TEXAS INSIGHT
HEALTHCARE INTELLIGENCE

Health and Human Services Executive Council

April 23, 2026

This summary contains supplemental information from reliable sources where that information provides clarity to the issues being discussed. Power Point tables used in the presentations may also be used in this summary. Names of individuals may be misspelled but every attempt has been made to ensure accuracy. Tables and Text have been used from executive and legislative agencies and departments' presentations and publications.

1. Welcome and opening remarks. Call to order and roll call ,Meeting logistics, Opening remarks. The Commissioner convened the meeting and introduced staff (new and in new positions).

This is the first Executive Council meeting since the agency realignment effective April 1. Congratulations were shared for Dr. Jennifer Shuford on her appointment as Deputy Director and Chief Medical Officer at the CDC; appreciation expressed for her service to Texas. There is a new Council approach with an emphasis on transparency, agency updates, and increased stakeholder input to support better decision-making.

HHSC is continuing to work through the Sunset Review process. The public comment window for Sunset Review remains open through the end of April, with instructions to find contact information via the Sunset website or the Sunset Review page on the HHS website. Legislative activity and LAR development was discussed, including awareness of SNAP-related federal funding changes and a challenging budget environment.

Department of State Health Services Commissioner's update.

Measles | Texas DSHS; New World Screwworm (NWS) | Texas DSHS

DSHS is developing its LAR and will hold a public hearing on April 30 at the DSHS building (Morton) to gather resident and stakeholder input. DSHS is also participating in Sunset Review and feedback instructions are available via a yellow banner on the DSHS website.

New World screw-worm: There are additional animal cases identified in Nuevo León, Mexico; Texas is on high alert and strengthening coordination with Texas Animal Health Commission, Parks and Wildlife, and other partners; suspected cases have been investigated and ruled out to date.

World Cup preparations: Texas is hosting venues in Houston and the Dallas area with games running June 14–July 14 and teams arriving as early as May. DSHS is increasing disease monitoring and coordinating with local/federal partners for infectious disease, heat-related illness, and other public health response readiness.

Measles: 180 cases documented in Texas so far in 2026 (compared to 762 confirmed in 2025); counts are updated weekly online and broken down by county (See link above).

Department of Family and Protective Services Commissioner's update.

The SEMARC platform was launched April 1 (Search Engine for Multi-Agency Reportable Conduct), a cross-agency background check system involving DFPS, HHSC, TEA, and TJJD to prevent barred individuals from moving across agencies ("passing the trash").

TJJD began using SEMARC first; about 800 checks completed as of the end of last week. TEA will begin May 1 and it is expected there will be a large volume across 1,200 school districts. DFPS will begin June 1. HHSC will implement in two waves: August and September; full utilization anticipated by end of September. SEMARC:Search Engine for Multi-Agency Reportable Conduct

Terrell Center for Youth: DFPS and HHSC partnering to stand up a facility to serve children in DFPS care with the highest acuity needs and hardest-to-place cases; collaboration underway on rules and facility planning.

Inspector General's update. The OIG released its second quarterly report for FY 2026, detailing program activities conducted from December 1, 2025, through February 28, 2026. The report summarizes agency metrics, initiatives and notable cases. This quarter, the office reported recovering more than $95.7 million, with $88.9 million resulting from provider integrity initiatives and an additional $6.7 million from beneficiary investigations. Among notable cases this quarter, the agency secured a $1.7 million settlement with a home health provider for improper billing. OIG investigators also partnered with the USDA for an undercover investigation into EBT fraud and worked to strengthen prosecution efforts with a local district attorney's office. The OIG publishes quarterly reports each September, December, March and June. You can read previous reports here.

2. Agency updates

Women, Infants, and Children (WIC) Electronic Benefits Transfer (EBT) WIC Texas | Texas WIC

Summary Crystal Spege (Deputy Executive Commissioner, Family Health Services) provided an overview of Texas WIC (a USDA-funded program) serving 770,000 clients per month via 62 local agencies and 484 clinics, reaching 53% of Texas' infant population.

WIC's key goals: breastfeeding support, nutrition education, access to nutritious foods, and referrals to other needed services.

