Minnesota

Department of Human Services

November 2007 Forecast

St. Paul, Minnesota

November 30, 2007

THE DHS FORECAST

The Department of Human Services (DHS) prepares a forecast of expenditures in its major programs twice each year, for use in the state forecasts which are released in November and February during each fiscal year. These forecasts are reviewed by the Department of Finance and are used to update the Fund Balance for the forecasted programs.

The February forecast, as adjusted for changes made during the legislative session, becomes the basis for end of session forecasts and planning estimates. The preceding November forecast sets the stage for the February forecast.

The DHS forecast is a "current law" forecast. It aims to forecast caseloads and expenditures given the current state and federal law at the time the forecast is published.

The DHS programs covered by the forecast are affected by many variables:

> The state's general economy and labor market affect most programs to some degree, especially those programs and segments of programs which serve people in the labor market.
>
> Federal law changes and policy changes affect state obligations in programs which have joint state and federal financing. Federal matching rates for Medical Assistance (MA) change occasionally. Federal funding for the Temporary Assistance to Needy Families (TANF) program is contingent on state compliance with maintenance of effort requirements which mandate minimum levels of state spending.
>
> Changes in federal programs affect caseloads and costs in state programs. The Supplemental Security Income program (SSI) drives elderly and disabled caseloads in Medical Assistance and Minnesota Supplemental Aid. Changes in SSI eligibility may leave numbers of people eligible for General Assistance and General Assistance Medical Care instead of SSI and Medical Assistance.

The narrative section of this document provides brief explanations of the changes in forecast expenditures in the November 2007 forecast, compared to the end of session 2007 forecast. Generally, these changes are treated on a biennial basis, covering the 2008-2009 biennium and the 2010-2011 biennium.

Tables One and Two provide the new and old forecasts and changes from the previous forecast for the 2006-2007 biennium, and Tables Three and Four provide the same information about the 2008-2009 biennium. Tables Five and Six cover the 2010-2011 biennium.

CURRENT BIENNIUM SUMMARY

General Fund Costs Up Slightly

General Fund costs for DHS medical and economic support programs for the 2008-2009 biennium are projected to total $8.079 billion, $18 million (0.2 percent) more than projected in the end of session forecast. This increase results from higher costs for GAMC and the Chemical Dependency Fund, partially offset by small decreases in Medical Assistance.

TANF Forecast Lower

Projected expenditures of federal TANF (Temporary Assistance for Needy Families) funds for MFIP grants are $127 million, $29 million (19 percent) lower than in the end of session forecast. The decrease reflects mainly higher state maintenance-of-effort requirements and, to a lesser extent, slightly lower MFIP caseloads.

MinnesotaCare Forecast Lower

Forecasted Health Care Access Fund costs for the MinnesotaCare program are $711 million, $137 million (16 percent) lower than projected in the end of session forecast. The reasons for the decrease are lower managed care rates for adults with no children and lower enrollment of families with children.

NEXT BIENNIUM SUMMARY

General Fund Costs Unchanged

General Fund costs for DHS medical and economic support programs for the 2010-2011 biennium are projected to total $9.486 billion, $5 million (0.1 percent) less than projected in the end of session forecast. This tiny decrease results from lower Medical Assistance costs is substantially offset by increased costs for GAMC and the Chemical Dependency Fund. The forecast stability is illusory, however, since Medical Assistance is reduced by $132 million because the expected caseload shift from MinnesotaCare to Medical Assistance has been dropped from the forecast. Absent this technical change, the forecast would be increasing by $127 million (1.3%), mainly because of the GAMC and Chemical Dependency Fund increases.

TANF Forecast Lower

Projected expenditures of federal TANF (Temporary Assistance for Needy Families) funds for MFIP grants are $147 million, $29 million (17 percent) lower than in the end of session forecast. As in the current biennium, the decrease reflects higher state maintenance-of-effort requirements and slightly lower MFIP caseloads.

MinnesotaCare Forecast

Forecasted Health Care Access Fund costs for the MinnesotaCare program are $994 million, $15 million (1.4 percent) lower than projected in the end of session forecast. The modest reduction results from the net of lower rates for adults with no children substantially offset by costs resulting from dropping the forecasted caseload shift to Medical Assistance from the forecast.

PROGRAM DETAIL

MEDICAL ASSISTANCE	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	81.5%	83.2%	84.4%
Total forecast change this item ($000)	25,781	(44,380)	(111,603)
Total forecast percentage change this item	0.5%	-0.7%	-1.4%

The table above summarizes the forecast change for the entire Medical Assistance program.

The following sections explain the forecast change for each of four component budget activities of the Medical Assistance program.

MA LTC FACILITIES	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	14.3%	12.4%	10.4%
Total forecast change this item ($000)	(1,235)	(15,302)	(1,914)
Total forecast percentage change this item	-0.1%	-1.5%	-0.2%

This activity includes payments to nursing facilities, to community ICF/MR facilities, for day training and habilitation services for community ICF/MR residents, and for the Regional Treatment Center program for the mentally ill and chemically dependent (RTC-MI/CD). (In the RTC-MI/CD programs, Medical Assistance generally covers only those residents who are under age 21 or age 65 or over.)

The net cost of this activity is also affected by the amount of Alternative Care (AC) funds expected to cancel to the Medical Assistance account. Alternative Care is usually funded at a larger amount than expected expenditures, to allow for the fact that funds have to be allocated to the counties and, because each county treats its allocation as a ceiling for spending, there is always substantial underspending of Alternative Care funds. The amount which is expected to be unspent is deducted from the funding of the Medical Assistance program in the budget process.

Alternative Care Offset

A lower transfer from Alternative Care to MA at the end of FY 2007, because of transfers to other programs, increased net MA costs for the year $4.8 million.

Lower Alternative Care caseload projections account for reductions of $5.3 million for the current biennium and $1.6 million for the next biennium. Projected Alternative Care expenditures are 6.9% lower for the current biennium and 1.9% lower for the next biennium.

Nursing Facilities (NF)

NF expenditures for the last biennium were $5.9 million (0.4%) lower, and projected expenditures are $17.4 million (1.0%) lower for the current biennium and $8.6 million (0.5%) lower for the next biennium. Most of the reduction comes from higher projections of recipient contributions. Recipient projections are also slightly lower for the current biennium.

County Nursing Facilities

County nursing facility payments were $1.0 million lower for the last biennium. They are projected to be $2.2 million lower for the current biennium and $2.4 million lower for the next biennium. These changes recognize a slowly decreasing number of beds in county-owned nursing homes.

A federal disallowance of matching funds for a 2003 increase in county nursing facility payments is expected to increase state costs by $2.3 million in the current biennium and in the next biennium. (The cost of the disallowance for previous years is $6.7 million which the state has refunded to the federal agency. This cost is included under the Families with Children budget activity.)

Community ICF/MR and Day Training & Habilitation (DT&H)

Combined costs for these two services were $200,000 (0.1%) lower for the last biennium and are increased by $1.2 million (0.4%) for the current biennium and by $1.7 million (0.5%) for the next biennium. Caseload projections are about 2% higher for the current biennium and about 4% higher for the next biennium because the rate of decrease in the ICF/MR caseload has slowed. The increase for higher numbers of recipients is substantially offset by lower average cost projections, especially in DT&H.

RTC MI-CD Program

Previous forecasts assumed a substantial decline in the number of recipients as the new 16-bed community hospitals replaced services previously provided on the RTC campuses. We have discovered that this assumption was incorrect. All the RTC-MI services currently billed to Medical Assistance are for adolescents in programs which are not expected to be replaced by the 16-bed hospitals. Therefore expenditure decreases from the FY 2007 level are not to be expected. The resulting increases are $1.4 million (5.6%) for last biennium, $8.8 million (94%) for the current biennium, and $10.2 million (96%) for the next beinnium.

County Share for LTC Services

County share payments were $300,000 (1%) higher for the last biennium. Projections of county-share payments are increased by $2.7 million (10%) for the current biennium and by $3.5 million (13%) for the next biennium. Most of this change comes from forecast increases in RTC-MI services and ICF/MR.

MA LTC WAIVERS & HOME CARE

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	24.3%	25.2%	25.7%
Total forecast change this item ($000)	(6,664)	(28,930)	(30,721)
Total forecast percentage change this item	-0.4%	-1.4%	-1.3%

This activity includes the following components:

- Developmentally Disabled Waiver (DD Waiver)
- Elderly Waiver (EW): fee-for-service (FFS) segment
- Community Alternatives for Disabled Individuals (CADI Waiver)
- Community Alternative Care Waiver (CAC Waiver)
- Traumatic Brain Injury Waiver (TBI Waiver)
- Home Health Agency Services
- Personal Care and Private Duty Nursing Services (PCA & PDN).
- Fund transfer to Consumer Support Grants

The five waivers are special arrangements under federal Medicaid law, which provide federal Medicaid funding for services which would not normally be funded by Medicaid, when these services are provided as an alternative to institutional care (nursing facility, ICF/MR, or acute care hospital).

