HOUSE BILL 34: Strengthen Medicaid Provider Controls.

2025-2026 General Assembly

Committee:	Senate Health Care. If favorable, re-refer to Rules and Operations of the Senate	**Date:**	June 9, 2026
Introduced by:	Reps. Lambeth, Zenger, K. Hall, Cotham	**Prepared by:**	Alison J. Rossi Amy Jo Johnson Staff Attorney
Analysis of:	PCS to Second Edition H34-CSNL-2		

OVERVIEW: The PCS to House Bill 34 would (i) provide the Department of Health and Human Services (Department) with the authority to deny or terminate Medicaid providers based on certain adverse actions by the provider's licensing entity, (ii) codify the Provider Enrollment Credentialing Committee within the Department, (iii) clarify the Department's authority to deny or terminate Medicaid providers as a result of criminal convictions and other inappropriate activity, (iv) require the Department to include certain requirements in Medicaid provider administrative participation agreements, and (v) require prepaid health plans that cover research-based behavioral health, peer support, and community support team services to operate closed networks for those services.

BILL ANALYSIS:

Section 1 would provide the Department of Health and Human Services (Department) with the authority to deny or terminate a Medicaid provider when the Department becomes aware of an adverse action by the provider's licensing entity that either (i) suspends, revokes, or otherwise terminates the provider's license, (ii) imposes a license limitation or restriction on the provider's scope of practice, or the time, place, and manner in which the provider may provide services that deviates from the general practice for that service, or (iii) imposes a license limitation or restriction on the provider's ability to care for all patients.

EFFECTIVE DATE: Section 1 would be effective October 1, 2026 and would apply to adverse actions effective on or after that date.

Section 2 would codify the Provider Enrollment Credentialing Committee, previously established by the Department. The Committee would have the authority to (i) review enrollment applications during any provider credentialing process and review a provider's participation in any departmental program on an ongoing basis and (ii) issue determinations regarding the denial or termination of enrollment of a provider. Section 2 would also clarify that certain information about providers acquired by the Department, including the Committee, in connection with applications, reenrollments, change requests, or ongoing monitoring of providers is confidential.

EFFECTIVE DATE: Section 2 would be effective when it becomes law.

Section 3 Under current law, the Department is required to conduct criminal history checks on provider applicants and enrolled providers. The Department may also deny enrollment or terminate enrollment of a provider for specified criminal offenses if the Department has reviewed the seriousness, age, and other

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circumstances of the offense and determines it is in the best interest of the integrity of the Medicaid program.

Subsection (a) of Section 3 would clarify that the Department must conduct criminal history record checks for providers as well as the provider's owners, operators, and managing employees. It would clarify that a provider may be excluded from participation in the Medicaid program for certain criminal convictions. This exclusion may be permanent, for a 10 year period, for a five year period, or for a two year period, depending on the conviction.

Subsection (b) of Section 3 would clarify the Department's authority to deny enrollment of, deny revalidation of, or terminate a provider's participation in the Medicaid program for (i) abuse of billing privileges, (ii) billing with a suspended license, (iii) improper prescribing practices, (iv) provision of false or misleading information, (v) falsification of medical records, (vi) failure to repay an overpayment in delinquent status exceeding $1,500, (vii) conduct that poses a risk to Medicaid beneficiaries or the Medicaid program, or (viii) failure to submit at least 85% of claims for electronic visit verification applicable services electronically.

EFFECTIVE DATE: Subsection (a) of this subsection would be effective when it becomes law and would apply to provider enrolment and revalidation occurring on or after that date. Subsection (b) of this subsection would be effective 30 days after it becomes law.

Section 4 would require the Department to include in Medicaid provider administrative participation agreements requirements that providers (i) identify their electronic health record system vendor, (ii) notify the Department of any changes to that vendor, (iii) ensure that every user of a provider's electronic health record system utilize a unique login to that system, and (iv) notify the Department if the provider becomes aware that an individual employed by the provider is convicted of certain crimes.

EFFECTIVE DATE: Section 4 would be effective when it becomes law.

Section 5 Under current law, prepaid health plans are required to operate an open network of providers, except:

- LME/MCOs that are operating BH IDD tailored plan contracts are required to operate closed networks for services and supports that are excluded from coverage under standard plans.
- The entity operating the children and families specialty plan is required to operate a closed network for certain services.

Section 5 would require all prepaid health plans to operate closed networks for the provision of peer support services and research based behavioral health services. It would also require the entity operating the children and families specialty plan to operate a closed network for the provision of community support team services.

EFFECTIVE DATE: Section 5 would be effective when it becomes law.