Eligibility: pregnant/breastfeeding/postpartum individuals, infants, and children under the age of 5; Texas residency; income less than or equal to185% FPL; foster children are automatically eligible; there is automatic income qualification for SNAP/Medicaid/TANF; and recipients must have a nutritional need.

Enrollment services: nutrition assessment (height/weight/growth chart review; iron checks for certain groups with referral if low; health history) plus nutrition counseling (goal setting, feeding transitions, referrals).

Breastfeeding supports: peer counselors, lactation consultants, breast pumps, lactation support centers, and a 24/7 lactation support hotline (with DSHS).

Client tools and resources: MyWIC app (benefits/appointments/notes), WIC Texas | Texas WIC (classes and support), and BreastmilkCounts.com (bilingual breastfeeding resources).

The system is transitioning from an offline/chip card model to an online model where benefits are hosted in a cloud-based electronic benefits account. (This change does not enable online shopping; USDA is still developing rules, and Texas is not rolling that out at this time.

Timeline/milestones: new cards began being issued April 1 and clients can begin redeeming with the new cards in stores July 1; card issuance continues through June 30.

The current card has a chip; new "magstripe" card is swiped at the register; design changed to reduce client confusion.
Operational improvements include that clinics can modify benefits in real time without clients bringing the card into the clinic (example: switching formula type when items are unavailable). There is real-time benefit visibility where redemptions and remaining balances update immediately reducing reliance on paper receipts and multi-day app delays.

MyWIC app adoption is reported at 60–70% of participants.

Shopping support: UPC scanning to verify whether an item is WIC-eligible; ability to submit a ticket when an item appears incorrectly unauthorized. There is guided certification support where the app collects needed documentation (income, identity verification, etc.) ahead of certification appointments and connects with the WIC management information system. The app provides: appointment reminders, scheduling prompts, and class alerts.

The public information effort is called "Get it, pin it, swipe it" (receive the card, set PIN—ideally in clinic—then swipe starting July 1). There are also PIN-setting support channels: in clinic, via card management line/IVR, through local WIC offices, and via texaswic.org.

Clinic "Coming Soon" materials since February; "Go Live/Redemption Day" materials are rolling out. There is a digital campaign via website and social media; retail materials (shelf wobblers/window clings); partner toolkits (e.g., food banks); etc.

They have benefitted from issues that were raised in other states' roll out.

Presentation Materials

Texas WIC is moving from offline to online system

- Requires all clients to get a new WIC card.
- Online systems does not mean clients can shop online with WIC.
- Clients will start receiving new cards at the WIC office starting April 1.
- Clients will use new cards starting July 1.

Current card with the chip

Use through June 30

New card

Start Using July 1

Benefits

- Benefits are issued to the client's account
- Benefits can be modified and issued without a card
- Real time view of benefit redemptions in myWIC

myWIC

- Manage appointments
- View current and future benefits
- Help with shopping
- Guided certifications
- Push notifications and alerts

What Do Clients Need to Know?

- **Get it**
  - Clients will get their new cards at an upcoming appointment between April and June.
  - They will continue using their current card with a chip through June 30.
- **PIN it**
  - Clients must set a PIN before they shop.
- **Swipe it**
  - Clients currently insert their card with the chip at the point-of-sale.
  - Starting July 1, clients will swipe their new card.

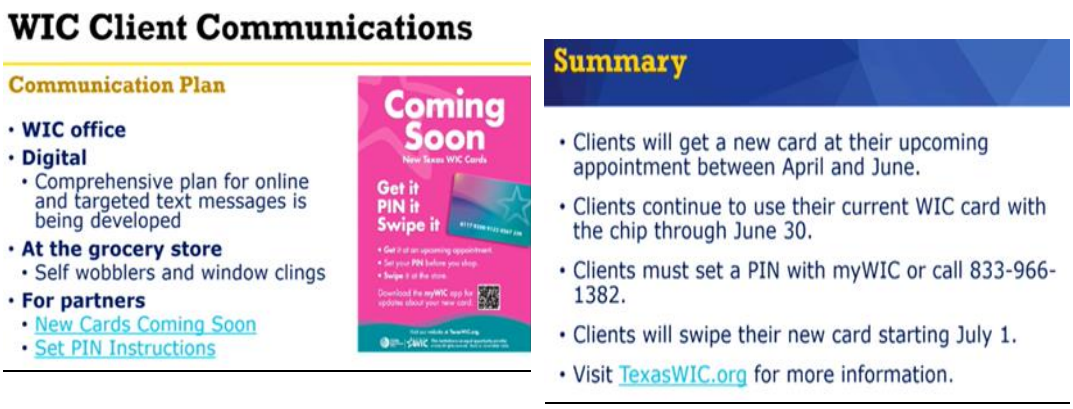
Where Can Clients Go to Get Help?

