SUMMARY:

This bill requires the Medi-Cal program to cover medically supportive food and nutrition, for at least 12 weeks, when determined to be medically necessary by a health care provider or health plan, as specified. This bill also establishes a medically supportive food and nutrition benefit advisory workgroup (workgroup) to advise the Department of Health Care Services (DHCS) in developing final guidance related to developing medically supportive food and nutrition interventions, as specified.

FISCAL EFFECT:

Costs of an unknown amount, likely in the tens of millions of dollars or more, annually, to DHCS (General Fund, possibly federal funds if approved by the federal government).

COMMENTS:

1) Purpose. According to the author:

   Too many Californians, particularly Californians of color, are living with largely preventable chronic conditions. Adequate food and nutrition are a fundamental part of preventing and treating chronic conditions, and can significantly improve a patient's quality of life and health status while also reducing healthcare costs. Across California, numerous organizations have piloted these interventions, also commonly known as “food as medicine” programs. Evaluations from those programs, and others nationally, show that they improve health and reduce avoidable healthcare spending. AB 1644 expands medically supportive food and nutrition interventions as a covered benefit under Medi-Cal to all Medi-Cal recipients will improve the lives of the beneficiaries.

2) Background.

   CalAIM. CalAIM is a collection of major initiatives spearheaded by DHCS that align with the Administration’s program improvement goals, including addressing social drivers of health, reducing program complexity and increasing flexibility, and modernizing payment structures to promote better outcomes. The majority of CalAIM proposals were put forward in 2021 through two comprehensive applications to the federal government for a “Section 1115 demonstration” and “Section 1915(b) waiver” Act that authorize state and federal
flexibility with Medicaid program rules to implement specific initiatives. DHCS received federal approval on December 29, 2021, for both the demonstration and waiver, effective through December 31, 2026, subject to special terms and conditions.

**Community Supports.** One component of CalAIM that addresses social drivers of health is called Community Supports. Community Supports are services that can be provided by Medi-Cal managed care plans as cost-effective alternatives to traditional medical services or settings. DHCS has a pre-approved list of 14 Community Supports, based on experience in prior demonstration programs to address health-related social needs. Medically supportive food or tailored meals can potentially provide similar health improvements and avoidance of expensive, high-intensity health care services.

**Cost Considerations for Food Interventions as a Medi-Cal Benefit.** Making services a benefit, versus a Community Support offered through a temporary demonstration project, will result in broader eligibility for services. This could add to program costs significantly for the provision of the benefit and could result in offsetting health care cost savings or health improvements as a result of broader coverage. Currently, managed care plans have the discretion to define criteria for the level of services determined to be both medically appropriate and cost-effective for members. One provider of medically tailored meals (MTMs) through the current Medi-Cal Community Supports indicates the price range is $7 to $12 per meal. According to the sponsors, over a third of Medi-Cal beneficiaries is expected to have one or more of the medical diagnoses included in the bill.

3) **Prior Legislation.**

a) AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, established statutory authority for various aspects of the CalAIM initiative, including authority to provide “ILOS”, which was later renamed as “Community Supports.”

b) AB 3118 (Rob Bonta), of the 2019-20 Legislative Session, would have created a Medi-Cal pilot program in Alameda County to provide a “medically supportive food assistance” benefit for a Medi-Cal beneficiary with a chronic health condition, as specified, for a three-year period, and requires the department to evaluate the pilot and make recommendations for its expansion or continuation. AB 3118 was held on the suspense file of this committee.

c) SB 97 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2017, authorized the MTM Pilot Program, which launched on April 1, 2018, in eight counties. DHCS oversees the program and contracted with Project Open Hand to provide services. The pilot was planned to run for four years with a total budget of $6 million, and is being evaluated to determine effects on hospital, emergency department, and skilled nursing facility admissions. The program has served three MTMs per day for 12 weeks to 1,413 eligible beneficiaries with congestive heart failure during the four-year period.

**Analysis Prepared by:** Allegra Kim / APPR. / (916) 319-2081