The following table provides a breakdown of the forecast changes in the waivers and home care:

Change in Projected Costs	**'06-'07 Biennium ($000)**	**'08-'09 Biennium ($000)**	**'10-'11 Biennium ($000)**
DD Waiver	(4,705)	(9,851)	(10,585)
EW Waiver FFS	(633)	(23,087)	(36,581)
CADI Waiver	926	20,637	34,066
CAC Waiver	(211)	(1,537)	(2,474)
TBI Waiver	(7)	(2,739)	887
Home Health	(1,053)	(4,767)	(4,526)
PCA/PDN	(1,682)	(7,585)	(11,508)
Transfer to CSG	700	0	0
Activity Total	(6,664)	(28,930)	(30,722)
EW Total: FFS & Managed Care	730	4,507	(377)

Percent Change in Projected Costs	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
DD Waiver	-0.53%	-0.98%	-0.94%
EW Waiver FFS	-0.62%	-23.26%	-31.91%
CADI Waiver	0.49%	6.55%	7.59%
CAC Waiver	-1.68%	-8.49%	-11.11%
TBI Waiver	-0.01%	-2.48%	0.56%
Home Health	-3.68%	-14.62%	-12.89%
PCA/PDN	-0.49%	-1.78%	-2.31%
Transfer to CSG	4.13%	0.00%	0.00%
Activity Total	-0.40%	-1.42%	-1.26%
EW Total: FFS & Managed Care	0.18%	0.81%	-0.05%

DD Waiver

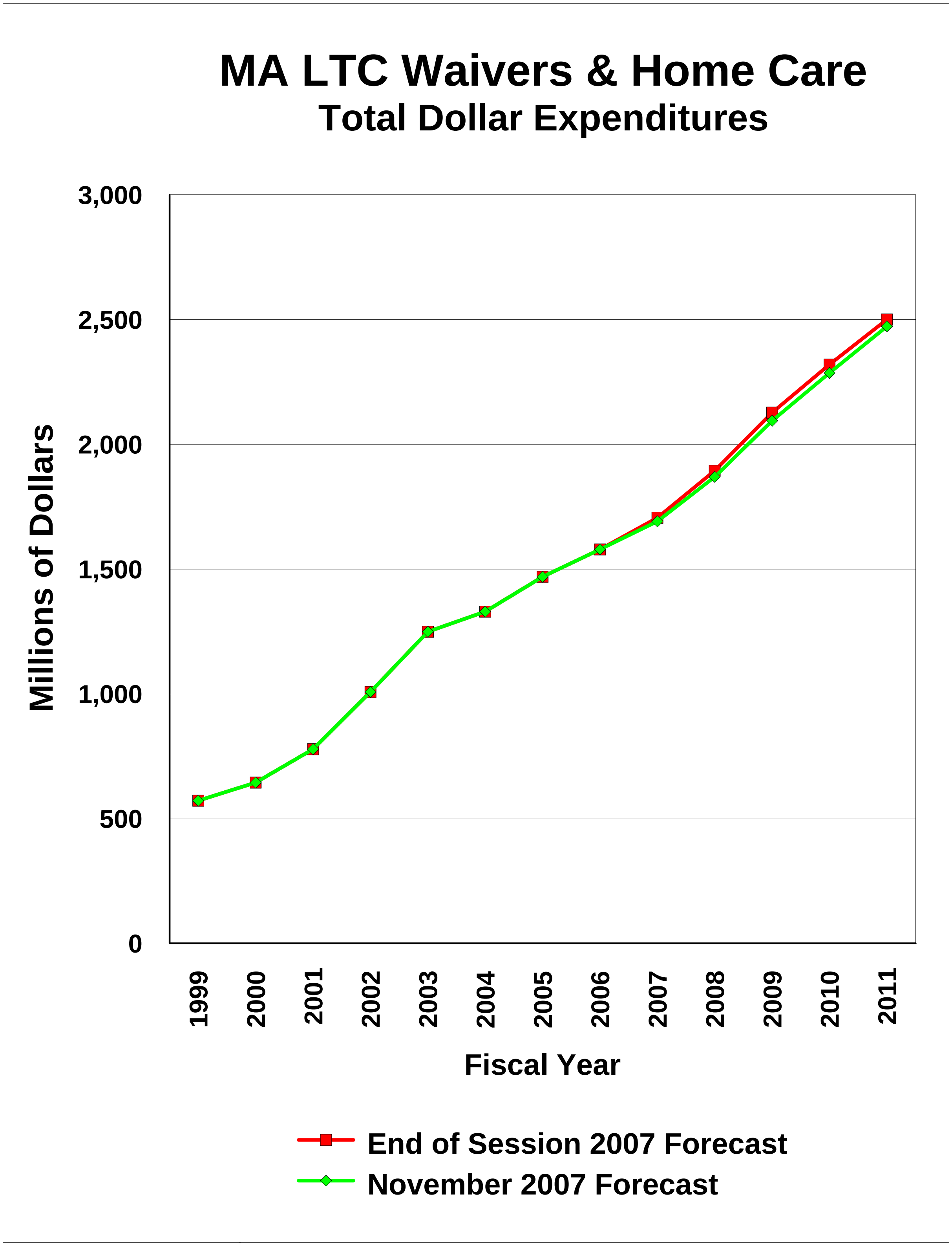
DD waiver caseload projections are reduced by approximately 1.0% based on experience through the end of FY 2007.

Elderly Waiver FFS & Managed Care

Elderly waiver is forecasted in two segments, the fee-for-service segment and the managed care segment. Forecast changes are described for the total of the two segments, since changes in the two parts tend to result from differences in timing in the expected shift of many fee-for-service EW recipients to the managed care segment.

EW FFS recipients projections have been reduced mainly in anticipation of a shift of about 1300 average recipients to managed care in January 2008. Apart from this shift the FFS projections would be several hunded lower, and the managed care projection several hundred higher based on experience through the end of FY 2007.

Recipient projections for the whole EW program, fee-for-service and managed care, are about 0.5% higher for the current biennium, practially unchanged for the next biennium. Payment projections are about 0.8% higher for the current biennium and unchanged for the next biennium.


MA LTC Waivers & Home Care
Total Dollar Expenditures
Millions of Dollars
3,000
2,500
2,000
1,500
1,000
500
0
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Fiscal Year
End of Session 2007 Forecast
November 2007 Forecast

CADI Waiver

CADI recipient projections are about 1% higher. The remainder of the forecast increases, which total about 7% for this biennium and the next biennium, result from higher average cost projections. New CADI recipients are entering the program at markedly higher levels of cost than the average for existing recipients.

CAC Waiver

The increases in the CAC forecast come from higher average costs. Levels of cost in this program fluctuate based on the proportion of non-waiver home care services used bu CADI recipients.

TBI Waiver

TBI decreases in the current biennium result from decreases of about 3% in the projected number of recipients. There is little change in the forecast for the next biennium.

Personal Care Changes

PCA and Private duty nursing projections are down about 2% because of lower average cost projections. Recipients projections are less the 0.5% higher.

Home Health Agency Changes

Actual home helath recipients were about 6.5% under forecast in FY 2007. Projected recipients are reduced by about 13% for the current biennium and the next biennium.

MA: ELDERLY & DISABLED BASIC CARE	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	24.8%	26.0%	27.1%
Total forecast change this item ($000)	12,103	26,723	58,589
Total forecast percentage change this item	0.7%	1.3%	2.3%

This activity funds general medical care for elderly and disabled Medical Assistance enrollees. For almost all of the elderly and for about 45 percent of the disabled who have Medicare coverage, Medical Assistance acts as a Medicare supplement. For those who are not eligible for Medicare, Medical Assistance pays for all their medical care. Also included in this activity is the IMD group, which was part of GAMC until October 2003 and is funded without federal match. Enrollees in this group are individuals who would be eligible as MA disabled but for the fact of residence in a facility which is designated by federal regulations as an "Institute for Mental Diseases." Residents of such facilities are barred from MA eligibility unless they are under age 21 or age 65 or older.

The disabled segment accounts for about two-thirds of enrollees in this activity.

This activity also pays the federal agency the "clawback" payments which are required by federal law to return most of the MA pharmacy savings resulting from implementation of Medicare Part D in January 2006. The federal agency bills the state monthly for each Medicare-MA dual eligible who is enrolled in a Part D plan. The proportion of estimated savings which the state is required to pay decreases by 1.67 percentage points each year until it reaches 75% in CY 2015. For CY 2008 it is 86.67%, and the amount billed per dual eligible each month is $121.75.

The following table summarizes the areas of forecast changes in this activity:

	'06-'07 Biennium ($000)	**'08-'09 Biennium ($000)**	**'10-'11 Biennium ($000)**
Elderly Waiver Managed Care	998	25,341	36,392
Elderly Basic Caseload	(3,589)	(13,953)	(25,097)
Elderly Basic Avg. Cost: '08 HMO rates	0	14,061	24,406
Elderly Basic Avg. Cost: other	4,460	7,150	15,444
Disabled Basic Caseload	1,323	8,551	9,733
Disabled Basic Avg. Cost	11,462	33,497	60,234
Disabled basic: MNDHO	(706)	(14,565)	(5,837)
Medicare Part D clawback payments	(894)	(25,136)	(50,101)
DMIE	(542)	(3,287)	0
IMD Program	(206)	(4,509)	(5,958)
Chemical Dependency Fund share	(203)	(427)	(627)
Total	12,103	26,723	58,589

