

BILL ANALYSIS

Senate Research Center
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H.B. 3940
By: Johnson et al. (Paxton)
Health & Human Services
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When a mother is enrolled in Medicaid when she delivers her baby, her newborn is eligible for Medicaid for the first full year of life. By law, the eligible baby must be automatically enrolled in Medicaid at birth. However, state data shows that in 2023, over 22,000 newborns, which is nearly one in five, were not auto-enrolled, requiring manual action by eligibility workers for enrollment instead. The manual process takes an average of 45 days, compared to just six days for auto-enrollment. Newborns are falling through the cracks, leaving them uninsured during vital early checkups, screenings, and medical care during their first month of life. This problem of uninsurance is exacerbated because pediatric clinics often inform patients that they will be responsible for their medical bills, discouraging families from bringing their babies in for checkups or seeking other necessary services.

H.B. 3940 requires HHSC to annually notify medical providers, hospitals, birthing centers, and managed care organizations that if a newborn who should be auto-enrolled in Medicaid has not yet been assigned a Medicaid ID number, they may use the mother's Medicaid ID number for reimbursement during the baby's first year of life.

Additionally, H.B. 3940 provides parents of newborns with information in the resource pamphlets that are already given during hospital discharge regarding eligibility, the process for applying for Medicaid for their child, and how to use the mother's ID for coverage.

H.B. 3940 amends current law relating to the provision of certain information about Medicaid benefits in relation to newborn children.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 32, Human Resources Code, by adding Section 32.0631, as follows:

Sec. 32.0631. ANNUAL NOTICE TO CERTAIN PROVIDERS REGARDING USE OF MEDICAID IDENTIFICATION NUMBERS WITH RESPECT TO NEWBORN CHILDREN. Requires the Texas Health and Human Services Commission (HHSC) to annually provide written notice to each managed care organization and health care provider, including hospitals and other health care facilities participating in Medicaid that regularly provide health care services to medical assistance recipients who are pregnant women or newborn children reminding the organizations and providers that when a newborn child of a recipient has not been assigned a Medicaid identification number, the provider is authorized to accept or use the recipient's Medicaid identification number on any claim for reimbursement under Medicaid and encouraging organizations and providers to educate recipients who are mothers or the prospective mothers of newborn children that the recipient is authorized to use the recipient's Medicaid identification number until the recipient's newborn child is enrolled in Medicaid.

SECTION 2. Amends Section 161.501(a), Health and Safety Code, as follows:

- (a) Requires a hospital, birthing center, physician, nurse midwife, or midwife who provides prenatal care to a pregnant woman during gestation or at delivery of an infant to:
- (1) provide the woman and the father of the infant, if possible, or another adult caregiver for the infant, with a resource pamphlet that includes information about Medicaid benefits for children, including eligibility requirements and the process for applying for those benefits;
 - (2) if the woman is a recipient of medical assistance under Chapter 32 (Medical Assistance Program), Human Resources Code, provide the woman and the father of the infant, if possible, or another adult caregiver with:
 - (A) a resource guide that includes information in both English and Spanish relating to the development, health, and safety of a child from birth until age five, including information relating to how to contact HHSC to report the child's birth for the purpose of enrolling the newborn child in Medicaid; and
 - (B) a written notice developed by HHSC informing the woman, father, or other caregiver that the newborn child is automatically eligible for Medicaid and that the woman's Medicaid identification number is authorized to be used on reimbursement claims for services provided to the woman's newborn child until the child is enrolled in Medicaid and assigned a separate Medicaid identification number;
 - (3) document in the woman's record that the woman received the resource pamphlet described in Subdivision (1) and the resource guide and notice described in Subdivision (2), if applicable; and
 - (4) makes no changes to this subdivision.

Makes nonsubstantive changes.

SECTION 3. (a) Provides that, not later than December 1, 2025:

- (1) the Department of State Health Services is required to include the information required by Sections 161.501(a)(1)(H) (relating to information about Medicaid benefits for children) and (a)(2)(A)(x) (relating to how to contact HHSC to report the child's birth for the purpose of enrolling the child in Medicaid), Health and Safety Code, as added by this Act, in the informational materials required by that section; and
 - (2) HHSC is required to develop the notice required by Section 161.501(a)(2)(B), Health and Safety Code, as added by this Act.
- (b) Provides that, notwithstanding Section 161.501(a), Health and Safety Code, as amended by this Act, a hospital, birthing center, physician, nurse midwife, or midwife who provides prenatal care to a pregnant woman during gestation or at delivery of an infant is not required to comply with that provision until January 1, 2026.

SECTION 4. Effective date: September 1, 2025.