

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 4799

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: OCTOBER 5, 2026

SUMMARY

Synopsis: Requires NJ FamilyCare coverage for healthy food prescriptions for certain enrollees.

Type of Impact: Annual State expenditure and revenue increases; potential State savings.

Agencies Affected: Department of Human Services, Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2 and Thereafter
State Expenditure Increase	At least \$500,000	Indeterminate
State Revenue Increase	Indeterminate	Indeterminate
Potential State Savings	N/A	Indeterminate

- The Office of Legislative Services (OLS) determines that State costs will increase by a minimum of \$500,000, the amount appropriated under the bill, and potentially by a significantly higher amount, in the first year following the bill’s effective date in order to provide coverage of healthy food prescriptions written by a licensed health care provider for NJ FamilyCare enrollees with Type II diabetes, hypertension, or obesity; expand the Healthy Corner Store Initiative to include retail pharmacies; and increase the grant amount available to retailers and pharmacies under the initiative. NJ FamilyCare costs and Healthy Corner Store Initiative costs would increase by an indeterminate amount annually in future fiscal years.
- To the extent that NJ FamilyCare costs increase, State revenues will also increase, in the form of federal cost reimbursements for State expenditures on healthy food prescriptions under the federal Medicaid program.
- To the extent that NJ FamilyCare enrollees that participate in this initiative improve their health status via access to healthy foods, these enrollees’ utilization of the Medicaid services would likely decrease over time, thereby reducing annual NJ FamilyCare costs by an indeterminate amount.

- As of January 2025, 203 small food retailers participated in the Healthy Corner Store Initiative. As such, the bill's provision increasing the grant amount provided toward offsetting small food retailers' costs for refrigeration, display shelving, or other equipment necessary to stock healthy foods would account for nearly half of the \$500,000 appropriation to retailers that currently participate in this initiative.

BILL DESCRIPTION

The bill amends the Healthy Small Food Retailer Act to newly allow retail pharmacies to market and sell healthy foods in rural and urban, low and moderate income areas. The bill also authorizes NJ FamilyCare coverage for healthy food prescriptions written by licensed health care providers for enrollees with Type II diabetes, hypertension, or obesity. Food prescriptions would be filled at small food retailers and retail pharmacies that participate in the Healthy Corner Store and Retail Pharmacy Program.

A food prescription would include: fresh fruits, fresh vegetables, culturally-appropriate staple foods, and other medically-appropriate grocery items as identified by the Department of Human Services in consultation with the Department of Health.

The department would incorporate program integrity safeguards into the healthy food prescriptions program, including eligibility verification, utilization review, and periodic audits.

Retail pharmacies, in addition to small food retailers, would be eligible for financial assistance from the Healthy Small Food Retailer Fund for refrigeration, display shelving, or other equipment necessary to stock healthy foods. The bill would increase the amount that each participating retailer or retail pharmacy may receive toward offsetting such costs from \$5,000 to \$6,000. Retail pharmacies would be newly eligible for mini-grants of up to \$100 to cover the up-front costs to participate in the program.

The bill appropriates \$500,000 from the General Fund to the Department of Human Services to implement the provisions therein.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that State costs will increase by a minimum of \$500,000, the amount appropriated under the bill, and potentially by a significantly higher amount, in the first year following the bill's effective date in order to provide coverage of healthy food prescriptions written by a licensed health care provider for NJ FamilyCare enrollees with Type II diabetes, hypertension, or obesity; expand the Healthy Corner Store Initiative to include retail pharmacies; and increase the grant amount available to retailers and pharmacies under the initiative. NJ FamilyCare costs and Healthy Corner Store Initiative costs would increase by an indeterminate amount annually in future fiscal years.

Because greater than 95 percent of NJ FamilyCare enrollees access care through the managed care reimbursement system, and the reimbursement rates paid by the five NJ FamilyCare managed

care organizations to contracted retail pharmacies that would participate in healthy food prescription program would be proprietary, the OLS lacks the informational basis to determine the magnitude by which NJ FamilyCare costs would increase as a result of this provision of the bill. To the extent that NJ FamilyCare costs increase, State revenues will also increase, in the form of federal cost reimbursements for State expenditures on healthy food prescriptions under the federal Medicaid program.

To the extent that NJ FamilyCare enrollees that participate in this initiative improve their health status via access to healthy foods, these enrollees' utilization of the Medicaid services would likely decrease over time, thereby reducing annual NJ FamilyCare costs by an indeterminate amount.

For context, KFF reports that 13 states currently cover nutrition supports, such as produce prescriptions or medically tailored meals, for certain Medicaid enrollees via federal Medicaid waivers, while two additional states have pending applications for nutrition-related Medicaid waivers. Federal reporting from Massachusetts shows that average monthly costs for the state's Medicaid demonstration program to cover medically tailored food boxes and nutritionally appropriate food boxes for certain Medicaid enrollees averaged \$196.00 per participating enrollee in the first quarter of 2025. Moreover, 2025 pricing guidance developed by the Michigan Department of Health and Human Services for Medicaid managed care plans to provide nutritional supports for qualifying enrollees estimates the monthly cost per enrollee for a produce prescription would range from \$189.67 to \$261.11. Michigan based this price range on United States Department of Agriculture weekly food costs for one person plus the state's administrative costs to provide a produce prescription food voucher that would pay for 50 percent of an individual's food needs.

As of January 2025, the most recent year for which data are publicly available, 203 small food retailers participated in the Healthy Corner Store Initiative. As such, the bill's provision increasing the grant amount provided toward offsetting small food retailers' costs for refrigeration, display shelving, or other equipment necessary to stock healthy foods would account for nearly half of the \$500,000 appropriation to retailers that currently participate in this initiative.

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.).