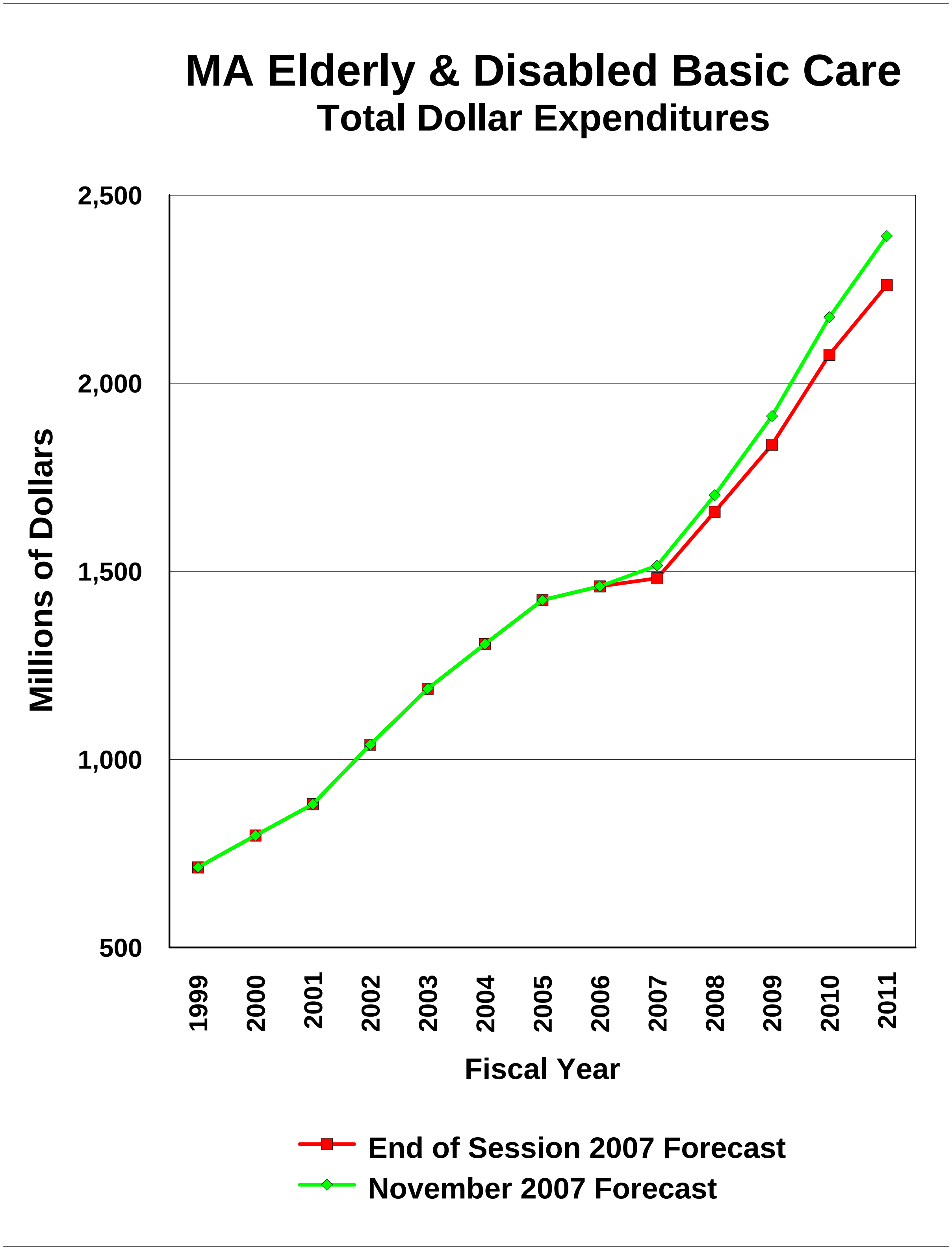
Elderly Basic Changes

The increase in Elderly Waiver managed care is approximately the same as the forecast reduction in Elderly Waiver FFS.

Elderly enrollment was about 1.3% below forecast in FY 2007. Projected enrollment is reduced by 2.1% for the current biennium and by 3.0% for the next biennium.

Average cost projections were about 1.6% over forecast in FY 2007, because average managed care costs were about 2% higher than expected. The revised average cost projection is 1.2% higher for the current biennium and 1.9% higher for the next biennium.

In addition to the increase described above, the January 2008 increase in managed care rates is expected to be 13.7%, compared to 7.5% in the previous forecast. This increases overall Elderly cost projections by 2.1% for the current biennium and by 3.0% for the next biennium


MA Elderly & Disabled Basic Care
Total Dollar Expenditures
Millions of Dollars
2,500
2,000
1,500
1,000
500
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Fiscal Year
End of Session 2007 Forecast
November 2007 Forecast

Disabled Basic Changes

Disabled basic enrollment was 0.4% higher in FY 2007 than the previous forecast. Enrollment projections have been increased by 1.0% for both the current biennium and the next biennium.

Average costs were 2.5% higher in FY 2007 than the February 2007 forecast. Average cost projections are now 3.1% higher for the current biennium and 4.4% higher for the next biennium. Year-to-year trend increases are projected at 6%, compared to 5% in the previous forecast.

MNDHO expenditures are reduced by 11.7% for the current biennium because of lower average costs. The reduction for the next biennium is only 3.2% because higher enrollment projections substantially offset the reductions from lower average costs.

Medicare Part D Clawback Change

Projections of clawback payments to the federal government are lower because the monthly amount billed per dual eligible will be slightly lower for CY 2008 than it was for CY 2007. The previous forecast had projected that it would increase by 8.33% (10% inflation minus 1.67 percentage points for decrease in the rate of the clawback). We have also reduced the inflation assumption for the clawback for CY 2009 and 2010 from 10% to 8%. The overall change in projected clawback payments is 7.9% for the current biennium and 12.8% for the next biennium.

Demonstration to Maintain Independence and Employment (DMIE)

Projections for the current biennium are reduced by 29% because enrollment in the Demo has been lower than expected.

IMD Program

Based on experience through September 2007, projected IMD payments are 20% lower for the current biennium and 24% lower for the next biennium. A lower number of IMD eligibles contributes about 6% to the overall reductions.

CD Fund Share

Increases in MA-funded services covered by the CD Fund produce corresponding reductions in state share costs funded from the MA account, because the state share of these costs comes from the CD Fund.

FAMILIES WITH CHILDREN BASIC CARE	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	18.1%	19.6%	21.1%
Total forecast change this item ($000)	21,577	(26,871)	(137,557)
Total forecast percentage change this item	1.7%	-1.7%	-6.9%

This activity funds general medical care for MFIP recipients, including those with MA transition year coverage, for other families with children who are eligible for Medical Assistance, and for non-citizens who are ineligible for federal matching. The non-citizen segment is treated as part of this activity because non-citizen enrollment and costs are dominated by costs for pregnant women.

The components of the overall forecast change in this activity are summarized in the following table:

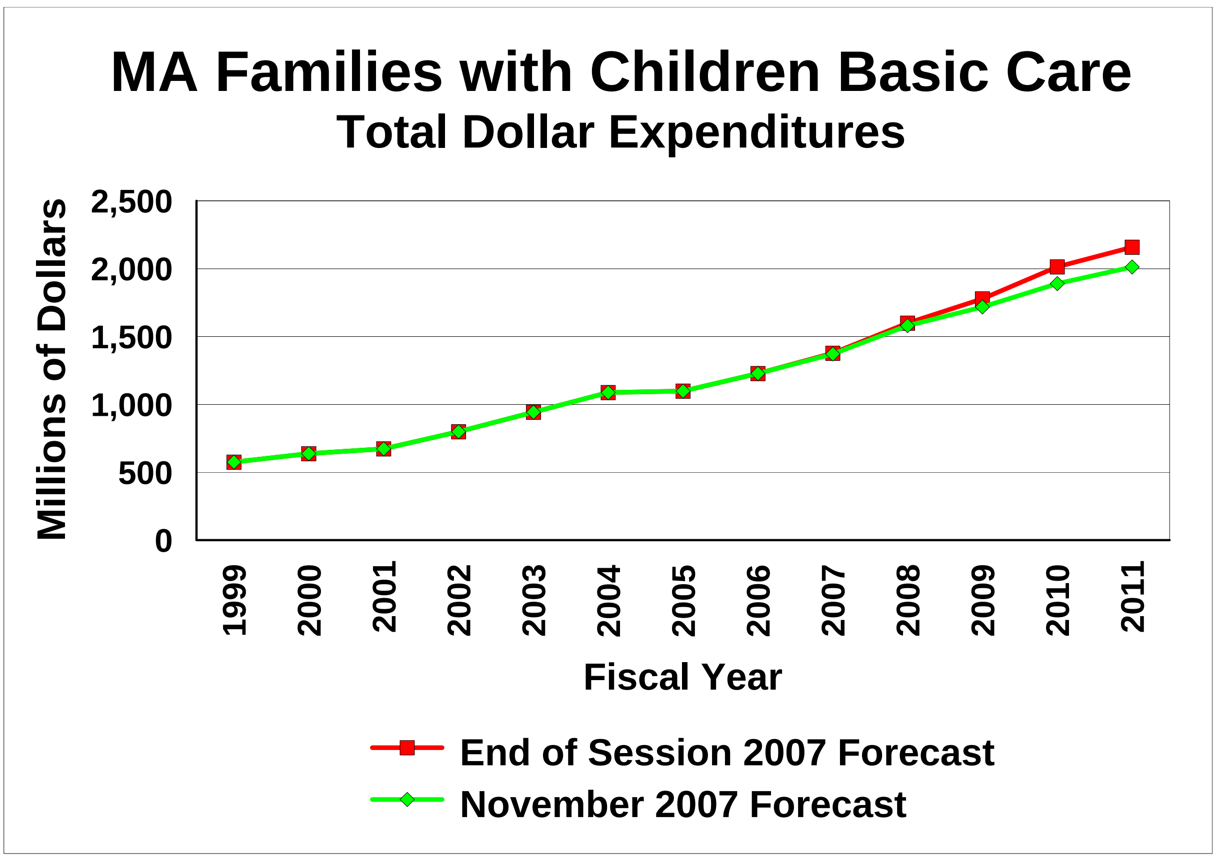
	'06-'07 Biennium ($000)	'08-'09 Biennium ($000)	'10-'11 Biennium ($000)
Families with Children			
Drop caseload shift from MinnesotaCare	0	(19,441)	(131,890)
Caseload: Other	2,225	8,908	35,814
Avg. cost: 2008 HMO rates	0	(10,695)	(17,754)
Avg. cost: Other	(8,325)	(20,394)	(26,625)
CD Fund share	(333)	(400)	(652)
Contingent DSH payments	0	1,602	(2,808)
CPE DSH dedicated revenue	0	307	2,707
Non-citizen MA segment	(826)	(7,624)	(10,444)
Services w special funding	1,254	3,480	4,586
Family planning waiver & impact	280	(1,212)	5,489
Breast & cerv. cancer	411	1,816	3,305
Rx rebates	821	3,335	944
Federal disallowances	1,000	12,005	0
Other changes	25,070	1,442	(229)
Total	21,577	(26,871)	(137,557)

Families with Children Basic Care

The biggest change in this activity comes from elimination of the forecasted enrollment shift from MinnesotaCare which is projected to result from implementation of HealthMatch, the new eligibility system for the medical programs. Given current uncertainty about the likely timing of the implementation of the new system, we have removed the effects of the expected shift from the forecast until system development reaches a point at which we are confident that implementation will take place within 12 to 24 months.

Projected Enrollment Shift from MinnesotaCare
As of the End of Session 2007
Now Dropped from the Forecast

	Average Enrollees	State Share Costs
FY 2007	0	0
FY 2008	0	0
FY 2009	12,934	19,440,825
FY 2010	31,231	56,911,087
FY 2011	37,125	74,978,543



Apart from the effects of dropping the enrollment shift, enrollment projections are increased by 0.6% for the current biennium and by 1.7% for the next biennium. FY 2007 enrollment exceeded the previous forecast by 0.3%.

