

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5038S.01I
 Bill No.: SB 1499
 Subject: Food; Health Care; Medicaid/MO HealthNet; Public Assistance; Department of Social Services
 Type: Original
 Date: February 25, 2026

Bill Summary: This proposal creates the "Food Is Medicine Act".

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|--------------------|-----------------------------------|-----------------------------------|
| General Revenue | (\$413,110) | (Could exceed \$3,202,402)* | (Could exceed \$3,408,706)* |
| Total Estimated Net Effect on General Revenue | (\$413,110) | (Could exceed \$3,202,402) | (Could exceed \$3,408,706) |

* The DSS fiscal impact to implement this legislation is dependent on the range of population served, type of services provided and any potential savings.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|------------|------------|------------|
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|------------|------------|------------|
| Federal Funds | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

* Revenue gain and costs are estimated at \$260,000 in FY27, \$12 million in FY28 and ongoing and net to zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|--------------|--------------|--------------|
| General Revenue | 1 FTE | 1 FTE | 1 FTE |
| Total Estimated Net Effect on FTE | 1 FTE | 1 FTE | 1 FTE |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|-------------------------|------------|------------|------------|
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§208.270 - "Food Is Medicine Act"

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state this legislation amends Chapter 208 by adding one new section relating to a MO HealthNet waiver for nutrition services. This legislation creates section 208.270 known as the "Food is Medicine Act". The Department of Social Services shall apply to the Centers for Medicare and Medicaid Services of the federal Department of Health and Human Services for a Section 1115 demonstration waiver to implement the "Food is Medicine" program for the purpose of providing nutrition supports through the MO HealthNet program.

Food is medicine (FIM) intervention can produce cost-savings in treatment, management, and/or prevention of diet-related chronic conditions and diseases by reducing the need for more intensive healthcare services. Evidence shows that medically tailored meals (MTMs) can lead to a 70% decrease in ED visits; a 52% decrease in inpatient hospital admissions; a 72% decrease in skilled nursing stays; and a 16% decrease in healthcare costs (Center for Health Law and Policy Innovation Harvard Law School. Food as Medicine Coalition, 2024).

Produce prescription programs (PPRs) are intended for individuals with specific nutritional needs and/or food access challenges. PPRs provide the opportunity for individuals with a prescription from their health care provider to purchase fresh, frozen, or canned produce that has no added salt, sugar, or fat using vouchers or restricted debit cards (U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, 2024). Some access points for PPRs are grocery stores, grocery delivery services, farmers' markets, on-site at health care centers, food banks, food pantries, etc.

The idea of FIM interventions is intended to be used on a spectrum and not necessarily concurrently. MTMs are the highest and most specific intervention, which in turn makes them the costliest, but they are usually intended for individuals with severe chronic diseases or terminal illnesses that have limited ability to cook or grocery shop for themselves and may lack the resources to purchase food needed. These types of meals are usually ready-to-eat meals and snacks made with fresh food items and provide complete or nearly complete nutrition needs. These meals also require a dietician to develop the meal plan.

This bill requires MHD to submit a waiver to utilize FIM in order to provide nutritional supports. The bill is not specific to the exact population that this service would cover. MHD assumes that initially the waiver would focus on the population that would benefit most from this intervention. 1115 waivers also require budget neutrality so it will be important to monitor the medical utilization of the population to analyze the savings. There are currently similar services provided by the Managed Care Organizations within Missouri Medicaid. MHD would likely propose

initiating the waiver in the Fee For Service population based on qualifying criteria that would be developed through a clinical review. A portion of the Fee For Service population also receives Healthy SNAP benefits, so it will be important to understand the interactions and limit the duplication of services in order to properly analyze the overall benefits of FIM.

For the purposes of this fiscal impact, MHD assumes the waiver would be limited to a population of 4,182 however, the benefits could extend to as many as an estimated 356,000 participants depending how the program is designed.

MHD found the average cost of a MTM to be \$9.30 per meal and the average cost of the produce prescription program offered vouchers for \$42 per month.

An initial office visit to obtain nutrition counseling and a prescription for the program at an average cost of \$106.63, would be required for each participant.

As mentioned above, implementation of FIM can result in potential savings. In general, the potential savings would likely occur over a lifetime, based on the available research and is not included in the initial three years of this fiscal impact.

Federal approval of the waiver would be required, for the purpose of this impact, MHD assumes an implementation of the waiver in July 2027.

MHD assumes a consultant will be required in FY27 to develop the clinical criteria and 1115 waiver submission at a one-time cost of \$20,000. MHD also includes a one-time cost of \$500,000 in FY27 to secure a vendor to help coordinate the inclusion of community-based organizations and recruit the community grocer's network to support the purchase of locally grown food. This cost is calculated at a 50/50 match.

