

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Trujillo LAST UPDATED _____
ORIGINAL DATE 3/3/23
BILL
SHORT TITLE Free Diaper Program NUMBER House Bill 504
ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicaid est diaper costs		\$0-\$31,332.4	\$0-\$31,332.4	\$0-\$62,664.8	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From
Human Services Department (HSD)

SUMMARY

Synopsis of House Bill 504

House Bill 504 (HB504) would require the Medicaid program to provide free diapers, absorbency undergarments, guards, or pads that are designed for protection against urinary or colonic leakage. HB504 requires HSD promulgate rules associated with the provisions of the bill.

FISCAL IMPLICATIONS

The bill does not include an appropriation.

HSD reports currently Medicaid covers diapers and related products for certain populations when determined to be medically necessary. The bill is unclear if it is expanding a Medicaid covered benefit for all newborns and infants. If so, the cost to the Medicaid program could be as high as \$31.3 million in general revenue per year. Because infant diapers are not considered a medical benefit, it could be difficult or impossible to obtain federal matching funds from regulators at the Centers for Medicare and Medicaid Services.

Regarding product usage, most children complete toilet training (stop using diaper products) between 18 and 30 months of age. However, some children continue using diaper products until

the age of 4. Limiting the analysis to common users, HSD identified 41,445 newborns, infants, and toddlers in the Medicaid program between 0 and 30 months old. Regarding product type, HSD reviewed an approximate cost for standard brand diaper products, identifying \$0.27/diaper and an average quantity of product per user of 2,800 diapers/year (7-8 per day). [How Much Do Diapers Cost in 2023 \[Yearly, Monthly, Weekly Range\] \(naturalbabylife.com\)](#). These parameters relating to utilization, product type, and product price suggest an annual Medicaid program cost of \$31,332,420 per year ($=\$0.27 \times 2,800 \times 41,445$).

SIGNIFICANT ISSUES

HSD reports diapers are currently a covered Medicaid benefit but only for certain populations when determined to be medically necessary. Current coverage includes either disposable diapers or underpads prescribed for a Medicaid-eligible recipient age three years and older who suffers from neurological or neuromuscular disorders or who has other diseases associated with incontinence. The benefit is limited to either 200 diapers per month or 150 underpads per month.

TECHNICAL ISSUES

HSD suggests an amendment to clarify who this benefit is intended to cover and if the required benefit would add Medicaid coverage of infant diapers.

RAE/al/ne