Based on experience through September 2007, average cost projections are reduced by 1.2%. Average costs in both FFS and managed care have been slightly lower than expected in the previous forecast.

Average cost projections are also lower because managed care rates are now expected to increase by 9.1% in January 2008, compared to the 10.5% increase anticipated in the previous forecast. The overall effect on average costs in this segment is a reduction of about 0.8%.

A slightly higher projection of the share of payments made to the CD Fund results in a small cost reduction because payments to the CD Fund draw no state share from the MA account.

CPE DSH Dedicated Revenue and Contingent Hospital Payments

Legislation from the 2005 Session directs DHS to seek Medicaid Disproportionate Share Hospital (DSH) matching for Certified Public Expenditures (CPE) during the FY 2008-2009 biennium. The same legislation required the CPE DSH revenue to be used for MA DSH hospital payments, after offsetting the cost of reducing hospital payments by 4 percentage points less (6% ratable reduction rather than 10% ratable reduction: a budget decision made in the 2005 Session).

Changes in the 2007 Session extended this requirement to the FY 2010-2011 biennium. GAMC FFS hospital payments and losses certified by Hennepin County Medical Center constitute the Cerified Public Expenditures.

The relatively small changes in these forecasts come from changes in the GAMC forecast of FFS hospital payments, which affect the dedicated revenue projection, and changes in the MA inpatient hospital forecast and the MinnesotaCare forecast, which affect the projection of the hospital rate offset.

	CPE DSH Dedicated Revenue	Offset 4% Hospital Reduction (State Share)	Net = Contingent Hospital Payments (State Share)
End of Session 2007			
FY 2008	36,245,000	(19,277,500)	16,967,500
FY 2009	37,782,000	(21,098,500)	16,683,500
Biennium	74,027,000	(40,376,000)	33,651,000
FY 2010	33,515,000	(17,907,000)	15,608,000
FY 2011	34,573,000	(18,755,000)	15,818,000
Biennium	68,088,000	(36,662,000)	31,426,000

	CPE DSH Dedicated Revenue	Offset 4% Hospital Reduction (State Share)	Net = Contingent Hospital Payments (State Share)
November 2007 Forecast			
FY 2008	36,335,000	(18,146,000)	18,189,000
FY 2009	37,385,000	(20,320,500)	17,064,500
Biennium	73,720,000	(38,466,500)	35,253,500
FY 2010	32,463,000	(17,786,500)	14,676,500
FY 2011	32,918,000	(18,977,000)	13,941,000
Biennium	65,381,000	(36,763,500)	28,617,500
Difference: End of Session 2007 vs. November:			
FY 2008	90,000	1,131,500	1,221,500
FY 2009	(397,000)	778,000	381,000
Biennium	**(307,000)**		**1,602,500**
FY 2010	(1,052,000)	120,500	(931,500)
FY 2011	(1,655,000)	(222,000)	(1,877,000)
Biennium	**(2,707,000)**		**(2,808,500)**

Non-Citizen MA

The Non-Citizen segment of MA includes federal State Childrens' Health Insurance (SCHIP) coverage for pregnant women through the month in which they give birth. Two months of post-partum coverage are at 100% state cost.

Enrollment growth in this segment slowed in FY 2007, in which actual enrollment was 5.7% less than anticipated in the previous forecast. Projected enrollment is reduced by 9.0% for the current biennium and by 11.3% for the next biennium. Reductions in projected state expenditures are somewhat larger: 12.8% for the current biennium and 13.4% for the next biennium. The reason for the difference is that a somewhat larger proportion of payments qualify for SCHIP matching under the new forecast.

Services with Special Funding

This is a forecast category which includes several services which have only federal and county share funding, such as child welfare targeted case management. Services which have state funding are access services (transportation to medical care), child and teen checkup outreach, and DD waiver screenings.

Expenditures in this category exceeded the previous forecast by 5.7% in FY 2007. The forecast is increased by 7.0% for the current biennium and by 8.5% for the next biennium. These increases are in access services and child and teen checkup outreach.

Family Planning Waiver

Most of the forecast changes result from a delay in the expected timing of the full implementation of the FP Waiver to July 2010 because of later timing for the new eligibility system. Reductions for the current biennium reflect fewer people receiving services; increases for the next biennium reflect a delay in the savings expected from a reduction in the number of births paid for by MA.

Breast & Cervical Cancer

The increases in this item reflect higher average costs of service for this coverage. FY 2007 expenditures were 37% above the previous forecast. Projected expenditures are increased by about 70% for the current biennium and by 110% for the next biennium.

Pharmacy Rebates

(Higher rebates reduce MA cost projections; lower rebates increase net costs.)

Rebates in FY 2007 fell about 2% short of the previous forecast. For the current biennium, the rebate forecast is reduced by about 4%; for the next biennium by about 1%.

Federal Disallowances

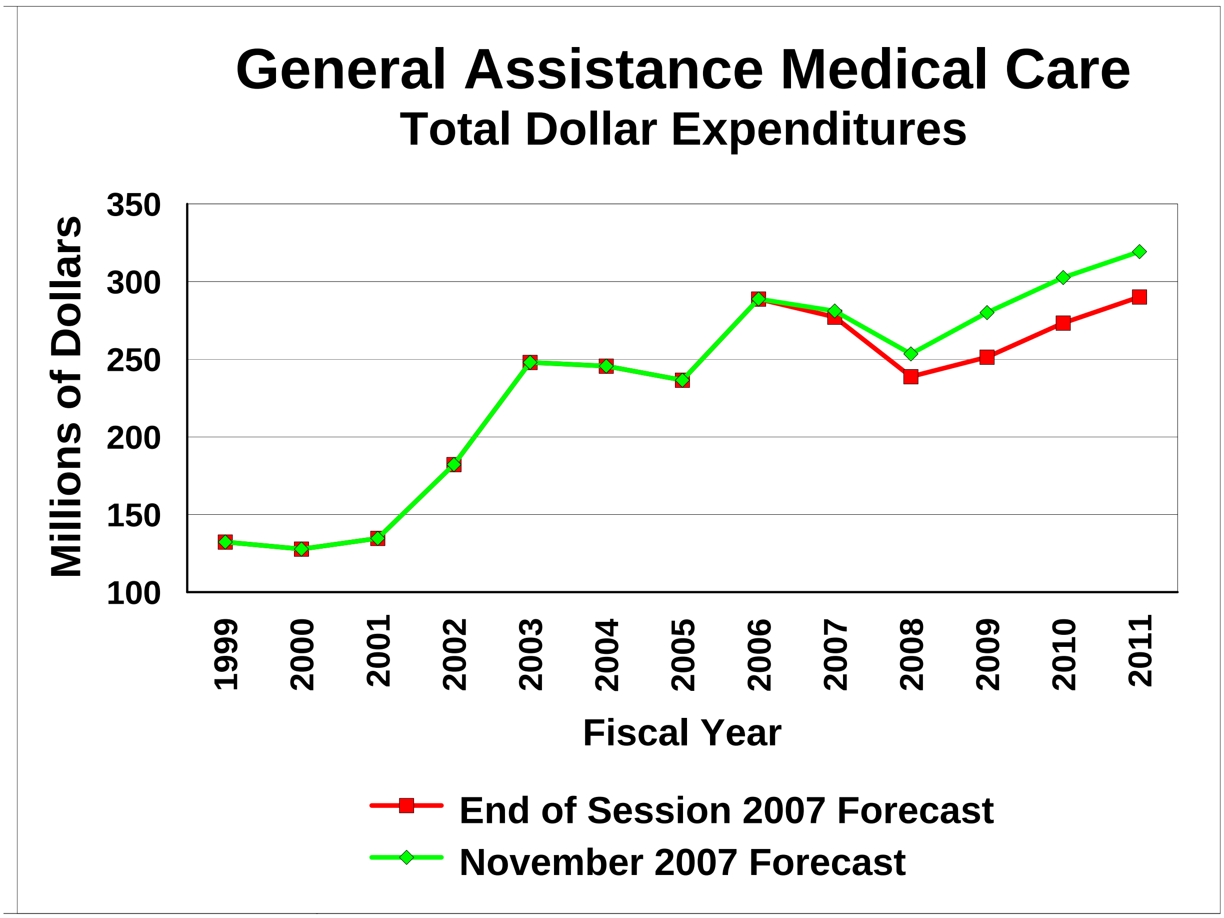
The $1 million disallowance for the last biennium concerns payments made during the July 2005 state shutdown. For the current biennium $6.7 million is to reimburse the federal agency for past payments of the 2003 increase to the county nursing home payments. $5.3 million is to reimburse for DD waiver overpayments which will not be collected from the counties.

Other Changes

Most of the $25 million increase for last biennium results from a higher level of non-system payments that was anticipated in the previous forecast.

GENERAL ASSISTANCE MEDICAL CARE	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	8.3%	6.1%	5.9%
Forecast change this item ($000)	3,895	43,284	58,372
Forecast percentage change this item	0.7%	8.8%	10.4%

Summary of Forecast Changes	'06-'07 Biennium ($000)	'08-'09 Biennium ($000)	'10-'11 Biennium ($000)
Higher caseload	0	15,094	12,059
Average cost	3,074	4,285	9,702
January 2008 HMO rate increase	0	22,457	37,438
Change in FFS Transitional MinnesotaCare	821	1,448	(827)
Total changes	3,895	43,284	58,372



GAMC caseload for FY 2007 was only 0.3% under the end of session forecast. However, in the last quarter of FY 2007 caseload in the GA segment of GAMC was almost 5% over forecast. This diverging GA-GAMC caseload in the final quarter of FY 2007 drove a small projected increase in GAMC caseload (about 3%) in the November forecast.

Average monthly cost was about 1.4% higher than anticipated for FY 2007. As a result, average cost projections for the next biennium reflect increases of between 1% and 2% each year. Note that this average cost increase reflects mainly FFS costs and is not directly associated with the increase in HMO rates discussed in the following paragraph.

