

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 2, 2025

TO: Honorable Lacey Hull, Chair, House Committee on Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB136 by Hull (Relating to Medicaid coverage and reimbursement for lactation consultation services.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB136, Committee Report 1st House, Substituted: a negative impact of (\$1,995,065) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$247,535)
2027	(\$1,747,530)
2028	(\$1,662,122)
2029	(\$1,706,118)
2030	(\$1,722,565)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid 758</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Foundation School Fund 193</i>
2026	(\$247,535)	(\$1,446,215)	\$0	\$0
2027	(\$1,799,507)	(\$2,695,125)	\$38,983	\$12,994
2028	(\$1,791,540)	(\$2,683,259)	\$97,019	\$32,399
2029	(\$1,783,238)	(\$2,670,893)	\$57,840	\$19,280
2030	(\$1,773,795)	(\$2,656,829)	\$38,423	\$12,807

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to provide coverage of lactation consultation services in the Medicaid program when delivered by an individual certified by an approved certification program. The bill would require HHSC to establish separate provider types for lactation consultants.

The bill would take effect September 1, 2025.

Methodology

According to HHSC, necessary policy revisions and rate hearings associated with creating a new benefit can take approximately 12 to 18 months to complete; therefore, HHSC assumes that services would begin

September 1, 2026.

This analysis assumes that HHSC would require \$247,535 from the General Revenue Fund (\$1,693,750 from All Funds) in fiscal year 2026 for development costs associated with establishing new provider types and \$9,867 from the General Revenue Fund (\$39,467 from All Funds) in subsequent fiscal years for ongoing system updates.

The additional average monthly caseload associated with the new benefit is estimated to be 54,861 in fiscal year 2027, increasing to an average of 56,916 by fiscal year 2030, with an assumed per diem rate of \$54.20 and an average of two lactation consultation sessions per utilizer. This analysis assumes a net client services cost of \$1,789,640 from the General Revenue Fund (\$4,455,165 from All Funds) in fiscal year 2027, including offsetting adjustments to managed care capitation rates due to decreased claims related to improved health outcomes for infants.

This analysis assumes that these costs would be partially offset by an estimated \$38,983 to the General Revenue Fund in fiscal year 2026 and an estimated \$97,019 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, all of which results in increased revenue collections. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue collection is assumed to be deposited to the credit of the Foundation School Fund (\$12,994 in fiscal year 2026 and \$32,339 in fiscal year 2027).

Technology

The total technology cost is estimated to be \$1,693,750 from All Funds in fiscal year 2026 and \$39,467 from All Funds in fiscal year 2027.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, NPe, ER, ESch, NV