will be reimbursed monthly interim rates based on reported annual costs for rendering SDS direct medical services. On an annual basis a LEA specific cost reconciliation and cost settlement for all over and under payments will be processed.

1. Participating SDS LEAs are reimbursed interim payments based on a monthly calculated rate. Interim payments under the SDS Program are calculated prior to the school year beginning and are divided into twelve equal monthly installments, to be paid July 1 through June 30. Interim payments shall be tied to claim submissions by the LEA.
    a. For the 2021-22 school year, the interim rates were calculated based on the LEA's reported costs from the 2019-20 school year.
    b. For the 2022-23 school year, the interim rates were calculated using the cost data for the direct service cost pools from the October-December 2021 quarterly financial submissions for the administrative claims.
    c. For the 2023-24 and subsequent years, the interim rates shall be based on the LEA's actual, certified costs identified in their most recently filed annual cost report from the prior fiscal year.
    d. For a new participating LEA, the interim rate shall be calculated based on statewide historical data.
    e. When an LEA's Total Medicaid Allowable Cost amount has been calculated following the processes defined in the following sections, the amount is then divided by 12 to arrive at a monthly rate figure. These monthly rates will be implemented to support the interim payments for the following fiscal year. Each LEA will have their own monthly rate inclusive of their Medicaid Allowable Costs for both of the direct service cost pools.
    f. The LEA is then given the option to request that the monthly amount be paid at either 90%, 80%, or 70% of the total calculated amount. The percentage is applied in an effort to minimize LEA overpayments.
    g. A cost reconciliation and cost settlement is completed annually as described in Sections G and H. If an LEA's total monthly interim payments for the year exceed their costs to render services, the LEA will be invoiced the difference and the state will recoup the amount. If the total amount of monthly interim payments for the year is less than what the LEA's costs were to render services, the LEA will be reimbursed the difference.