HMO rate increases effective January 2008 are about 20% for the GA segment and about 22% for the GAMC-only segment of the GAMC caseload. These rate increases are higher than the 9.0% increase anticipated in the end of session forecast for both subgroups. Based on actual and projected trends in health plan costs, initial trend adjustments of about 13% are included in the January 2008 rates for both segments of the GAMC caseload. Further, DHS decided to base HMO rates entirely on demographic rates due to complications with the shift of some GAMC-only enrollees to MinnesotaCare. This results in relatively higher rates for the GA population (historically less healthy) and relatively lower rates for the GAMC-only population. This adds approximately 7 percentage points to the GA rate increase (to get to the 20% overall increase). At the same time, the shift to MinnesotaCare removes the relatively healthy enrollees from the GAMC-only population requiring a morbidity adjustment for the remaining GAMC-only enrollees. The combination of moving to a demographic rate and increased morbidity adds approximately 9 percentage points to the GAMC-only rate increase (to get to the 22% overall increase).

The 2005 Legislature adopted a requirement to shift most GAMC-only enrollees to MinnesotaCare after their initial months of GAMC enrollment. This new policy took effect in September 2006 and is referred to as Transitional MinnesotaCare. The GAMC forecast accounts, on average, for the first two months of Transitional MinnesotaCare when these enrollees are in FFS. They are subsequently shifted to MinnesotaCare when they are enrolled in an HMO plan. Based on data through September 2007, the November forecast projects that about 800 fewer average monthly enrollees will be enrolled in FFS Transitional MinnesotaCare within the GAMC forecast. This results in decreased GAMC costs relative to the end of session forecast. Offsetting this decrease, average costs are expected to be higher for this FFS group relative to end of session projections. These offsetting movements virtually cancel each other.

CHEMICAL DEPENDENCY FUND

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	2.0%	2.1%	2.0%
Forecast change this item ($000)	6,053	24,876	42,748
Forecast percentage change this item	4.4%	15.0%	22.1%

Actual CD Fund entitled placements in FY 2007 exceeded the previous forecast by 4.2%. In this forecast projected placements are increased by 5.6% for the current biennium and by 9.6% for the next biennium. The average cost per placement increased markedly in the second half of FY 2007, up 6.5% compared to the first half. This results in increases of 4.4% in average cost projections for the current biennium and 7.0% for the next biennium. All together projected vendor payments for entitled CD Fund placements are up 10.3% for the current biennium and 17.3% for the next biennium.

The additional 5 percentage points of increase in state obligations for the CD Fund come from reductions in the proportion of placement costs expected to be covered by county payments and the fact that federal block grant funds used for the CD Fund are a fixed amount and do not increase with increased expenditures.

MFIP NET CASH (STATE AND FEDERAL)

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Forecast change this item ($000)	(3,160)	(6,838)	(6,160)
Forecast percentage change this item	-1.1%	-2.4%	-2.1%

GENERAL FUND SHARE OF MFIP

Share of DHS Gen. Fund programs forecast	1.3%	1.5%	1.3%
Forecast change this item ($000)	(1,079)	22,602	23,125
Forecast percentage change this item	-1.2%	18.2%	19.4%

FEDERAL TANF FUNDS FOR MFIP

Forecast change this item ($000)	(2,081)	(29,440)	(29,285)
Forecast percentage change this item	-1.1%	-18.8%	-16.7%

This activity provides cash and food for families with children until they reach approximately 115 percent of the federal poverty guidelines (FPG). The MFIP program is Minnesota's TANF program. MFIP cash is therefore funded with a mixture of federal TANF Block Grant and state General Fund dollars.

The following table summarizes the changes in MFIP cash expenditures by source, relative to the end of session forecast:

Gross Cash MFIP Forecast Changes

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Gross MFIP cash grant forecast change	(2,494)	(5,959)	(5,322)
Base Forecast change	(2,494)	(8,161)	(5,533)
Implementation of 2007 session initiatives change	0	2,202	211

Small Declines in MFIP Caseload, Average Payments in FY07 data

The changes in gross MFIP cash grant expenditures in the FY 2006-2007 biennium are caused by lower than forecasted average monthly MFIP caseload and average payments. Compared to the end of session forecast for FY 2007, average monthly caseload was 1.1% lower, and average monthly payments were 0.6% lower. Together, this resulted in gross cash payments $2.5 million (0.8%) lower than projected in the FY 2006-2007 biennium. Projected gross MFIP cash grant expenditures were also adjusted based on the FY 2007 data, decreasing projected cash payments by $8.2 million (2.7%) in the current biennium and by $5.5 million (1.7%) in the next biennium.

Implementation of 2007 Legislative Session Initiatives

Supported work appropriations passed in the 2007 session were subsequently vetoed for the 2009, 2010, and 2011 fiscal years. This results in projected gross MFIP cash grant expenditures increasing by 0.8% in the current biennium and by 1.5% in the next biennium, as compared to the end of session forecast. The implementation of Work Bonus payments to families exiting MFIP cash has been delayed from February 2009 to October 2009 due to systems programming issues. This results in a decrease in projected gross MFIP cash grant expenditures of 0.1% in the current biennium and 1.4% in the next biennium, as compared to the end of session forecast. Together, these changes result in an increase of $2.2 million (0.7%) and $0.2 million (0.1%) in the current biennium and next biennium, respectively.

The following table summarizes the changes in MFIP expenditures by fund, relative to the end of session forecast:

TANF and General Fund MFIP Changes

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Gross General Fund forecast change	(474)	23,542	24,068
Child Support/recoveries offset	(605)	(940)	(943)
Net General Fund forecast change	(1,079)	22,602	23,125
Gross TANF forecast change	(2,020)	(29,500)	(29,390)
Child Support pass-through/recoveries offset	(61)	60	105
Net TANF forecast change	(2,081)	(29,440)	(29,285)

Maintenance of Effort Requirement Increases Forecasted General Fund Expenditures in MFIP

The mixture of state and federal block grant funds used to finance MFIP is determined by a federally mandated Maintenance of Effort (MOE) requirement for state (i.e. General Fund) spending on its TANF program. The state must meet this minimum MOE requirement to draw its entire federal TANF block grant allotment. Certain components of the overall MOE requirement are forecasted separately from MFIP (child care is the primary example). Required gross General Fund spending in the MFIP forecast will vary with the forecasted expenditure levels in these external MOE components. Net General Fund expenditures are adjusted for recoveries, child support collections and the counties' share of recoveries.

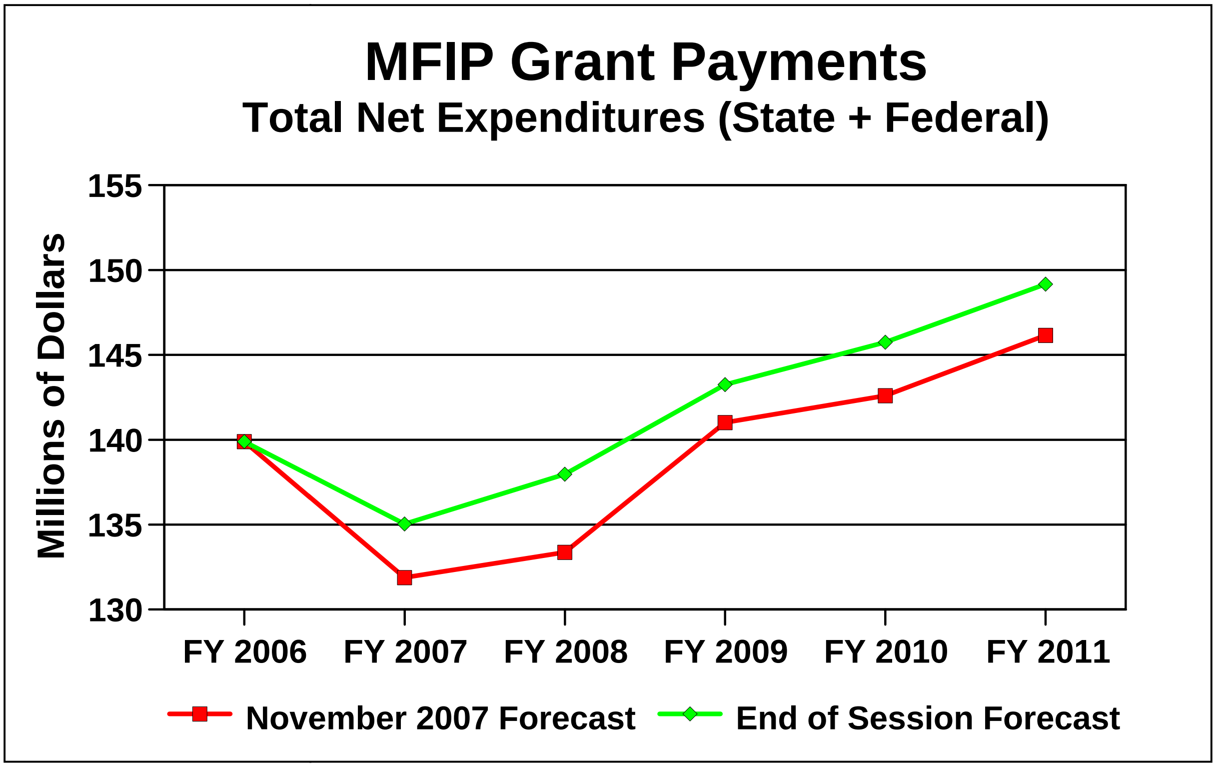
Due to actual values of external MOE components, General Fund gross MFIP expenditures in the FY 2006-2007 biennium were about $0.5 million less than the end of session forecast. Recoveries and child support collections were $0.6 million higher than the end of session forecast. The net General Fund MFIP cash expenditures for the last biennium were $1.1 million lower than the end of session forecast, a 1.2% decrease.

