

**SENATE AMENDMENTS**  
**2<sup>nd</sup> Printing**

By: Hull, Rose, Isaac, Manuel, Frank

H.B. No. 26

A BILL TO BE ENTITLED

AN ACT

relating to requiring contracts with Medicaid managed care organizations to permit the organizations to offer nutrition support services in lieu of other state Medicaid plan services.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 540.0272, Government Code, as effective April 1, 2025, is amended to read as follows:

Sec. 540.0272. CERTAIN SERVICES PERMITTED IN LIEU OF STATE MEDICAID PLAN SERVICES [~~OTHER MENTAL HEALTH OR SUBSTANCE USE DISORDER SERVICES~~]; ANNUAL REPORT. (a) A contract to which this subchapter applies must contain language permitting the contracting Medicaid managed care organization to offer medically appropriate, cost-effective, evidence-based mental health or substance use services or nutrition support services from a list of services approved by the state Medicaid managed care advisory committee and included in the contract in lieu of [~~mental health or substance use disorder~~] services specified in the state Medicaid plan. A recipient is not required to use a service from the list included in the contract in lieu of another [~~mental health or substance use disorder~~] service specified in the state Medicaid plan.

(b) The commission shall:

(1) prepare and submit to the legislature an annual report on the number of times during the preceding year a service

1 from the list included in the contract is used; and

2 (2) consider the actual cost and use of any services  
3 from the list included in the contract that are offered by a  
4 Medicaid managed care organization when setting the capitation  
5 rates for that organization under the contract.

6 (c) In approving the list of nutrition support services that  
7 are permitted in lieu of services specified in the state Medicaid  
8 plan under this section, the state Medicaid managed care advisory  
9 committee shall ensure the list includes:

10 (1) nutrition counseling and instruction; and

11 (2) other nutrition support services provided to a  
12 recipient for a limited duration, as the commission determines, in  
13 coordination with nutrition counseling and instruction.

14 SECTION 2. The changes in law made by this Act apply to a  
15 contract entered into or renewed on or after the effective date of  
16 this Act. A contract entered into or renewed before that date is  
17 governed by the law in effect on the date the contract was entered  
18 into or renewed, and that law is continued in effect for that  
19 purpose.

20 SECTION 3. If before implementing any provision of this Act  
21 a state agency determines that a waiver or authorization from a  
22 federal agency is necessary for implementation of that provision,  
23 the agency affected by the provision shall request the waiver or  
24 authorization and may delay implementing that provision until the  
25 waiver or authorization is granted.

26 SECTION 4. This Act takes effect September 1, 2025.

ADOPTED

MAY 26 2025

*Letsy Law*  
Secretary of the Senate

By: *L. W. Keller*

H.B. No. 26

Substitute the following for H.B. No. 26:

By: *J. O. Smith*

C.S.H.B. No. 26

A BILL TO BE ENTITLED

1 AN ACT

2 relating to requiring contracts with Medicaid managed care  
3 organizations to permit the organizations to offer nutrition  
4 counseling and instruction services in lieu of other state Medicaid  
5 plan services.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Section 540.0272, Government Code, is amended to  
8 read as follows:

9 Sec. 540.0272. CERTAIN SERVICES PERMITTED IN LIEU OF STATE  
10 MEDICAID PLAN SERVICES [~~OTHER MENTAL HEALTH OR SUBSTANCE USE~~  
11 ~~DISORDER SERVICES~~]; ANNUAL REPORT. (a) A contract to which this  
12 subchapter applies must contain language permitting the  
13 contracting Medicaid managed care organization to offer medically  
14 appropriate, cost-effective, evidence-based mental health or  
15 substance use services or nutrition counseling and instruction  
16 services from a list of services approved by the state Medicaid  
17 managed care advisory committee and included in the contract in  
18 lieu of [~~mental health or substance use disorder~~] services  
19 specified in the state Medicaid plan. A recipient is not required  
20 to use a service from the list included in the contract in lieu of  
21 another [~~mental health or substance use disorder~~] service specified  
22 in the state Medicaid plan.