myWIC app
- Set or change a PIN.
- Check current and future monthly benefits and track purchases.
- Get help shopping for WIC foods.
- Cancel a card and request a replacement.
- Manage appointments.

WIC Card Management Line: 833-966-1382
- Set or change a PIN.
- Check your current month's benefits and recent purchases.
- Cancel your card and request a replacement.

Contact WIC
- Find local WIC office contact information at office.texaswic.org
- For questions about cards.
- For changes to benefits.

Visit TexasWIC.org
- Texas WIC Card page on TexasWIC.org.
- Set PIN instructions.
- Frequently asked questions.



Aligning Technology by Linking Interoperable Systems (ATLIS)

The Health and Human Services Commission (HHSC) has determined that the ATLIS program is not viable for state fiscal year 2026 and is terminating the program, effective immediately. Based on communications received from stakeholders, HHSC believes that managed care organizations and their in-network providers have not reached the alignment necessary to advance the relevant goals and objectives of the state's Managed Care Quality Strategy. HHSC will, therefore, in accordance with Section 6.3.2.1 of the Uniform Managed Care Contract, modify the performance requirements, payment methodologies, and payment amounts as necessary to terminate the ATLIS program. HHSC does not have any additional comment regarding, and does not plan to issue any further information or guidance related to, the termination of ATLIS.

HHSC remains committed to advancing the quality of care for Texas Medicaid beneficiaries and will continue our efforts to work with managed care organizations and Medicaid-enrolled providers to incentivize progress in advancing the goals and objectives of the Managed Care Quality Strategy. HHSC also remains fully committed to ensuring that all programs operate in full compliance with federal and state statutes, rules, regulations, and policies.

Emily Zalkowski (Chief Medicaid and CHIP Services Officer) presented ATLAS (Aligning Technology for Linking Interoperable Systems for Client Outcomes) as an MCO incentive program to leverage health information exchange (HIE) connectivity with in-network hospitals to improve care coordination, enable quality measurement, and support value-based care. Year one completed and HHSC is relaunching for year two after improved alignment between hospitals and MCOs.

Year two focus areas: grow connectivity across hospital classes (rural, urban, children's, state-owned, private IMDs); early implementation of operational processes for using HIE data; identify barriers and resolutions to data exchange; and prepare infrastructure for future digital quality measurement.

Reporting: MCOs must submit a single comprehensive reporting tool to HHSC (due in July) covering the program domains and barriers.

Rural Texas Strong. *Texas Insight background and Update for Rural Texas Strong.* *Rural-Health-Transformation-4-21-26.pdf*

Trey Wood (Chief Financial and Operations Officer, HHSC) provided a Rural Texas Strong / Rural Health Transformation update. CMS approved revised Year 1 budget allocations which runs Dec 29, 2025–Sept 30 (budget just over $281M).

Initiative 1 ("Make Rural Texans Healthy Again"): Part 1is estimated at $60M for rural hospital districts/publicly owned hospitals (cost reimbursement) for community-based prevention/wellness/nutrition programs targeting diabetes, obesity, heart disease, and maternal outcomes; request for enrollment went live last night. Initiative 1 Part 2 is funded at an estimated $56M with competitive awards to public and private rural hospitals; applications anticipated in coming weeks.

Notification: Rural Texas Strong – Initiative 1, Part 1 Posting

The Texas Health and Human Services Commission (HHSC) is providing notice that **Initiative 1, Part 1 – Make Rural Texans Healthy Again**, a funding opportunity under the federal **Rural Health Transformation Program (RHTP)**, also known in Texas as **Rural Texas Strong**, began accepting applications on **April 22**. This opportunity is a non-competitive direct award to certain units of local government that choose to participate. Eligible grantees will be contacted directly to notify them of the process to submit an enrollment application.

