

BILL ANALYSIS

H.B. 3940
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Human Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under federal law, if a mother is enrolled in Medicaid insurance when she delivers her baby, her newborn is eligible and must be automatically enrolled in Medicaid at birth and through the first full year of life. However, the bill author has informed the committee that too many newborns—nearly one in five in 2023—are not auto-enrolled and require manual action by eligibility workers to enroll them, taking 45 days on average, compared to just 6 days for auto-enrollment. As a result, the bill author has further informed the committee, newborns are falling through the cracks, leaving them uninsured at critical early checkups. Early checkups, screenings, and medical care are vital for a baby's health, and any delays can put newborns at risk for significant health issues. H.B. 3940 seeks to address this issue by providing new parents with additional information and reminding managed care providers about alternative strategies for Medicaid reimbursement for newborns.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3940 amends the Human Resources Code to require the Health and Human Services Commission (HHSC) to annually provide written notice to each managed care organization (MCO) and health care provider, including hospitals and other health care facilities participating in Medicaid that regularly provide health care services to Medicaid recipients who are pregnant women or newborn children, that does the following:

- reminds the MCOs and providers that when a newborn child of a Medicaid recipient has not been assigned a Medicaid identification number, the provider may accept or use the recipient's Medicaid identification number on any claim for reimbursement under Medicaid; and
- encourages MCOs and providers to educate Medicaid recipients who are mothers or the prospective mothers of newborn children that the recipient may use the recipient's Medicaid identification number until the recipient's newborn child is enrolled in Medicaid.

H.B. 3940 amends the Health and Safety Code to revise the required duties of 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 as follows:

- with respect to the resource pamphlet that such a prenatal care provider must provide the woman and the father of the infant, if possible, or another adult caregiver for the infant, requires the pamphlet to include information about Medicaid benefits for children, including eligibility requirements and the process for applying for those benefits; and
- for a woman who is a Medicaid recipient:
 - requires the resource guide that the prenatal care provider must provide the woman and the father of the infant, if possible, or another adult caregiver to include information relating to how to contact HHSC to report the child's birth for the purpose of enrolling the newborn child in Medicaid; and
 - requires the prenatal care provider to also provide 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 may 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.

The woman's receipt of that written notice must be documented in the woman's record, as is required in current law for the resource pamphlet and resource guide. The bill requires the Department of State Health Services, not later than December 1, 2025, to include in the applicable resource pamphlet and resource guide the information required by the bill and requires HHSC, by the same deadline, to develop the required written notice. The bill establishes that 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 the bill's requirements for such providers until January 1, 2026.

EFFECTIVE DATE

September 1, 2025.