

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB525 **Patron:** Downey
Bill Title: Department of Medical Assistance Services; Family Access to Medical Insurance Security Plan; literacy pilot program.

Bill Summary: Directs the Department of Medical Assistance Services (DMAS) to seek the necessary permissions from the Centers for Medicare and Medicaid Services to authorize and fund a pilot program promoting early literacy and parental bonding as part of routine pediatric primary care visits in select underserved localities through a partnership with Reach Out and Read.

Budget Amendment Yes **Items** 295
Necessary: **Impacted:**

Explanation A budget amendment is needed to authorize and appropriate funding for this pilot program. Specifically, budget language authorizing DMAS to contract with Reach Out and Read for a specified dollar amount may be necessary.

Fiscal Summary: This legislation would require additional spending from Children's Health Insurance Program (CHIP) Health Services Initiatives (HSI) funds as costs are not eligible for Medicaid reimbursement. HSI spending must directly improve the health of low-income children less than 19 years of age who are eligible for medical assistance services but may serve children regardless of income. HSI funds can also be used for targeted initiatives and are subject to available appropriation. As such, the fiscal impact of this bill can vary based on available appropriation. The amount reflected in the expenditure impact is based on an estimate provided to the 2024 General Assembly to implement this program in three underserved localities.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DMAS (602)	\$0	\$252,000	\$252,000	\$0	\$0	\$0

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DMAS (602)	\$0	\$468,000	\$468,000	\$0	\$0	\$0

Fiscal Analysis: This bill requires DMAS to contract with Reach Out and Read to implement a pilot program that promotes early literacy and parental bonding as part of routine pediatric primary care visits in select underserved localities of the Commonwealth. However, the proposal does not include

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sufficient detail to generate a fiscal impact, as the scope, funding level, and duration of the pilot program are not specified. Therefore, program specifics and the associated expenditure impact are based on the following assumptions.

It is assumed that DMAS would provide funding directly to Reach Out and Read with that organization being responsible for implementing the pilot program. Reach Out and Read would be expected to select the participating localities, manage program operations, and provide DMAS with any necessary data. It is further assumed that this spending would not be eligible for federal Medicaid reimbursement thereby requiring DMAS to utilize CHIP HSI funds. Any HSI spending must directly improve the health of low-income children under 19 years of age who are eligible for medical assistance services; however, such spending may serve children regardless of income.

Since HSI funds can be used for targeted initiatives and are subject to available appropriation, the fiscal impact of this bill can vary with the amount of appropriation provided by the General Assembly. The estimated cost of \$720,000 (\$252,000 general fund) reflected in the expenditure impact is based on an estimate provided to the 2024 General Assembly to implement this program in three underserved localities. As this project is being implemented as a Section 1 pilot, it is assumed that spending would be limited to the 2026-2028 biennium.

Other: None