Eligibility
Eligible entities include **rural hospital districts with a publicly owned and operated hospital in their jurisdiction**.
Enrollment Deadline: May 22, 2026, 10:30 a.m. CT
Staying Informed

Stakeholders are encouraged to monitor the following resources for official postings and updates:

- Rural Texas Strong webpage
- GovDelivery (Rural Texas Strong topic)
- Electronic State Business Daily (ESBD)

HHSC will continue to provide public notifications as additional Rural Texas Strong funding opportunities are posted. If you are interested in applying for future opportunities, you will need to create an IAMOnline account to access the Grants Management System. Additional information about requesting an account can be found on the Rural Texas Strong webpage.

Rural Texas Strong, is supported by CMS of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling $281,319,360.67 with 100 percent of funding by CMS/HHS. The contents of this email are those of HHSC and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

Initiative 4: "Next Generation of the Small Town Doctor and Team" is estimated to be funded at $98.9M for rural workforce investments; applications anticipated in coming weeks.

Initiative 6: Infrastructure and Capital Improvement is estimated at $56.2M for allowable capital/infrastructure needs for rural healthcare providers; applications anticipated in coming weeks.

Additional resources exist: a short program summary video posted online recently; program website includes budget documents and related materials.

3. Rule proposals (more detailed information below)

a. Submitted to the *Texas Register* – Administrative Procedure Act (APA) public comment period has not closed[1]

25R016 The Texas Health and Human Services Commission (HHSC) proposes amendments to rules in Texas Administrative Code (TAC), Title 26, Part 1, Chapter 561; and the repeal of rules in TAC, Title 26, Part 1, Chapter 711, Subchapter L, concerning Enforcement - Interagency Reportable Conduct Search

Engine. https://www.sos.texas.gov/texreg/archive/March272026/Proposed%20Rules/26.HEALTH%20AND%20HUMAN%20SERVICES.html#60
https://www.sos.texas.gov/texreg/archive/March272026/Proposed%20Rules/26.HEALTH%20AND%20HUMAN%20SERVICES.html#63

Background and Purpose

The proposal is necessary to implement Senate Bill (SB) 1849, 88th Legislature, Regular Session, 2023 and House Bill (HB) 3560, 89th Legislature, Regular Session, 2025.

SB 1849 amended Texas Health and Safety Code §253.010, which allows HHSC to amend rules related to the Employee Misconduct Registry (EMR) to establish criteria for a person to submit a request to be removed from the EMR and establish a process to determine whether a person meets the requirements for inclusion in the EMR.

SB 1849 also created new Texas Health and Safety Code (HSC) Chapter 810, Interagency Reportable Conduct Search Engine, known as Search Engine for Multi-Agency Reportable Conduct (SEMARC), which requires HHSC to amend rules to incorporate information and requirements established by new Chapter 810 relating to:

(1) definitions;
(2) designation of employees and contractors who are eligible to access the search engine;
(3) designation of additional users who are eligible to access the search engine, which may include controlling persons, hiring managers, or administrators of Long-Term Care Regulation providers;
(4) clarifying that an individual in the search engine is not entitled to notice or a hearing before the information is shared with another state agency or a designated user;
(5) conducting initial and periodic searches to determine whether an individual who may have access to a client has engaged in reportable conduct, and, if so, whether the individual is ineligible for employment, a volunteer position, a contract, or a license;
(6) providing notice and a due process hearing to an individual if HHSC denies, revokes, or suspends a contract or license based on that individual's reportable conduct under agency rules according to §810.006 (not that the individual "engaged" in reportable conduct); and
(7) requiring that information contained in the search engine results and information shared with other agencies is confidential.

HB 3560 amended the definition of "facility" regarding the Employee Misconduct Registry in HSC §253.001(4) to include facilities licensed under HSC Chapter 577, Private Mental Hospitals and Other Mental Health Facilities.

This proposal updates the definition of "facility" in the rules.

The proposal improves access to the rules related to the Employment Misconduct Registry by consolidating them into one chapter in the Texas Administrative Code.

