

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: SB 1393 S2

Patron: Graves

Bill Title: Pregnancy mobile application; Department of Health to contract with a mobile developer to create

Bill Summary: The bill directs the Department of Medical Assistance Services (DMAS) to partner with a mobile pregnancy application to promote awareness of state government maternal and infant health programs and information available to prenatal, pregnant, and postpartum individuals who are enrolled in Medicaid. The mobile application developer must create and operate the application on a statewide basis following a competitive bidding process. The application must have the capability to deliver education, resources, and support to prenatal, pregnant, and postpartum individuals and their families, including information specific to the Commonwealth such as links to DMAS and other state agency programs and resources available to prenatal, pregnant, and postpartum individuals. The application developer must also provide specified information to DMAS on regular intervals.

The bill includes enactment clauses that requires DMAS to contract for the mobile application by October 1, 2026, with such appropriation provided through the general appropriation act. This contract would be limited to funding provided in the Appropriation Act. The bill also requires DMAS to submit a request for funding and issue a request for proposal within 180 days of enactment.

The bill also includes an enactment clause that requires DMAS to develop an in lieu of service or setting that expands access to nutritious food for pregnant and postpartum Medicaid managed care members. The in lieu of service are at the option of the managed care organizations, with the consent of the members. The Medicaid services or settings in lieu of which such access to nutritious food services must be provided must include inpatient hospital services, including neonatal intensive care unit care, outpatient services, emergency department services, emergency medical transportation, and home health services. DMAS is required to amend managed care contracts accordingly. The access to nutritious food services must include (i) healthy food boxes for up to nine months from the date of eligibility determined by DMAS, which must be available at community sites, clinical sites, or delivered to homes, and (ii) nutritional counseling and referral services to other local, state, and federal food programs. Providers for such food services must include nonprofit and community-based organizations that focus on services such as access to health care and nutritious food.

Budget Amendment Necessary: Yes

Items Impacted: 288

Explanation: The provisions of this bill related to the pregnancy application are subject to funding being provided in a general appropriation act. The bill also adds new Medicaid services that are expected to begin in FY 2026.

Fiscal Summary: The bill requires that DMAS implement a mobile pregnancy application no later than October 1, 2026, assuming contract support is provided in the Appropriation Act. The cost of the application is expected to range from \$600,000 to \$1.0 million in the first year of implementation and between \$200,000 to

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\$400,000 in subsequent years. The expenditure impact below reflects a midpoint cost and assumes federal Medicaid reimbursement.

The bill also requires DMAS to allow Medicaid managed care organizations to provide pregnant and postpartum members with access to nutritious food services. These services include the delivery of healthy food boxes for up to nine months, nutritional counseling, and referral services. The tables below reflect the cost associated with making the services available to all pregnant and postpartum Medicaid members as required by the bill. It is assumed that all managed care organizations would participate, and federal approval would be provided. However, DMAS notes that federal approval is unlikely without service limitations. To the extent that the eligible population is reduced, the bill's cost would be lowered (see fiscal analysis below.)

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Mobile Application	-	-	\$400,000	\$150,000	\$150,000	\$150,000
Nutritious Food Services	-	\$24,212,625	\$27,795,582	\$29,185,361	\$30,644,630	\$32,176,861
Total		\$24,212,625	\$28,195,582	\$29,335,361	\$30,794,630	\$32,326,861

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Mobile Application	-	-	\$400,000	\$150,000	\$150,000	\$150,000
Nutritious Food Services	-	\$42,375,480	\$48,478,066	\$50,901,969	\$53,447,067	\$56,119,421
Total	-	\$42,375,480	\$48,878,066	\$51,051,969	\$53,597,067	\$56,269,421

Fiscal Analysis:

Mobile Pregnancy Application

Based on historical efforts, DMAS reports that the cost of developing the required mobile application is expected to range between \$600,000 to \$1.0 million. This cost assumes that the contract vendor would cover project management, quality assurance, and information technology requirements. After development and implementation, it is assumed that the application contractor would handle ongoing application administration and updates at a cost that could range between \$200,000 and \$400,000 annually. The tables above reflect a midpoint estimate of these cost ranges. DMAS reports that existing agency staff would be able to perform the associated procurement and contract monitoring activities. Identified costs are assumed to begin in FY 2027 based on the effective date of October 1, 2026. Further, it is assumed that the contract cost would be funded in the Appropriation Act by the 2026 General Assembly. Without an appropriation for the contract amount, the bill's provisions would not go into effect and no fiscal impact would occur.

The bill requires that the mobile application developer provide DMAS with specified data on a regular basis. However, there are no requirements for DMAS to employ or utilize this data. As such, no additional costs are

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expected. Should DMAS be expected to analyze or implement policy changes based on the mobile application data, then additional costs would be incurred.

Nutritious Food Services

The bill requires DMAS to seek federal approval for access to nutritious food services as an in lieu of service in managed care contracts. This access includes healthy food boxes for up to nine months from the date of eligibility that must be available at community sites, clinical sites, or delivered to homes. In addition, nutritional counseling and referral services must be provided. While managed care organizations are given the option of providing these services in lieu of other services, it is unclear what services would be replaced. As such, this statement reflects the estimated cost of adding the in lieu of services without any immediate offsets as none could be determined. It is also assumed that all DMAS managed care organization would choose to participate in the program.

Healthy Food Boxes

The bill does not provide specifics as to food box contents or frequency. Based on a similar Michigan initiative, DMAS estimates the monthly cost of providing the food boxes would be approximately \$270 per member. This amount could vary with program implementation. As drafted, the bill would make all pregnant and postpartum Medicaid managed care members (31,467) eligible for healthy food boxes for up to nine months. Assuming 95 percent of this population (29,894) took advantage of this service, the cost would be \$72.6 million (\$26.4 million general fund) in the first year of implementation. Assuming one month payment lag (\$6.1 million), it is estimated that the cost of this provision is estimated to be \$66.5 million (\$24.2 million general fund) in FY 2026. Subsequent years reflect a growth rate of five percent.

DMAS notes that federal regulations require medically necessary criteria for a food box service and such criteria would be needed to gain federal approval. If DMAS was authorized to put such limits in place, the population of eligible members would be smaller, and costs would be reduced. For example, if services were restricted to high-risk pregnancies, the eligible population may be reduced to 6,293 members and costs (using the assumptions above) would be lowered to \$15.3 million (\$5.6 million general fund.)

Nutritional Counseling and Referral

The bill also allows managed care organizations to provide nutritional counseling and referral services. DMAS estimates that these services could cost approximately \$63.58 per member per month. However, there is insufficient data to determine how many members are already receiving these services. As such, these costs are not yet included in the estimates above.

Other: This bill is a companion to HB 1929.