

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3208

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: OCTOBER 26, 2022

SUMMARY

- Synopsis:** Requires DHS and DOH to submit federal waivers to cover menstrual products under NJ FamilyCare, SNAP, WIC and establishes State funded benefit if federal waiver is denied; appropriates \$2 million for State benefit.
- Type of Impact:** Potential annual increase in State expenditures; potential annual increase in State revenues.
- Agencies Affected:** Department of Human Services, Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Potential State Cost Increase	Indeterminate
Potential State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that State costs will potentially increase under the bill by an indeterminate amount. Different State cost scenarios will emerge depending on whether or not the federal government approves the State's waiver applications to provide menstrual hygiene products among the covered benefits through the State Medicaid Program, commonly known as NJ FamilyCare, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), or the Supplemental Nutrition Assistance Program (SNAP).
- As of the date of this estimate, the OLS is not aware of any federal waiver approvals for the use of federal assistance funds to provide menstrual hygiene products through Medicaid, the SNAP, or the WIC.
- In the event that the State's Medicaid waiver application is approved, the State would realize an indeterminate amount of annual revenue from federal reimbursements. The State would not realize any revenues under the other two federal programs, or if it originates a State-funded program.

- Annual State costs will increase by up to \$2 million in the first year of the program's implementation if the Department of Human Services is required to establish a State-funded program to provide menstrual hygiene products to eligible beneficiaries in the event that the State waiver applications are denied by the federal government. State costs thereafter are indeterminate.
- The timing of any fiscal impact is presently unknown as the provisions of the bill will take effect only when there is a federal government decision regarding the State's waiver applications, and the acceptance of any federal approval by the Department of Human Services and the Department of Health.

BILL DESCRIPTION

The bill requires the Department of Human Services and the Department of Health to submit federal waiver applications to provide menstrual hygiene products among the covered benefits available through NJ FamilyCare, the SNAP, or the WIC. If the federal government denies the State's waiver applications, the bill requires the Department of Human Services, in consultation with the Department of Health, to establish a State-funded program to provide menstrual hygiene products to eligible beneficiaries, in a quantity and through a process that the Department of Human Services determines to be equitable.

The bill additionally requires the departments to establish a public awareness campaign regarding the menstrual hygiene product benefit available under the bill.

The bill appropriates \$2 million to the Department of Human Services for a State-funded menstrual hygiene products benefit. The availability of these funds is contingent upon federal denial of the State's waiver applications. The provisions of the bill will take effect upon any federal determination regarding the State's waiver applications, and the acceptance of any federal approval by the departments.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that State costs will potentially increase under the bill by an indeterminate amount. Different State cost scenarios will emerge depending on whether or not the federal government approves the State's waiver applications to provide menstrual hygiene products among the covered benefits through the NJ FamilyCare, the SNAP, or the WIC. As of the date of this estimate, the OLS is not aware of any federal waiver approvals for the use of federal assistance funds to provide menstrual hygiene products through any of these programs.

In the event of federal approval of the State's Medicaid waiver application, annual State costs would increase by an indeterminate amount in the form of higher capitation rates paid by the Department of Human Services to the Medicaid managed care organizations. While the OLS cannot anticipate the extent to which a menstrual hygiene products benefit would affect the

Medicaid capitation rates paid by the department, this new benefit would certainly exert upward pressure on these rates.

Any increase in NJ FamilyCare capitation rates would also increase State revenues in the form of federal Medicaid matching funds for eligible State Medicaid expenditures. On average, the federal Medicaid program provides \$0.65 in matching funds for every \$1.00 in qualifying State Medicaid expenditures.

Annual State cost increases would be minimized or eliminated if the federal government were to approve the State's waiver applications to provide menstrual hygiene products through the SNAP or the WIC, since benefits under both programs are fully funded by the federal government. Any State administrative costs to provide menstrual hygiene products through the SNAP would be equally divided between the State and the federal government, resulting in an indeterminate annual State cost increase. The State would incur no administrative costs if the benefit is approved under the WIC. The State also would not realize any revenues under these two federal programs.

Annual State costs will increase by up to \$2 million in the first year of the program's implementation if the Department of Human Services is required to establish a State-funded program to provide menstrual hygiene products to eligible beneficiaries in the event that the State waiver applications are denied by the federal government. State costs thereafter are indeterminate. According to the statistics in a 2019 survey, someone purchasing menstrual hygiene products spends \$159 per year, or \$13.25 per month, on average, for these products. Based on these expenditure data, the \$2 million appropriated under the bill would provide one month's worth of menstrual hygiene products for 150,943 individuals, or one year's worth of products for 12,579 individuals. The price of menstrual hygiene products has likely risen over the past 12 months as inflation has exerted upward pressure on retail prices for many consumer products, so the number of eligible beneficiaries the \$2 million appropriation would cover is likely lower than these data indicate.

An indeterminate amount of State costs also will be incurred under the a State-funded benefit program to develop a process to determine eligibility for the menstrual hygiene product benefit, including the certification of individuals under the age of 18 in an eligible beneficiary's household who would also qualify for the benefit. The State will also incur indeterminate costs to undertake the public awareness campaign required by the bill.

Section: Human Services

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).