23 (b) The commission shall:

24 (1) prepare and submit to the legislature an annual

1 report on the number of times during the preceding year a service  
2 from the list included in the contract is used; and

3           (2) consider the actual cost and use of any services  
4 from the list included in the contract that are offered by a  
5 Medicaid managed care organization when setting the capitation  
6 rates for that organization under the contract.

7           (c) In approving the list of nutrition counseling and  
8 instruction services that are permitted in lieu of services  
9 specified in the state Medicaid plan under this section, the state  
10 Medicaid managed care advisory committee may only include nutrition  
11 counseling and instruction. The list may not include:

12                   (1) home-delivered meals;

13                   (2) food prescriptions; or

14                   (3) grocery support.

15           SECTION 2. The changes in law made by this Act apply to a  
16 contract entered into or renewed on or after the effective date of  
17 this Act. A contract entered into or renewed before that date is  
18 governed by the law in effect on the date the contract was entered  
19 into or renewed, and the former law is continued in effect for that  
20 purpose.

21           SECTION 3. If before implementing any provision of this Act  
22 a state agency determines that a waiver or authorization from a  
23 federal agency is necessary for implementation of that provision,  
24 the agency affected by the provision shall request the waiver or  
25 authorization and may delay implementing that provision until the  
26 waiver or authorization is granted.

27           SECTION 4. This Act takes effect September 1, 2025.

# ADOPTED

MAY 26 2025

*Latey Law*  
Secretary of the Senate

*Bi w Kull T*

FLOOR AMENDMENT NO. 1

BY: \_\_\_\_\_

Amend C.S.H.B. No. 26 (senate committee report) by adding the following appropriately numbered SECTION to the bill and renumbering the SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Subchapter F, Chapter 540, Government Code, is amended by adding Section 540.02721 to read as follows:

Sec. 540.02721. PILOT PROGRAM TO PROVIDE ADDITIONAL NUTRITION SUPPORT SERVICES TO CERTAIN PREGNANT RECIPIENTS IN LIEU OF STATE MEDICAID PLAN SERVICES. (a) In this section:

(1) "Participant" means a recipient who participates in the pilot program.

(2) "Pilot program" means the pilot program established by the commission under authority of this section.

(3) "Medically tailored meal" means a meal designed by a registered dietitian as part of a treatment plan to improve an individual's health outcomes and chronic disease management.

(b) The commission may establish a pilot program under which Medicaid managed care organizations are authorized to offer and provide nutrition support services in lieu of services specified in the state Medicaid plan to a recipient who is:

(1) pregnant; and

(2) diagnosed with a chronic health condition or disease that may contribute to a high-risk pregnancy or birth complications, including:

(A) gestational diabetes;

(B) hypertension; and

(C) obesity.

(c) Notwithstanding Section 540.0272, a Medicaid managed care organization may offer the following services under the pilot program in lieu of services specified in the state Medicaid plan:

1           (1) nutrition counseling and instruction services  
2 authorized under Section 540.0272;

3           (2) medically tailored meals, provided the meals are  
4 provided with nutrition counseling and instruction services  
5 authorized under Section 540.0272; and

6           (3) other evidence-based nutrition support services  
7 designed to improve maternal and infant health outcomes, as  
8 determined by the commission.

9           (d) The commission shall collect and analyze data on the  
10 impact to maternal and infant health outcomes that nutrition  
11 support services have on pilot program participants. The data the  
12 commission collects and analyzes must include:

13           (1) the rate by which pilot program participants  
14 comply with a medically tailored meal plan or other nutrition  
15 support services provided under the pilot program;

16           (2) health outcomes associated with each participant's  
17 pregnancy;

18           (3) the impact of nutrition support services on a  
19 participant's chronic health condition or disease-related  
20 symptoms; and

21           (4) newborn and infant health outcomes for children  
22 born to participants.

23           (e) As soon as practicable after the termination of the  
24 pilot program, the commission shall prepare and submit to the  
25 legislature a written report that includes:

26           (1) a summary of the pilot program outcomes, including  
27 a summary of the data the commission collects and analyzes under  
28 Subsection (d); and

29           (2) recommendations for legislative or other action.