The proposal is also necessary to update rules and to improve the readability and understanding of the rules.

Fiscal and Program Impact No impact reported

26R028 HHSC proposes amendments to rules in TAC, Title 26, Part 1, Chapter 745, Subchapter C, Division 2; and TAC, Title 26, Part 1, Chapter 745, Subchapter D, Division 4, concerning Child Care Regulation (CCR) - Exemptions and Public Hearing Requirements.
https://www.sos.texas.gov/texreg/archive/March272026/Proposed%20Rules/26.HEALTH%20AND%20HUMAN%20SERVICES.html#65

Background and Purpose
The proposal is necessary to implement House Bill (HB) 4529 and HB 3597, 89th Legislature, Regular Session, 2025. HB 4529 amended Texas Human Resources Code (HRC) §42.041(b) to add exemptions to regulation by HHSC Child Care Regulation (CCR) for the following entities that are regulated by the United States Department of Defense: (1) a child-care facility located on a federal military base or other federal property; and (2) a military family child-care provider.

HB 3597 amended HRC §42.0461(a), which requires certain residential child-care facilities to hold a public hearing before receiving a license or certificate or expanding capacity if the residential child-care facilities are located in a county with a population of less than 500,000. Previously, the statutory language set the population threshold for public hearings at 300,000.

CCR is proposing amendments to
(1) add a regulatory exemption for a child-care facility located on a federal military base or other federal property that has a certificate required by HRC §42.041(b)(26);
(2) add a regulatory exemption for a child-care home operated by a military family child-care provider that has a certificate required by HRC §42.041(b)(27); and

(3) update the population threshold triggering the public hearing requirement for a general residential operation (GRO) from 300,000 to 500,000.

The purpose of this proposal is also to remove duplicative content and improve the readability and understanding of the rules.

Fiscal and Program Impact
The public benefit will be (1) a reduction in regulatory burden for operations already regulated by the United States Department of Defense; and (2) increased public awareness of matters affecting communities in a county with a population less than 500,000.

A GRO applicant in a county with a population of less than 500,000 whose application would have been processed on or after the effective date of HB 3597 (September 1, 2025) is already legally required to meet the applicable public hearing requirements in statute and any existing rules that support the statute.

An existing GRO that was licensed before September 1, 2025, and is located in a county with a population between 300,000 and 500,000, will not need to follow the new public hearing requirements unless the GRO voluntarily chooses to amend the GRO's license, as detailed in current rules 26 Texas Administrative Code §745.273(b) and §745.275, which mandate providing public notice of the hearing and specify the required methods for conducting the hearing. This could result in potential administrative costs for the GRO. However, HHSC is unable to determine the exact costs for these tasks.

25R003 HHSC proposes amendments to rules in TAC, Title 26, Part 1, Chapter 550, Licensing Standards for Prescribed Pediatric Extended Care Centers; Chapter 553, Licensing Standards for Assisted Living Facilities; Chapter 554, Nursing Facility Requirements for Licensure and Medicaid Certification; Chapter 555, Nursing Facility Administrators; Chapter 556, Nurse Aides; Chapter 557, Medication Aides--Program Requirements; Chapter 559, Day Activity and Health Services Requirements; Chapter 560, Denial or Refusal of License; Chapter 565, Home and Community-Based (HCS) Program and Community First Choice (CFC) Certification Standards; and Chapter 566, Texas Home and Living (TXHML) Program and Community First Choice (CFC) Certification Standards, concerning Long-Term Care Regulation (LTCR) - Interagency Reportable Conduct Search Engine.

https://www.sos.texas.gov/texreg/archive/April32026/Proposed%20Rules/26.HEALTH%20AND%20HUMAN%20SERVICES.html#24

Background and Purpose
The purpose of the proposal is to implement Senate Bill (SB) 1849, 88th Legislature, Regular Session, 2023, which created Texas Health and Safety Code Chapter 810, Interagency Reportable Conduct Search Engine. While the Texas Department of Information Resources (DIR) is responsible for creating the search engine, the chapter also requires HHSC to amend rules relating to the Employee Misconduct Registry search engine and required background check searches providers regulated by HHSC Long-Term Care Regulation (LTCR) must conduct before employing individuals.

