



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300
Fax: (401) 222-6410

State Fiscal Note for Bill Number:

2025-H 5990

Date of State Budget Office Approval: Tuesday, May 6, 2025

Date Requested: Monday, March 31, 2025

Date Due: Thursday, April 10, 2025

<i>Impact on Expenditures</i>	<i>Impact on Revenues</i>
FY 2025 N/A	FY 2025 N/A
FY 2026 \$519,135	FY 2026 N/A
FY 2027 \$468,180	FY 2027 N/A

Explanation by State Budget Office:

This bill expands the eligible services provided through the Medical Assistance (Medicaid) program to include lactation consultation services through a Medicaid member's twelve-month postpartum period, beginning October 1, 2025. The service is provided regardless of federal participation, and if federal participation is unavailable the services will be fully financed by state funds.

Summary of Facts and Assumptions:

The proposed services take effect on October 1, 2025; therefore, no fiscal impact is reported in FY 2025.

The May 2025 Caseload Estimating Conference testimony provided by the Executive Office of Health and Human Services (EOHHS) assumed an average of 350 births per month, or 4,200 per year, financed by Medicaid in FY 2026. This analysis assumes this number as the total number of eligible members in FY 2026 and FY 2027.

The 2022 Breastfeeding Report Card produced by the Centers for Disease Control and Prevention (CDC) estimates 82.4 percent of Rhode Island infants born in 2019 were breastfed at some point in their first year of life. Applying this percentage to the 4,200 total Medicaid births results in 3,468 members per year, or 289 per month, attempting to breastfeed and potentially seeking lactation consultation services.

Lactation consultation is not currently a service provided in Rhode Island's Medicaid State Plan, and the bill will establish it as a new service. However, all three Managed Care Organizations (MCOs) voluntarily provide some level of support. EOHHS sent an inquiry request to the MCOs asking what lactation services were covered, what are the rates paid for the services, and a usage estimate for the services from July 1, 2024, through April 2025. All three managed care organizations responded to the inquiry confirming they cover lactation consultation in some capacity, though Tufts Health Plan and United Healthcare noted difficulties in isolating rates and usage within their billing systems. The most complete data was provided by Neighborhood Health Plan which states they provide individual consultation services at a rate of \$15.00 per unit and group classes at a rate of \$10.00 per unit.

The year-to-date experience was a member count of 93 for individual services and 15 for group classes. It is assumed the low reimbursement rate is limiting the number of providers willing to provide the service, resulting in the relatively low utilization.



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Prior to adding the benefit EOHHS would go through a rate setting process to set the reimbursement rate for lactation services. Based on publicly available data, the private market rate for lactation consultations is approximately \$200 per session. To attract enough providers, it is assumed EOHHS must raise the rates currently provided by the MCOs to a rate closer to the private market. While the final rate is unknown at the time of this analysis, the Budget Office assumes a place holder rate of \$45 per session.

The number of consultations is going to vary by member though it is assumed the consultations will be mostly concentrated in the first weeks and months following postpartum. As a high-end estimate for the purposes of this analysis, it is assumed members will average three consultations per person in the first month postpartum with a 100 percent utilization and with a monthly cost of \$39,015. This results in a total of \$351,135 of benefit expenditures in FY 2026 for nine months based on the effective date, annualized to \$468,180 in FY 2027.

Additionally, EOHHS will be required to make updates and modifications to the Medicaid Management Information System (MMIS) to enable to payments for the services. Based on recent projects of similar size and scope the initial cost estimate is \$168,000 in FY 2026.

Comments on Sources of Funds:

Medicaid benefit expenditures are jointly financed by general revenues and federal funds according to the prevailing (blended) Federal Medicaid Assistance Percentage (FMAP), which is 55.99 percent in FY 2025 and 57.20 percent in FY 2026. For FY 2027, the preliminary blended FMAP is 57.80 percent.

Summary of Fiscal Impact:

As stated above, the fiscal impact is as follows:

FY 2025: No fiscal impact.

FY 2026:
General Revenue: \$234,286
Federal Funds: \$284,849
Total: \$519,135

FY 2027:
General Revenue: \$197,572
Federal Funds: \$270,608
Total: \$468,180

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