



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2429

PRINTER'S NO. 3343

PRIME SPONSOR: Briggs

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	\$0	\$19,800,000 See Fiscal Impact

SUMMARY:

This legislation amends the Human Services Code to allow the Department of Human Services to establish a reentry program under the Medical Assistance program.

ANALYSIS:

House Bill 2429, Printer's Number 2429 amends Act 21 of 1967, known as the Human Services Code, to establish an inmate reentry program within the Medical Assistance program operated by the Department of Human Services.

This program is subject to federal approval. Upon approval, the reentry program will begin on January 1, 2026, and will provide the following services:

- Substance use disorder treatment and case management services prior an inmate's release from the correctional institution.
- A 30 day supply of medication upon an inmate's release form the correctional institution.

A county may voluntarily participate in the reentry program. If it chooses to participate, the following requirements apply:

- Submit an application form with the information required by the department.
- This application must be adopted by a majority vote of the governing body and transmitted to the department accompanied by the necessary signatures.
- The department may approve a county's request to participate in the reentry program based on capacity of the program and the county's plan to provide reentry services.

The department may accept applications for this program from nonparticipating counties on an annual basis.

This act shall take effect immediately upon enactment.

FISCAL IMPACT:

The reentry program provided for under this legislation is subject to federal approval and upon approval, will begin January 1, 2026. At this time, the Department of Human Services has not received the necessary federal approval. Additionally, when that approval is received the reentry program will not begin until January 1, 2026. Therefore, there is no fiscal impact to the commonwealth for 2024/25.

Medical Assistance – Reentry Services

For 2025/26, the Department of Human Services has estimated the increased cost to the Medical Assistance program for January to December 2026 as part of its federal application¹ for this program. The increased costs to the Medical Assistance program for reentry services is estimated to total \$47.9 million. The period of January to June 2026 would reflect 6 months of the annual increased cost, which totals approximately \$24 million. A portion of the increased costs is expected to be covered by federal funds. The federal funding portion is determined by multiplying the total increased cost due to reentry services by the applicable Federal Medical Assistance Percentage (FMAP) for Pennsylvania.

At this time, the Federal Medical Assistance Percentage (FMAP) for the period of January to June 2026 has not yet been published by the federal government. Assuming the FMAP for January to June 2026 is at least the FMAP that applies to the period of October 2024 to September 2025, the federal funds would cover approximately 55% of the increased cost for reentry services which totals \$13.2 million. The increased cost to the commonwealth would be the state portion of the reentry service costs which total \$10.8 million.

Medical Assistance – Reentry Infrastructure

In addition to reentry services, the department included in the federal application² infrastructure, the costs for the establishment of the reentry program. The increased costs associated with infrastructure include the county application process, the readiness review process for each participating county correctional facility, training of personnel, and the development of data and tracking systems. The department's estimated increased infrastructure costs for January to December 2026 total \$18.1 million.

The FMAP applied to administrative costs for the Medical Assistance program is 50%. Assuming all estimated infrastructure costs meet the federal requirements for administrative costs covered by the Medical Assistance program, the federal portion of the increased costs is approximately \$9 million. The increased cost to the commonwealth would be the state portion of the infrastructure costs, which total approximately \$9 million. If the department receives federal approval to use the same FMAP as reentry services in place of the FMAP for administrative costs, this will result in additional federal funding for reentry infrastructure costs and reduce the state portion needed for these costs.

The combined fiscal impact to the commonwealth for increased costs to the Medical Assistance program, as a result of the reentry program established under this legislation, for January to June 2026 totals \$19.8 million.

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House Appropriations Committee (D)

DATE: July 1, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.

¹ Bridges to Success: Keystones of Health for Pennsylvania Medicaid Section 1115 Demonstration Application, February 2024, pages 34-35.

² Bridges to Success: Keystones of Health for Pennsylvania Medicaid Section 1115 Demonstration Application, February 2024, Reentry Supports, pages 32.