Fiscal and Program Impact
The public benefit will be HHSC's ability to access a new search engine database that will protect minors being served in Prescribed Pediatric Extended Care Centers from individuals with a history of reportable conduct, including the abuse, neglect, and exploitation of vulnerable populations.

HHSC has determined that for the first five years the rules are in effect, persons who are required to comply with the proposed rules may incur economic costs due to additional administrative costs related to accessing and searching the new database.

25R014 HHSC proposes amendments to rules in TAC, Title 1, Part 15, Chapter 353, Subchapter J; and TAC, Title 1, Part 15, Chapter 354, Subchapter F, Division 7, concerning Vendor Drug Program (VDP) Temporary Non-Preferred Drugs.
https://www.sos.texas.gov/texreg/archive/April32026/Proposed%20Rules/1.ADMINISTRATION.html#5
https://www.sos.texas.gov/texreg/archive/April32026/Proposed%20Rules/1.ADMINISTRATION.html#7

Background and Purpose
Previous HHSC rule amendments in the Vendor Drug Program (VDP) implemented portions of House Bill (HB) 3286, 88th Legislature Regular Session, 2023, and became effective in November 2024. These amendments elaborated on existing Preferred Drug List (PDL) exceptions regarding when a non-preferred drug can be used and added new PDL exceptions.

The purpose of this proposal is to implement the portion of HB 3286 that amended Texas Government Code §531.072 by adding subsection (h). However, effective September 1, 2025, Texas Government Code §531.072(h), was transferred to Texas Government Code, Chapter 549, and redesignated as §549.0209, as a result of HB 1620, 89th Legislature Regular Session, 2025.

Therefore, this proposal implements Texas Government Code §549.0209, that requires HHSC to: (1) grant temporary non-preferred (TNP) status to new drugs that are available on the Medicaid formulary but have not been reviewed by the Drug Utilization Review Board (DURB); and (2) establish criteria for authorizing drugs with this status. This change required HHSC to submit a Medicaid State Plan Amendment (SPA) to the Centers for Medicare & Medicaid Services (CMS), which was approved on August 29, 2024. The proposed amendments in Texas Administrative Code (TAC), Title 1, §353.903 and §353.907 address these requirements for managed care, defines TNP drugs and revises existing term definitions, and provides clarifications on application of PDL prior authorization to TNP drugs.

The amendments establish a new TNP status for drugs that are new to the market added to the VDP formulary that have not yet been reviewed by the DURB. This status will apply to new-to-market drugs upon addition to the Texas Medicaid formulary if they fall into an existing PDL class. These drugs will remain temporary non-preferred until reviewed and recommended by the DURB as preferred or non-preferred and approved by the Executive Commissioner.

TNP status does not apply to existing PDL drugs with new label indications. The proposed amendments will require a health care managed care organization (health care MCO) to have a temporary non-preferred drug list prior authorization for coverage.

Fiscal and Program Impact

The rules will benefit people who receive Medicaid by allowing access to additional medications that have not yet been reviewed by the DURB. In addition, potential confusion is eliminated for stakeholders by aligning the rules with the Texas Government Code.

26R004 HHSC proposes amendments to rules in TAC, Title 1, Part 15, Chapter 354, Subchapter O, concerning Electronic Visit Verification Updates.
https://www.sos.texas.gov/texreg/archive/April32026/Proposed%20Rules/1.ADMINISTRATION.html#10

Background and Purpose
A Medicare-Medicaid Plan (MMP) is a health plan that provides both Medicare and STAR+PLUS Medicaid services under one contract. The Centers for Medicare & Medicaid Services (CMS) Contract Year 2023 Medicare Advantage and Part D Final Rule (Final Rule) required states to phase-out their MMP Dual Demonstration Program. With input from MMPs and other stakeholders, HHSC is complying with the Final Rule and ending the MMP's contracts effective December 31, 2025.
The proposed amendments reflect that the STAR+PLUS MMP ended December 31, 2025, and that electronic visit verification (EVV) was required for STAR+PLUS MMP services, if delivered before January 1, 2026.