30           (f) The pilot program, if established, terminates August  
31 31, 2030.

1      (g) This section expires September 1, 2031.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 28, 2025**

**TO:** Honorable Dustin Burrows, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB26** by Hull (Relating to requiring contracts with Medicaid managed care organizations to permit the organizations to offer nutrition counseling and instruction services in lieu of other state Medicaid plan services.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would require the Health and Human Services Commission (HHSC) to permit Medicaid managed care organizations to offer nutrition counseling and instruction services in lieu of services specified in the state Medicaid plan. The bill would allow HHSC to establish a pilot program to provide additional nutrition support services to certain pregnant Medicaid recipients in lieu of services specified in the state Medicaid plan, collect and analyze data on the impact to maternal and infant health outcomes that nutrition support services have on pilot program participants, and submit a written report that includes a summary of the pilot program outcomes and recommendations for legislative or other action.

The bill would take effect September 1, 2025.

According to HHSC, updates to claims and provider enrollment processes would be necessary to implement the provisions of the bill. This analysis assumes that these costs, costs related to the pilot program, and any other costs associated with the bill could be absorbed using existing resources.

**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



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 6, 2025**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB26** by Hull (Relating to requiring contracts with Medicaid managed care organizations to permit the organizations to offer nutrition counseling and instruction services in lieu of other state Medicaid plan services.), **Committee Report 2nd House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would require the Health and Human Services Commission (HHSC) to permit Medicaid managed care organizations to offer nutrition counseling and instruction services in lieu of services specified in the state Medicaid plan.

The bill would take effect September 1, 2025.

According to HHSC, updates to claims and provider enrollment processes would be necessary to implement the provisions of the bill. This analysis assumes that any costs associated with the bill could be absorbed using existing resources.

**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

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 5, 2025**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB26** by Hull (Relating to requiring contracts with Medicaid managed care organizations to permit the organizations to offer nutrition support services in lieu of other state Medicaid plan services.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would require the Health and Human Services Commission (HHSC) to permit Medicaid managed care organizations to offer nutrition support services in lieu of services specified in the state Medicaid plan.

The bill would take effect September 1, 2025.

According to HHSC, updates to claims and provider enrollment processes would be necessary to implement the provisions of the bill. This analysis assumes that any costs associated with the bill could be absorbed using existing resources.

**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

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**March 25, 2025**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB26** by Hull (Relating to requiring contracts with Medicaid managed care organizations to permit the organizations to offer nutrition counseling and instruction services in lieu of other state Medicaid plan services.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would require the Health and Human Services Commission (HHSC) to permit Medicaid managed care organizations to offer nutrition counseling and instruction services in lieu of services specified in the state Medicaid plan.

The bill would take effect September 1, 2025.

According to HHSC, updates to claims and provider enrollment processes would be necessary to implement the provisions of the bill. This analysis assumes that any costs associated with the bill could be absorbed using existing resources.

**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

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 10, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB26** by Hull (Relating to requiring contracts with Medicaid managed care organizations to permit the organizations to offer nutrition counseling and instruction services in lieu of other state Medicaid plan services.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB26, As Introduced: a negative impact of (\$869,600) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2026	(\$811,850)
2027	(\$57,750)
2028	(\$57,750)
2029	(\$57,750)
2030	(\$57,750)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from GR Match For Medicaid</b>	<b>Probable Savings/(Cost) from Federal Funds</b>
	758	555
2026	(\$811,850)	(\$811,850)
2027	(\$57,750)	(\$57,750)
2028	(\$57,750)	(\$57,750)
2029	(\$57,750)	(\$57,750)
2030	(\$57,750)	(\$57,750)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to permit Medicaid managed care organizations to offer nutrition counseling and instruction services in lieu of services specified in the state Medicaid plan.

The bill would take effect September 1, 2025.

## **Methodology**

This analysis assumes that HHSC would require \$1,623,700 from All Funds in fiscal year 2026 for development costs associated with establishing a new provider type and \$115,500 from All Funds in subsequent fiscal years for ongoing system updates.

## **Technology**

The total technology cost is estimated to be \$1,623,700 from All Funds in fiscal year 2026 and \$115,500 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