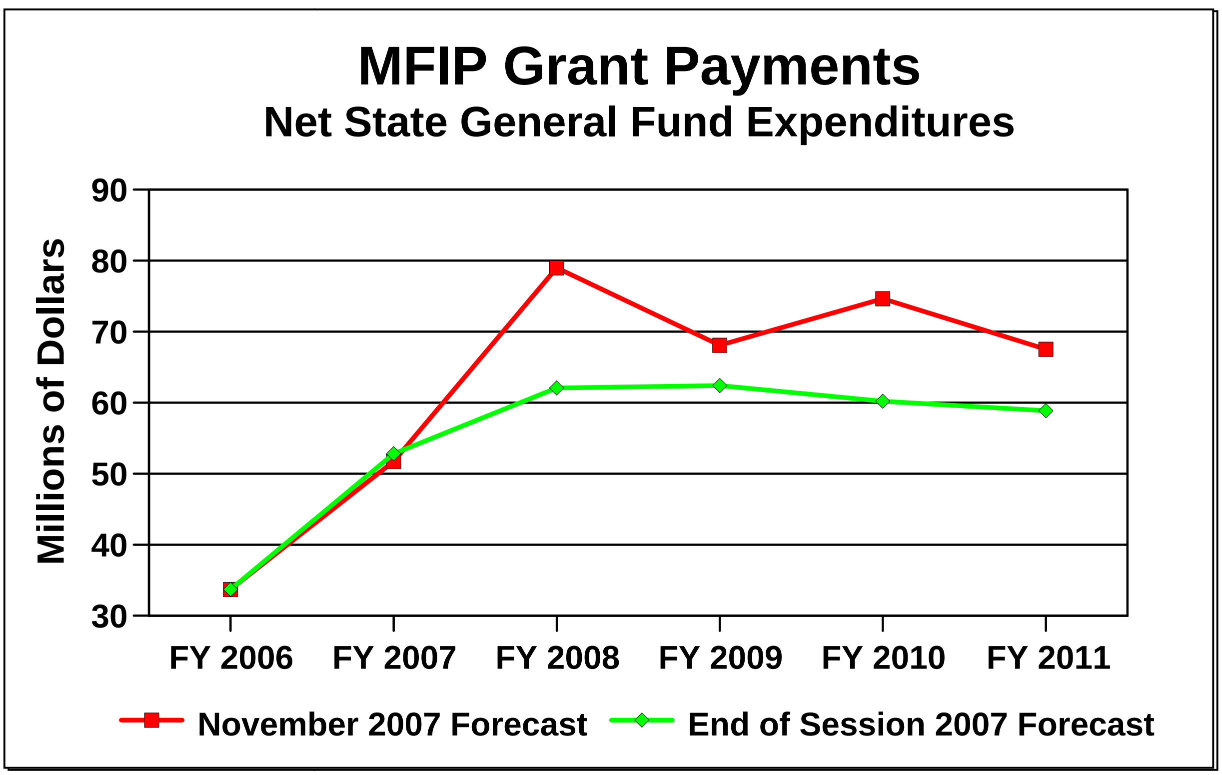
For the current biennium, the General Fund gross cash forecast increases by $23.5 million to maintain minimum MOE expenditures. This is due to lower MOE from the child care program than had been projected in the end of session forecast. Recoveries and child support collections are projected to increase by $0.9 million. The net General Fund change for the current biennium is an increase of $22.6 million, an 18.2% increase over the end of session forecast.

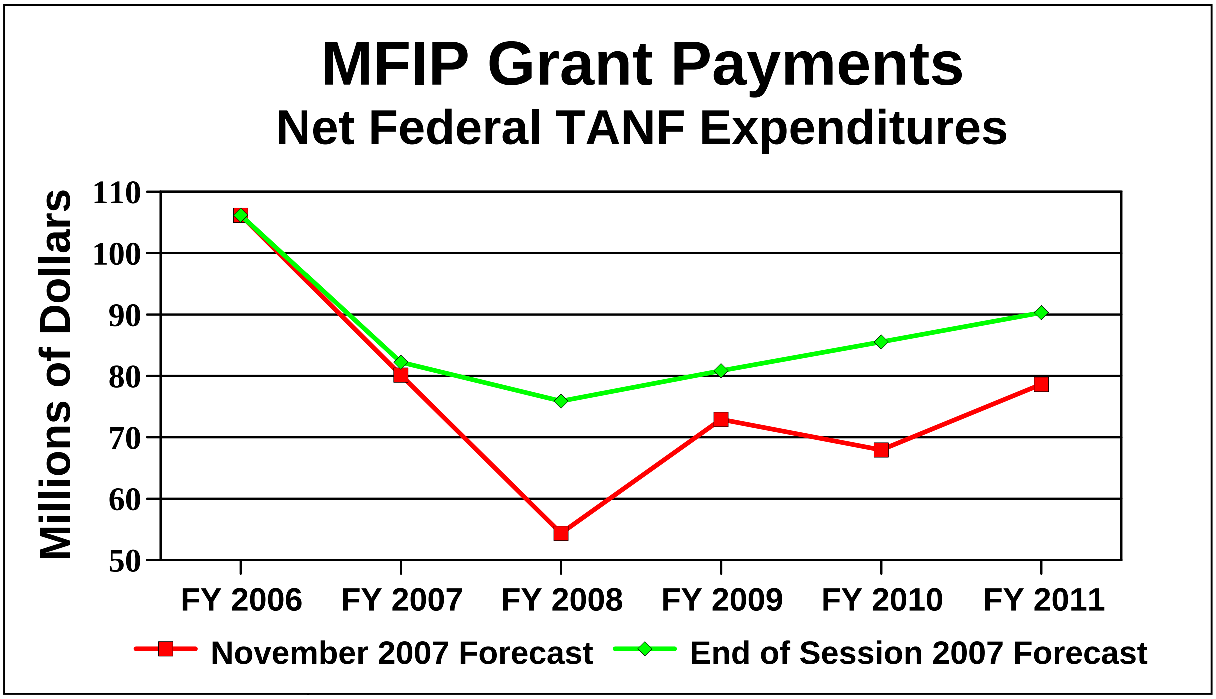
In the next biennium, the gross General Fund forecast increases by $24.1 million to maintain minimum MOE expenditures. This is due partly to lower MOE from the child care program. In addition, delayed implementation of the work bonus program results in projections that Minnesota will not meet the TANF Work Participation Rate in FFY 2010, increasing the MOE requirement by about $12 million in the next biennium. Recoveries and child support collections are projected to increase by $0.9 million, for a net general fund change of $23.1 million, a 19.4% increase over the end of session forecast.

Decreases in TANF Expenditures

For the last biennium, gross MFIP cash grant expenditures were $2.5 million less than forecasted at the end of session. Together with the decreased gross General Fund expenditures of $0.5 million, and a slight increase in offsetting TANF recoveries, the net federal TANF funds decreased $2.1 million in the last biennium. This change represents a 1.1% decrease from the end of session forecast.


MFIP Grant Payments
Total Net Expenditures (State + Federal)
Millions of Dollars
155
150
145
140
135
130
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
November 2007 Forecast
End of Session Forecast


MFIP Grant Payments
Net State General Fund Expenditures
Millions of Dollars
90
80
70
60
50
40
30
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
November 2007 Forecast
End of Session 2007 Forecast



For the current biennium, the gross MFIP cash grant forecast decreases $6.0 million. Together with the increased gross General Fund expenditures of $23.5 million and a slight projected net increase in TANF expenditures for Child Support pass-through, there is a forecast decrease for federal TANF fund expenditures of $29.4 million for the current biennium. This change represents an 18.8% decrease from the end of session forecast.

For the next biennium, the gross MFIP cash grant forecast decreases $5.3 million, and the gross General Fund expenditures increase $24.1 million. With a slight projected increase in TANF expenditures for Child Support pass-through, next TANF funds are projected to decrease $29.3 million. This change is a 16.7% decrease from the end of session forecast.

MFIP CHILD CARE ASSISTANCE	**'06-'07 Biennium**	**'08-'09 Biennium**	**'10-'11 Biennium**
Share of DHS Gen. Fund programs forecast	1.2%	1.8%	1.5%
Forecast change this item ($000)	0	(25,632)	(14,125)
Forecast percentage change this item	0.0%	-17.5%	-9.9%

This activity provides child care assistance to MFIP families who are employed or are engaged in other work activities or education as part of their MFIP employment plan. This activity also provides transition year (TY) child care assistance for former MFIP families. As with the MFIP grant program, child care assistance is funded with a mixture of federal and state General Fund dollars. The federal child care funding comes from the Child Care & Development Fund (CCDF).

The following table summarizes the changes in MFIP Child Care expenditures by funding source:

MFIP Child Care Forecast Changes	**'06-'07 Biennium**	**'08-'09 Biennium**	**'10-'11 Biennium**
MFIP Child Care forecast change	(9,731)	(15,901)	(14,125)
Federal Funds	(9,731)	9,731	0
General Fund	0	(25,632)	(14,125)

Declines in MFIP/TY Forecasted Expenditures

The changes in MFIP Child Care expenditures in the FY 2006-2007 biennium are caused by lower than forecasted average monthly MFIP/TY caseload and average payments. Compared to the end of session forecast for FY 2007, the MFIP/TY caseload was 6% lower and average monthly payments were 3% lower. Together, this resulted in payments $9.7 million (4.6%) lower than projected in the FY 2006-2007 biennium. Forecasted payments in the current biennium and next biennium are decreased as well, mainly based on the FY 2007 data. Compared to the end of session forecast, expenditures in the current biennium are $15.9 million (6.7%) lower, and in the next biennium are $14.1 million (5.9%) lower.

In the FY 2006-2007 biennium, $9.7 million of federal funds were unspent. These funds were transferred to the FY 2008-2009 biennium. Together with the $15.9 million decrease in forecasted expenditures, the General Fund forecast decreases by $25.6 million (17.5%) in the current biennium, relative to the end of session forecast. In the next biennium, federal funds are unchanged and so the General Fund change is the forecasted decrease in expenditures, $14.1 million, a 9.9% decline from the end of session forecast for General Fund expenditures.

GENERAL ASSISTANCE	**'06-'07 Biennium**	**'08-'09 Biennium**	**'10-'11 Biennium**
Share of DHS Gen. Fund programs forecast	1.0%	0.9%	0.8%
Forecast change this item ($000)	(2,747)	3,970	9,067
Forecast percentage change this item	-4.1%	5.2%	11.7%

This activity provides state-funded cash assistance for single adults and couples without children, provided they meet one of the specific General Assistance (GA) eligibility criteria. Typically, meeting one or more of the GA eligibility criteria indicates that the individual is mentally or physically unable to participate long-term in the labor market.

