

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/23/26 **Bill Number:** HB136 **Original** **Amendment** **Substitute**

Short Title: HEALTH INSURANCE CREDENTIALING

Sponsor: Rep. Kathleen Cates

Name and Code Number: HCA 630

Person Writing: Michal Hayes, Senior Deputy Director, Medical Assistance Division

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0.0	\$0.0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0.0	\$0.0	\$0.0		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year	Recurring or Nonrecurring	Fund
				Total Cost		Affected
Admin	\$500.00	\$500.00	\$500.00	\$1,500.00	Recurring	State GF
Admin	\$500.00	\$500.00	\$500.00	\$1,500.00	Recurring	Federal Fund
Admin	\$1,000.00	\$1,000.00	\$1,000.00	\$3,000.00	Recurring	Admin Total

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

HB136 requires the Health Care Authority (HCA) to establish a centralized credentialing application so Medicaid providers apply for their credentialing once instead of separately to each MCO. It also limits recredentialing frequency to no more than once every three years and establishes timelines for MCO credentialing decisions and system loading.

Based on the bill language, this proposal **applies exclusively to Medicaid managed care** and does **not appear to impact the State Health Benefits program** or other non-Medicaid health plans. Limited applicability include:

- The statute being amended is Section 27-2-12.12 NMSA 1978, which is located in Chapter 27 (Human Services / Health Care Authority) and historically governs Medicaid managed care contracting requirements.

FISCAL IMPLICATIONS

Health Care Authority is already in the process of implementing a single credentialing initiative with a total estimated program cost of \$1,000.0, which has been incorporated into current Medicaid capitation rates and funded at an 80 percent FMAP, consisting of \$200.0 in state general fund and \$800.0 in federal matching funds. Reclassifying this initiative from its current funding structure to an administrative budget would reduce the federal match to a 50/50 FMAP, resulting in \$500.0 in general fund and \$500.0 in federal funds and increasing the state general fund obligation by \$300.0 annually.

SIGNIFICANT ISSUES

HB136 would require the Health Care Authority (HCA) to establish a centralized credentialing application process for Medicaid managed care providers and prohibit recredentialing more

frequently than once every three years. The bill also establishes timelines for managed care organizations (MCOs) to review credentialing applications, load approved provider data into payment systems, and update provider directories.

HCA is already mid-stream implementing a single credentialing initiative. This requirement exists in Turquoise Care managed care contracts requirements, as well as pursuant to 2025 Legislative Session, Senate Bill 3 (SB3), the Behavioral Health Reform and Investment Act, which directed HCA to establish a credentialing process to reduce administrative burden on behavioral health providers by June 30, 2027.

Turquoise Care managed care contracts already require implementation of centralized credentialing and recredentialing across all MCOs. MCOs must collaborate to use a single NCQA-approved Credentials Verification Vendor (CVV), provide standardized provider portals, perform primary source verification, recredential providers at least every three years, meet credentialing timelines, and ensure timely loading of approved providers into claims systems. Contractors must also participate in statewide initiatives to streamline credentialing processes.

In September 2025, HCA and participating MCOs selected CertifyOS as the vendor to support a phased implementation. Phase 1 establishes centralized and consolidated credentialing across MCOs with a scheduled go-live of March 1, 2026. Phase 2 will establish a single point of entry through the Medicaid Unified Portal (YES.NM.GOV).

As a result, several elements of HB136 are already operationalized through contract requirements and active SB3 implementation. Statutory requirements that diverge from existing contracts or sequencing will require contract amendments and introduce operational risk.

HCA is currently establishing a centralized credentialing process for all providers with the MCOs. The contract between the MCOs and the vendor Certify OS will manage applications, verify credentials, use software systems to store, process, share credential data with the MCOs and serve as points of contact. If HB136 passed it would create duplicate work for MAD to create its own centralized credentialing process, administration costs, expand IT infrastructure, ongoing maintenance/operational costs and promulgate rules.

PERFORMANCE IMPLICATIONS

HCA will be accountable for implementation and compliance monitoring. Currently, the MCOs are responsible and accountable. Operational strain on HCA will occur because of interrupting what the HCA and MCOs are already implementing. The amendments proposed in this bill would shift the burden from MCOs to state staff.

ITD would need to provide infrastructure and potentially application development resources to support the work created by the bill. ITD resources are already stretched thin by ongoing implementations, existing system operations, and the additional work created by federal HR1. The bill would also place further demands on ITD's Data Services team to manage the flow of data between HCA and the MCOs to support the credentialing process.

ADMINISTRATIVE IMPLICATIONS

HCA is actively managing implementation of the CertifyOS single credentialing platform with MCOs. Phase 1 centralized credentialing is scheduled for March 1, 2026, with Phase 2 portal integration to follow. HCA coordinates with the Department of Information Technology (DoIT).

HB136 may require alignment between statutory language, vendor scope, and managed care contracts. Additional administrative workload may occur if amendments are required to contracts, timelines, or workflows. This workload would be in addition to the unrelenting workload being experienced by HCA because of the federal administration's passage of HR1.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

2025 Legislative Session, Senate Bill 3 (SB3), the Behavioral Health Reform and Investment Act.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

HB136 requires significant IT investment, complex integration with MCO systems, data governance agreements, and multi-year implementation. The bill carries procurement, budget, and delivery risk if mandated without upfront planning and secured funding.

ALTERNATIVES

Continue with the planned roll-out of single credentialing as required by the MCO contracts and 2025 Legislative Session, Senate Bill 3 (SB3), the Behavioral Health Reform and Investment Act.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

1. Recognize existing SB3 implementation and Turquoise Care contract requirements.
2. Preserve three-year recredentialing as a provision.