

HOUSE BUDGET REVIEW SUBCOMMITTEE ON HEALTH AND FAMILY SERVICES

Minutes of the 1st Meeting of the 2026 Regular Session

January 28, 2026

Call to Order and Roll Call

The first meeting of the House Budget Review Subcommittee on Health and Family Services was held on January 28, 2026, at 10:00 AM in Room 169 of the Capitol Annex.

Representative Wade Williams, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Wade Williams, Chair; Representatives Adam Bowling, Robert Duvall, Ken Fleming, Samara Heavrin, DJ Johnson, Rebecca Raymer, and Nick Wilson.

Guests: Lisa Lee, Commissioner, and Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services.

LRC Staff: Miriam Fordham, Sara Rome, and Jennifer Luttrell.

Department for Medicaid Services Budget Request

Lisa Lee, Commissioner, and Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services, provided an overview of the Department for Medicaid Services Budget Request.

In response to Chair Williams' questions, Mr. Bechtel stated that the total funding request for H.R.1 implementation including startup costs and system changes was approximately \$35 million in fiscal year 2027 and \$11 million in fiscal year 2028. Commissioner Lee confirmed that the Supplemental Nutrition Assistance Program (SNAP) system is separate from the Integrated Eligibility and Enrollment System (IEES).

In response to Representative Johnson's inquiry, Commissioner Lee explained that several compliance factors related to community engagement exist. Individuals must work 80 hours a month, be enrolled in school, volunteer, or earn an income that meets the minimum wage standard as outlined in H.R.1. Information. Information technology system changes will be necessary to identify eligible individuals who are subject to community engagement requirements. The department can verify an individual's income through various data sources to ensure compliance. Those who do not comply must submit verification of other qualifying factors.

In response to Representative Fleming's questions, Commissioner Lee clarified that the 70,000 individuals mentioned would be subject to community engagement requirements, of which 28,000 would likely be disenrolled due to redeterminations and community engagement requirements. As regards costs, inflation, new technologies, and drug prices are some factors driving the increase in costs. Regarding the costs related to the system changes, the department plans to utilize its existing contractors and looked at costs

estimated in other states in developing the funding request. Commissioner Lee committed to providing the committee with information on the last time the IEES was rebid and agreed that collaboration with the Medicaid Oversight and Advisory Board would assist the department in making policy decisions to enhance the program's status and maintain the integrity of Medicaid.

In response to another question from Representative Johnson, Commissioner Lee indicated that the additional funding had been requested to ensure compliance with H.R.1.

Responding to Representative Bowling's inquiries, Mr. Bechtel confirmed that \$36 million was requested for fiscal year 2027 and \$11 million for fiscal year 2028 for H.R.1 compliance activities. He stated he would provide a breakdown of what activities the requested funding would cover in those fiscal years.

In response to Representative Raymer's questions, Commissioner Lee stated that the timeframe for identifying non-compliance and disenrollment of non-compliant individuals is approximately 60 days. Mr. Bechtel added that the department has not experienced a decrease in long-term care costs due to inflation, increased reimbursement rates, increased number of individuals served by long-term care, and increased expenses for the providers.

In response to Representative Duvall's questions, Mr. Bechtel replied that the department has adjusted its forecasts regarding community engagement.

In response to Chair Williams' questions, Commissioner Lee mentioned that there would be a staffing increase to meet federal guidelines to fund the program. However, vacancy rates have not posed a problem.

In response to Representative Fleming's question, Commissioner Lee stated that they would provide the committee with clarification on the number of providers enrolled in Medicaid programs that are not accepting new Medicaid patients. She noted that decision-making by the providers as to the billing codes submitted is influenced by the health status of each individual being treated, resulting in classifications of low, moderate, or high need.

Adjournment

There being no further business, the meeting adjourned at 11:11 AM.