The following table summarizes the changes in GA expenditures:

General Assistance expenditures changes

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Gross General Assistance forecast change ($000)	(949)	1,700	2,867
Recoveries offset	(1,798)	2,270	6,200
Net General Assistance forecast change	(2,747)	3,970	9,067

Increases in GA caseload projected in forecast period

The changes in gross GA expenditures in the FY 2006-2007 biennium are caused by lower than forecasted average monthly payments. Compared to the end of session forecast for FY 2007, average monthly payments were 2.1% lower. This resulted in gross cash payments $0.9 million (1.3%) lower than projected in the FY 2006-2007 biennium. While the GA caseload was very close to forecast, the trend in the data suggests higher GA caseloads in the future. Projected gross GA expenditures are increased by $1.7 million (2.1%) in the current biennium and $2.9 million (3.4%) in the next biennium, compared to the end of session forecast.

Changes in Recoveries

Recoveries are used to offset GA program payments. GA recoveries are particularly large due to recoveries obtained from GA recipients who are found to be retroactively eligible for SSI. In the FY 2006-FY 2007 biennium, recoveries were $1.8 million more than projected in the end of session forecast. Net GA expenditures were $2.7 million (4.1%) lower than projected in the end of session forecast.

Beginning FY 2009, GA recoveries will become non-dedicated revenue to the General Fund. This leads to a projected decrease in recoveries dedicated to the GA activity of $2.3 million in the current biennium, and $6.2 million in the next. Together with the increases in gross GA payments, net GA expenditures are forecasted to increase by $4.0 million (5.2%) in the current biennium and by $9.1 million (11.7%) in the next biennium, relative to the end of session forecast.

GROUP RESIDENTIAL HOUSING

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	2.3%	2.4%	2.3%
Forecast change this item ($000)	(4,511)	(7,353)	(2,555)
Forecast percentage change this item	-2.9%	-3.9%	-1.2%

This activity pays for housing and some services for individuals placed by the local agencies in a variety of residential settings. Two types of eligibility are distinguished, reflecting the fact that prior to FY 1995 this benefit used to be part of the MSA and GA programs. MSA-type recipients are elderly or disabled, with the same definitions as used for MA eligibility. GA-type recipients are other adults.

The following table summarizes the changes in GRH expenditures:

GRH expenditures changes	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Gross GRH forecast change ($000)	(1,040)	(4,605)	(3,607)
Recoveries & adjustments change	(3,017)	(5,848)	(5,848)
Recoveries shifted to General Fund	0	3,800	7,600
County share change	(454)	(700)	(700)
Net GRH forecast change	(4,511)	(7,353)	(2,555)

Both caseload and average costs were slightly below forecast in FY 2007, but most of the difference below forecast came from about $3 million in increased recoveries. The new forecast has both caseload and average costs about 1% lower, producing gross forecast decreases of 2.4% in the current biennium and 1.7% in the next biennium.

Projections of increased recoveries, based on the FY 2007 experience, decrease the forecast by $5.8 million in the current biennium and the next biennium, but beginning with FY 2009 about $3.8 million of recoveries each year are expected to become non-dedicated revenue to the General Fund instead of being returned to the program account.

Increased county share payments also contribute to the forecast reductions.

MINNESOTA SUPPLEMENTAL AID	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Share of DHS Gen. Fund programs forecast	0.9%	0.8%	0.7%
Forecast change this item ($000)	442	773	368
Forecast percentage change this item	0.7%	1.3%	0.6%

For most recipients, this activity provides a supplement of approximately $81 per month to federal Supplemental Security Income (SSI) grants.

MSA expenditure changes	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Gross MSA forecast change ($000)	(133)	(727)	(1,232)
Cancellations & adjustments change	575	1,400	1,400
Recoveries shifted to General Fund	0	100	200
Net MSA forecast change	442	773	368

Caseload projections are reduced by 3% to 4% but offsetting increases in average costs (about 2%) produce a gross forecast reduction of 1% to 2%. Based on FY 2007 experience, the forecast is increased by $1.4 million each biennium to account for expenditures not included in the data used for the forecast. As with GRH and GA, MSA recoveries are expected to be treated as non-dedicated revenue to the General Fund beginning with FY 2009.

MINNESOTACARE

	'06-'07 Biennium	'08-'09 Biennium	'10-'11 Biennium
Forecast change this item ($000)	(12,400)	(137,267)	(14,604)
Forecast percentage change this item	-2.3%	-16.2%	-1.4%

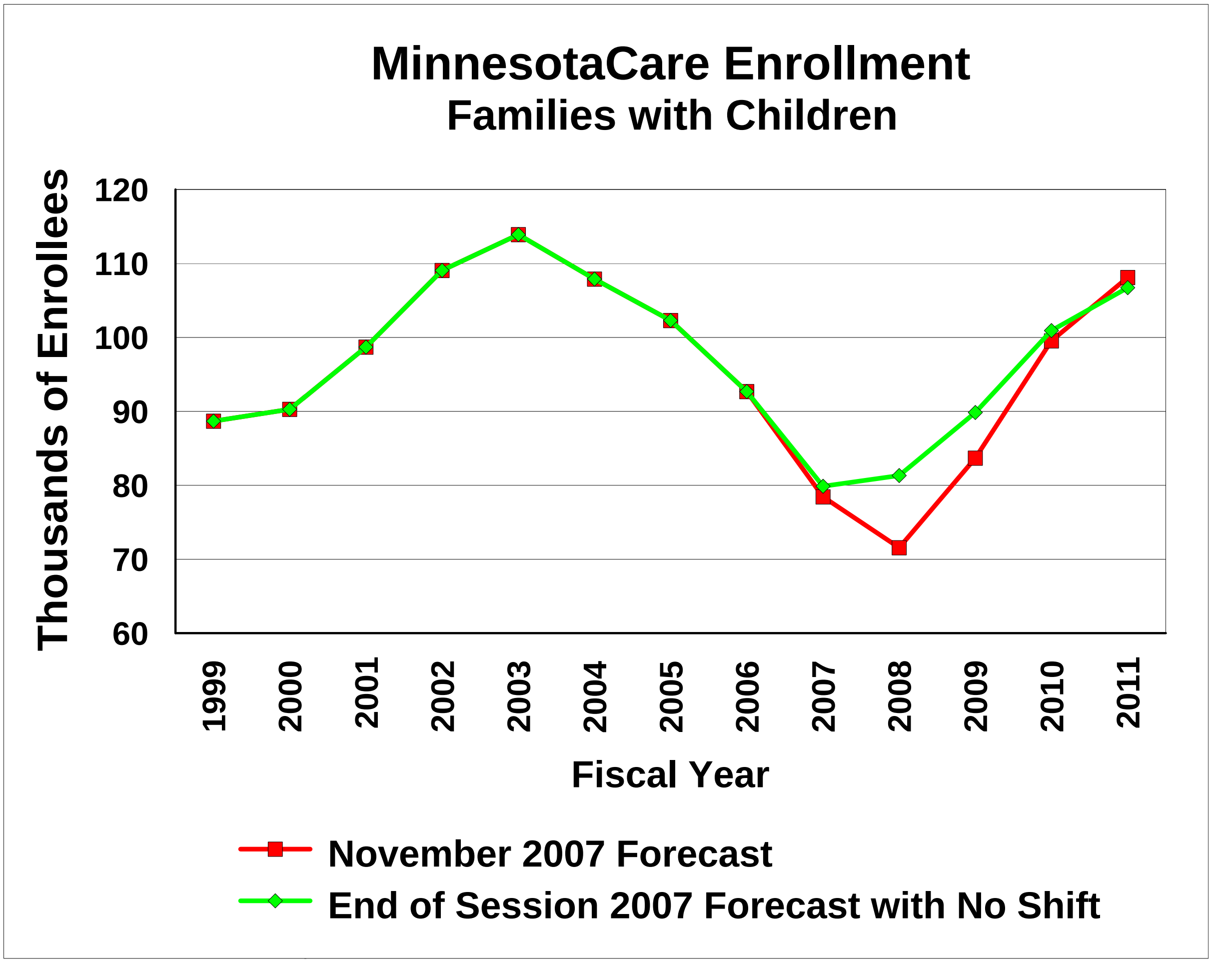
Summary of Forecast Changes	'06-'07 Biennium ($000)	'08-'09 Biennium ($000)	'10-'11 Biennium ($000)
Families with Children			
Enrollment changes	(6,834)	(39,942)	(12,008)
January 2008 HMO rate changes	0	8,333	12,835
Premium revenue	0	(1,465)	(1,723)
Drop caseload shift to MA	0	19,464	127,537
Families with Children Subtotal	(6,834)	(13,610)	126,641
Adults without Children			
Enrollment changes	(4,744)	(34,261)	22,387
"Graduates" in lower rate cells	(822)	(7,777)	(14,579)
January 2008 HMO rate changes	0	(54,732)	(105,723)
Transitional MinnesotaCare 2008 rates	0	(26,350)	(42,665)
Premium revenue	0	(537)	(665)
Adults without Children Subtotal	(5,566)	(123,657)	(141,245)
Total Program	(12,400)	(137,267)	(14,604)

Families with Children

Enrollment of children and parents fell by 15% in FY 2007 compared with the previous fiscal year. Another decrease of 9% is projected for FY 2008, after which enrollment is projected to increase on average 14% year-on-year due to a variety of factors. The first of these factors is a number of policy changes from the 2007 Session that have yet to be implemented but are expected to increase caseload. Additionally, a significantly shorter health care application (from 24 to 8 pages) which will be used beginning January 2008 is expected to result in increased caseload. Relative to the end of session forecast, the November forecast's enrollment projections are about 10% lower for the current biennium and about 3% lower for the next biennium.

HMO rate increases effective January 2008 are about 15% for MinnesotaCare families with children. This rate increase is higher than the 10.5% increase anticipated in the end of session forecast, resulting in a 4% increase in costs in the November forecast.

