

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

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ORIGINAL

Bill Number: HB1434 **Patron:** Cole
Bill Title: Department of Medical Assistance Services; Medicaid benefit for nutrition services programs; sunset.

Bill Summary: Directs the Department of Medical Assistance Services (DMAS) to, conditional on the receipt of all necessary approvals and the securing of federal financial participation, implement a provision for payment of medical assistance for nutrition services programs which may include case management, nutrition counseling and instruction, home-delivered meals and pantry stocking, nutrition prescriptions, and grocery provisions. The bill directs DMAS to prioritize the purchase and distribution of locally grown food wherever feasible.

The implementation of nutrition services pursuant to the bill is conditional on DMAS obtaining all necessary approvals and federal financial participation. The bill sunsets on July 1, 2027, if such approval and federal financial participation is not obtained.

Budget Amendment Necessary: Yes **Items Impacted:** 290, 291, 293, 295
Explanation: The proposed legislation will require resources for which DMAS is not currently budgeted.

Fiscal Summary: This legislation would have significant impacts on DMAS. Assuming the majority of eligible members would participate in the program, it is estimated to cost approximately \$4.5 billion total funds in the first year that the program is implemented. Participation in the nutrition program is assumed to increase each year as Medicaid participation increases.

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)	-	\$325,650	\$1,653,205,972	\$1,894,380,965	\$1,989,100,103	\$2,088,555,014

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)	-	\$674,350	\$2,849,731,644	\$3,263,529,395	\$3,426,705,865	\$3,598,041,158

Fiscal Analysis: This bill directs DMAS to pursue federal authority and financial participation to implement a Medicaid nutrition services program. The bill does not provide specifics as to food box contents or frequency. Based on a similar initiative in Michigan, DMAS estimates the monthly cost of providing the food boxes would be approximately \$270 per member. This amount could vary with program implementation. It is assumed that this bill would be inclusive of all members enrolled in Medicaid programs. The average monthly enrollment of

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full-benefit members in 2025 was approximately 1,765,000 people who would be eligible for up to 12 months. According to the U.S. Department of Agriculture, 78 percent of SNAP-eligible participants take advantage of that program, so DMAS assumes a similar take up rate (approximately 1,376,000 in FY 2025). Assuming 12 months of coverage and five percent annual population growth rate, the annual cost would be \$4.5 billion beginning in FY 2028, when the program is assumed to be implemented. This includes a one-month payment lag.

Because of the complexity of the provisions in the bill, DMAS maintains that a vendor is required to assist the agency with waiver application, rate, and service development. It is estimated that these approvals and development would take several months or more, based on prior experiences pursuing waiver authorities. Assuming this vendor begins work in FY 2027, a start date for the implementation of the benefit is estimated to be July 2027. The estimated cost in FY 2027 for the vendor contract is \$1.0 million (\$325,650 general fund).

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.

It is assumed that Medicaid members enrolled with a managed care organization (MCO) would receive their case management, counseling, and instruction from the MCO with which they are enrolled. In FY 2025, DMAS estimated 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. Additionally, for those members not enrolled with a MCO, DMAS may require additional administrative supports to provide this case management. Additionally, the agency will need to determine how members will opt-in or opt-out of this benefit, which could require additional staff and information systems. At this time, these costs are indeterminate. As such, these costs are not included in the estimates above.

Other: The bill has a sunset of July 1, 2027, if federal approval and financial participation are not obtained.