The proposed amendments remove Free Text Reviews from the list of compliance reviews because HHSC and managed care organizations (MCOs) ceased conducting these reviews in 2023.

An alternative device allows a service provider of a program provider or consumer directed services (CDS) employer to clock in and clock out of the electronic visit verification (EVV) system. HHSC is limiting the use of alternative devices as an approved method to clock in and clock out to enhance program integrity. The alternative device limit is being implemented over three fiscal years to allow program providers and CDS employers time to adjust their business and gradually reduce reliance on alternative devices. This also allows program providers and CDS employers time to migrate their service providers and CDS employees to one of the other approved clock in and clock out methods. The alternative device reduction schedule is in the EVV Policy Handbook. The proposed amendments add an EVV Alternative Device Compliance Review, and the actions HHSC and the MCO may take, if a program provider's or CDS employer's EVV Alternative Device Compliance score exceeds the allowable percentage score described in the EVV Policy Handbook.

The proposed amendments add that a program provider or CDS employer must use EVV if Medicaid pays for any part of the services that require EVV. These changes clarify

that EVV must be used if the services that require EVV are paid for by both Medicaid and a third party, such as private insurance.

Fiscal and Program Impact
The public benefit is that the rules will specify that MMP ended on December 31, 2025, and the use of EVV is not required for MMP after December 31, 2025. In addition, the public will be able to locate the requirements for alternative device compliance reviews and the actions that HHSC or an MCO may take when a program provider, FMSA, or CDS employer fails to meet the alternative device compliance standards.

b. Submitted to the *Texas Register* but not published – APA public comment period has not opened[2]

25R018 HHSC proposes amendments to rules, the repeal of rules, and a new rule in TAC, Title 26, Part 1, Chapter 745, concerning CCR - Interagency Reportable Conduct Seach Engine.

Background and Purpose
The rules require HHSC Child Care Regulation to use a new search engine as part of its background check process for employees and volunteers. The rules explain which search engine findings impact whether a person is allowed to be present at an operation or become a licensed administrator.

The proposal is necessary to implement Senate Bill (SB) 1849, 88th Legislature, Regular Session, 2023. SB 1849 created Texas Health and Safety Code Chapter 810, Interagency Reportable Conduct Search Engine, and amended Texas Human Resources Code §§42.056(b), 42.159(c), and 42.206(c). The search engine created by the bill will include findings of reportable conduct by the Texas Education Agency, Texas Juvenile Justice Department, and HHSC Employee Misconduct Registry that were not previously considered by HHSC Child Care Regulation (CCR). CCR is proposing amended, new, and repealed rules to define the search engine required by statute, require CCR's use of the search engine as part of any subject's background check, and clarify that the reportable conduct findings may prevent a person from being present at an operation or affect a person's ability to receive or maintain an administrator's license.

Fiscal and Program Impact

	SFY27	SFY28	SFY29	SFY30	SFY31
State	$3,795,008	$1,209,658	$1,209,658	$1,209,658	$1,209,658
Federal	0	0	0	0	0
Total	$3,795,008	$1,209,658	$1,209,658	$1,209,658	$1,209,658

The proposed rules will increase protections for children in regulated settings from persons with a history of reportable conduct.

26R067 HHSC, on behalf of the Texas Department of State Health Services (DSHS), proposes amendments to rules in TAC, Title 25, Part 1, Chapter 229, Subchapters U and Z, concerning Mobile Food Units Amendments.

Background and Purpose

The Texas Department of State Health Services (DSHS) is amending rules to remove the permitting exemption for mobile food units permitted under local authority, remove the requirement for display of permits on mobile food units, and remove the reference to mobile food units and roadside food vendors. References in the rules are also being updated.

The purpose of the proposal is to remove references in 25 Texas Administrative Code (TAC) Chapter 229, Subchapters U and Z relating to the regulation and permitting of mobile food units, roadside food vendors, and pushcarts. This is part of the implementation of House Bill 2844, 89th Legislature, Regular Session, 2025, which added Texas Health and Safety Code Chapter 437B, concerning mobile food vendors, for which the Texas Department of State Health Services (DSHS) is proposing rules in 25 TAC Chapter 226 in a separate rulemaking to regulate mobile food vendors. The proposed rules for Chapter 226 were published in the February 20, 2026, issue of the Texas Register (51 TexReg 1013). The proposal also updates references in the rules.