Additionally, one FTE (Special Assistant Professional) would be needed to set up and implement the program. This cost would be 100% GR.

MHD estimates a program participation of 4,182 individuals. Each participant would receive an annual produce prescription valued at \$504 (\$42 per month for 12 months), MTMs at an annual rate of \$2,976 (\$9.30 per meal, 10 meals per week for 32 weeks per year) and require an initial office visit costing \$106.63. The total projected cost is calculated as follows: $4,182 * (\$504 + \$2,976 + \$106.63) = \$14,999,287$.

The estimated fiscal impact to implement this legislation is shown below and is dependent on the range of population served, type of services provided and any potential savings occurring within that timeframe.

FY27 Total: \$673,110 (GR: \$336,555; FED: \$336,555)

FY28 Total: \$15,178,86 - unknown (GR: \$3,202,403 - unknown; FED: \$11,976,422-unknown)

FY29 Total: \$16,195,333 - unknown (GR: \$3,408,706 - unknown; FED: \$12,786,627 - unknown)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DSS/MHD.

Officials from the **Missouri Department of Agriculture** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

| <u>FISCAL IMPACT – State Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|--|---------------------------|-----------------------------------|-----------------------------------|
| GENERAL REVENUE | | | |
| <u>Cost – DSS/MHD (§208.270) p.4</u> | | | |
| Personal service | (\$89,205) | (\$108,116) | (\$109,197) |
| Fringe benefits | (\$49,491) | (\$59,820) | (\$60,255) |
| Equipment and expense | (\$14,414) | (\$11,602) | (\$11,893) |
| <u>Total Costs - DSS/MHD</u> | <u>(\$153,110)</u> | <u>(\$179,538)</u> | <u>(\$181,345)</u> |
| FTE Change - DSS/MHD | 1 FTE | 1 FTE | 1 FTE |
| <u>Cost – DSS/MHD (§208.270) FIM program participation p.4</u> | \$0 | (Could exceed \$3,022,864) | (Could exceed \$3,227,361) |
| <u>Cost – DSS/MHD (§208.270) Grocer Network Vendor p.4</u> | (\$250,000) | \$0 | \$0 |
| <u>Cost – DSS/MHD (§208.270) 1115 Waiver consultant p.4</u> | (\$10,000) | \$0 | \$0 |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$413,110)</u> | (Could exceed \$3,202,402) | (Could exceed \$3,408,706) |
| Estimated Net FTE Change on General Revenue | 1 FTE | 1 FTE | 1 FTE |
| FEDERAL FUNDS | | | |
| <u>Revenue Gain – DSS/MHD (§208.270) FIM program participation p.4</u> | \$0 | \$11,976,422 | \$12,786,627 |

| <u>FISCAL IMPACT – State Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|--|---------------------|--------------------------------|--------------------------------|
| <u>Revenue Gain</u> – DSS/MHD (§208.270) Grocer network vendor p.4 | \$250,000 | \$0 | \$0 |
| <u>Revenue Gain</u> – DSS/MHD (§208.270) 1115 Waiver consultant p.4 | \$10,000 | \$0 | \$0 |
| <u>Cost</u> – DSS/MHD (§208.270) FIM program participation p.4 | \$0 | (Could exceed \$11,976,422) | (Could exceed \$12,786,627) |
| <u>Cost</u> – DSS/MHD (§208.270) Grocer Network Vendor p.4 | (\$250,000) | \$0 | \$0 |
| <u>Cost</u> – DSS/MHD (§208.270) 1115 Waiver consultant p.4 | (\$10,000) | \$0 | \$0 |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|---------------------|-------------------|-------------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | |

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act creates the "Food is Medicine Act". Under this act, the Department of Social Services shall submit a waiver to the Centers for Medicare and Medicaid Services for a "Food is Medicine" program. The program shall be designed to improve health outcomes for MO HealthNet participants with nutrition-related chronic diseases through nutrition services and to reduce the need for medical care for those participants. Covered nutrition services may include case management, nutrition counseling, meals or pantry stocking, nutrition prescriptions, and grocery provisions. When feasible, the MO HealthNet Division shall prioritize the inclusion of community-based organizations and local growers to support the purchase of locally grown food in nutrition prescription.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. However, it would require additional rental space.

SOURCES OF INFORMATION

Department of Social Services
Missouri Department of Agriculture



Julie Morff
Director
February 25, 2026



Jessica Harris
Assistant Director
February 25, 2026