LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 14, 2025

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB1266** by Alvarado (Relating to Medicaid provider enrollment and credentialing processes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1266, As Introduced: a negative impact of ($2,151,957) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to *General Revenue Related Funds*
2026	($1,020,868)
2027	($1,131,089)
2028	($1,131,419)
2029	($1,131,693)
2030	($922,063)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GR Match For Medicaid* 758	Probable Savings/(Cost) from *Federal Funds* 555	*Change in Number of State Employees from FY 2025*
2026	($1,020,868)	($1,004,434)	2.0
2027	($1,131,089)	($1,273,512)	2.0
2028	($1,131,419)	($1,273,622)	2.0
2029	($1,131,693)	($1,273,714)	2.0
2030	($922,063)	($1,203,837)	2.0

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to ensure that Medicaid providers have access to a support team for the Internet portal through which providers may enroll in Medicaid.

The bill would require HHSC to annually evaluate the performance of the support team, post the results of the evaluation on its website, and develop a procedure for Medicaid providers to submit complaints and feedback about enrollment and credentialing processes and support.

The bill would establish notification and process requirements that HHSC must meet before disenrolling a Medicaid provider.

The bill would take effect September 1, 2025.

Methodology

This analysis assumes that HHSC would require additional resources for Texas Medicaid and Healthcare Partnership (TMHP) contract needs, including funding for 14 additional vendor staff for the provider enrollment support team, postage costs related to new provider disenrollment requirements, and updates to policies, procedures, and resources. This additional need is estimated to total $1,562,352 from All Funds in each fiscal year.

According to HHSC, 2.5 additional full-time equivalents (FTEs) would be needed to conduct activities required by the bill, including assistance with and resolution of provider complaints and escalations, monitoring and evaluation of the provider enrollment support team, and indirect support. This analysis assumes a total of 2.0 FTEs would be needed, including 1.0 Contract Specialist position and 1.0 Program Specialist position, in fiscal years 2026 through 2030. Personnel-related costs, including salaries, travel, and overhead are estimated to total $297,533 from All Funds in fiscal year 2026 and $278,701 from All Funds in fiscal year 2027.

This analysis assumes that HHSC would require additional resources related to one-time modifications to the Provider Enrollment Management System (PEMS) and ongoing additional workload managed through PEMS. This additional need is estimated to total $165,417 from All Funds in fiscal year 2026 and $563,548 from All Funds in fiscal year 2027.

Technology

Included in the amounts above, the total non-FTE-related technology cost is estimated to be $165,417 from All Funds in fiscal year 2026 and $563,548 from All Funds in fiscal year 2027.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, NPe, ER, ESch, NV