Fiscal and Program Impact
The proposal does not have an impact on the health and human services client population. The public will benefit from the amended rules which will prevent conflict with mobile food vendor rules proposed in 25 TAC Chapter 226.

26R068 HHSC, on behalf of DSHS, proposes the repeal of a rule in TAC, Title 25, Part 1, Chapter 228, Subchapter H, concerning Mobile Food Unit Repeal.

Background and Purpose
DSHS is removing an outdated rule related to mobile food units because new rules in 25 TAC Chapter 226 will take effect to regulate Mobile Food Vendors.

The purpose of the proposal is to remove an outdated rule relating to the regulation and permitting of mobile food units, roadside food vendors, and pushcarts. This proposal is necessary to comply with House Bill (HB) 2844, 89th Legislature, Regular Session, 2025, which added Texas Health and Safety Code Chapter 437B, concerning mobile food vendors. The Texas Department of State Health Services (DSHS) proposed rules in 25 Texas Administrative Code (TAC) Chapter 226 to regulate mobile food vendors. The proposed rules for Chapter 226 were published in the February 20, 2026, issue of the Texas Register (51 TexReg 1013).

Fiscal and Program Impact
The proposal does not have an impact on the health and human services client population. The public will benefit from the repeal of the outdated rule which will prevent conflict with mobile food vendor rules proposed in 25 TAC Chapter 226.

4. Public comment (more detailed information on how to provide public comment below)

Lynette Brim, Executive Director of Big Bend Regional Hospital District (described as the largest hospital district in Texas), presented a handout comparing Big Bend to neighboring Reeves Hospital District. Key comparison points from the handout included similar populations but a much larger land mass for Big Bend (about five times the square miles). Ms. Brim highlighted a “shockingly different” fund balance between the two districts, attributing the disparity to oil funds available to Reeves but not to Big

Bend. Big Bend reportedly spends about five times more on indigent care than Reeves, which the speaker attributed to higher costs of delivering care in remote border communities and greater need. Ms. Brim urged that Rural Texas Strong funding for hospital districts (initiative #1) be distributed based on need rather than an even split; she warned that equal division would not be transformative and could be "devastating" for high-need districts. She also cautioned that a reimbursement-style methodology would be harmful because districts without existing budget capacity cannot front the costs.

She raised concern about a lack of transparency from HHSC and stated the list of the 80 hospital districts and the funding methodology had not been released. She argued hospital districts are strong partners due to public transparency and accountability (Open Meetings Act and Public Information Act), contrasting this with FQHCs and other nonprofits.

Jordan Smellie, representing himself, stated he strongly opposed proposed Rule 25R003 as written, emphasizing the objection was to the structure and practical impact, not to adding new medications to the formulary. He stated that the rule would default new drugs into a "temporary" non-preferred status requiring prior authorization, effectively restricting access by default at the managed care organization (MCO) level. He further stated this structure allows plan-level denials without escalation, centralized clinical review, or transparency, and said he has personally experienced denials without full clinical review. He cited a March 7, 2025 announcement of a $40M settlement involving Molina Healthcare of Texas, describing it as highlighting risk when critical decisions remain at the plan level without required state review.

He raised due process concerns in fair hearings, stating the Vendor Drug Program (VDP) often does not attend when there hasn't been a formulary exception request decision, leaving the state clinical authority absent to explain/defend denials. Mr. Smellie referenced Goldberg v. Kelly and Mathews v. Eldridge to support the need for meaningful review before deprivation of benefits.

He recommended requiring all TMP prior authorization requests to be submitted to the Vendor Drug Program as formulary exception requests, with a VDP determination required before any denial. He stated that in five fair hearings, his MCO refused to submit a formulary exception request, which he said undermines the intended case-by-case clinical review, and argued delays in access to medically necessary care increase

downstream costs. He shared a personal example that delayed access to Zepbound (Zepbound® (tirzepatide) Injection for Adults with Obesity or OSA) over 2.5 years resulted in needing oxygen, which he believes could have been prevented.

5. Adjourn. There being no further business, the meeting was adjourned.