Premium revenue in FY2007 was about $1.50 per enrollee per month higher than expected in the end-of-session forecast. This results in a small savings of less than one percent.



The end of session forecast included an enrollment shift of MinnesotaCare families with children enrollees to MA resulting from implementation of HealthMatch, the new eligibility system for the medical programs. Given current uncertainty about the likely timing of the implementation of HealthMatch, we have eliminated the effects of the expected shift from the forecast until system development reaches a point at which we can be confident that implementation will take place within 12 to 24 months.

Projected Enrollment Shift to MA
As of the End-of-Session 2007
Now Dropped from the Forecast

	Average Enrollees	State Share Costs
FY 2007	0	0
FY 2008	0	0
FY 2009	12,934	19,463,936
FY 2010	31,231	55,752,338
FY 2011	37,125	71,784,896

Adults without Children

The 2005 Legislature adopted a requirement to shift most GAMC-only enrollees to MinnesotaCare after their initial months of GAMC enrollment. This new policy took effect in September 2006 and is referred to as Transitional MinnesotaCare. Transitional MinnesotaCare enrollees receive six months of eligibility, of which on average two months of FFS coverage are funded by GAMC and four months of managed care coverage are covered by MinnesotaCare. (The term "Transitional MinnesotaCare" is used in this section for the months of MinnesotaCare coverage.)

Excluding Transitional MinnesotaCare enrollment, average monthly enrollment of adults without children fell by 9% in FY 2007 as compared with the previous fiscal year. However, adults without children caseload began to level off toward the end of FY 2007. This can be attributed to additional enrollees who have remained on MinnesotaCare following six months in Transitional MinnesotaCare. (We refer to these enrollees as "graduates" of Transitional MinnesotaCare.)

In the end-of-session forecast, the expected number of graduates were included in the Transitional MinnesotaCare projections. In the November forecast, the graduates are included with the regular group of MinnesotaCare adults without children because they fall into the same HMO rate cells as the regular enrollees. The Transitional MinnesotaCare enrollees have higher HMO rates--in both the previous forecast and the current one.

Based on data through September 2007, fewer eligibles are now projected to be in Transitional MinnesotaCare status in an average month. However, this reduction is nearly offset by the number of Transitional MinnesotaCare graduates who are expected to remain in MinnesotaCare. Also, as in the families with children segment, the shorter health care application (from 24 to 8 pages) beginning January 2008 is expected to gradually increase adults without children caseload. Growth in the Transitional MinnesotaCare graduates and caseload growth from the change in application length limit the reduction in enrollment projections for adults without children to about 5% for the current biennium and produce an increase of about 9% for the next biennium relative to end of session projections.

The movement of graduates from the Transitional MinnesotaCare rate group in the end of session forecast to the MinnesotaCare adults without children rate group in the November forecast reduces expected costs because of the shift to lower rates. The difference in capitation rates equals about $100 PMPM and results in reductions of $7.8 million in the current biennium and $14.6 million in the next biennium.

HMO rates effective January 2008 for MinnesotaCare adults without children are expected to be about 14% lower than the calendar year 2007 rates. The risk adjustment weights which determine approximately one-half of the MinnesotaCare rates were rebased for the January 2008 rates resulting in a shift of rate dollars between subgroups of enrollees. Specifically, this rebasing results in a rate increase of 15% for families with children and a rate decrease of 14% for adults without children. This rate reduction for adults without children replaces the 8.5% increase anticipated in the end-of-session forecast, producing a roughly 22% reduction in costs (all of which are state share).

It was expected that costs for Transitional MinnesotaCare enrollees would be approximately the same as GAMC-only capitation rates. Based on actual data, the PMPM cost for calendar year 2007 was about $20 PMPM lower than expected in the end-of-session forecast, thereby lowering the base for the January 2008 rate change. Finally, the end-of-session forecast projected an HMO rate increase of 8.5% for this Transitional MinnesotaCare group. Based on historical cost experience, it appears that the Transitional MinnesotaCare group included the relatively healthy GAMC-only enrollees. Thus, the January 2008 rate change includes a morbidity adjustment that reduces rates for this group by about 13%.

Premium revenue in FY 2007 was just slightly higher than expected in the end-of-session forecast. This results in a small savings of less than one percent.
Premium revenue in FY 2007 was just slightly higher than expected in the end-of-session forecast. This results in a small savings of less than one percent.

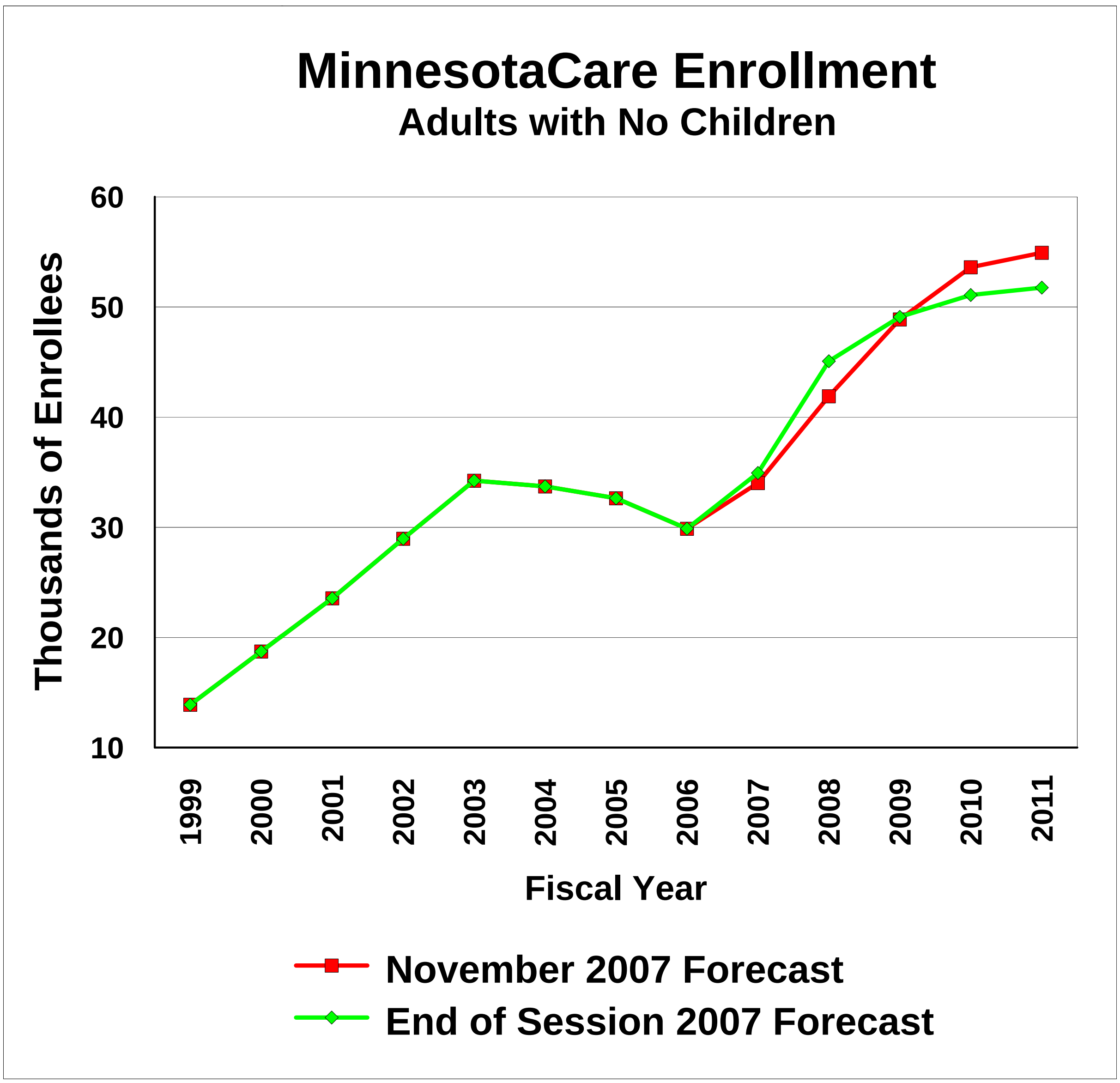


TABLE ONE

GENERAL FUND	End of Session 2007 Forecast FY 2006 - FY 2007 Biennium ($ in thousands)			November 2007 Forecast FY 2006 - FY 2007 Biennium ($ in thousands)		
	FY 2006	FY 2007	Biennium	FY 2006	FY 2007	Biennium
Medical Assistance						
LTC Facilities	491,669	485,993	977,662	491,669	484,758	976,427
LTC Waivers	797,364	862,119	1,659,483	797,364	855,455	1,652,819
Elderly & Disabled Basic	799,174	891,456	1,690,630	799,174	903,559	1,702,733
Families w. Children Basic	574,604	658,835	1,233,439	574,604	680,412	1,255,016
Total	2,662,811	2,898,403	5,561,214	2,662,811	2,924,184	5,586,995
Alternative Care Program	58,278	47,613	105,891	58,278	47,613	105,891
General Assistance Medical Care	288,785	277,167	565,952	288,785	281,062	569,847
Chemical Dependency Fund	67,155	69,692	136,847	67,155	75,745	142,900
Subtotal: Health Care	3,077,029	3,292,875	6,369,904	3,077,029	3,328,604	6,405,633
Minnesota Family Inv. Program	33,709	52,820	86,529	33,709	51,741	85,450
Child Care Assistance	49,944	31,635	81,579	49,944	31,635	81,579
General Assistance	31,292	36,185	67,477	31,292	33,438	64,730
Group Residential Housing	74,621	83,275	157,896	74,621	78,764	153,385
Minnesota Supplemental Aid	29,948	30,253	60,201	29,948	30,695	60,643
Subtotal: Economic Support	219,514	234,168	453,682	219,514	226,273	445,787
Total General Fund	3,296,543	3,527,043	6,823,586	3,296,543	3,554,877	6,851,420
TANF funds for MFIP Grants	106,183	82,221	188,404	106,183	80,140	186,323
MinnesotaCare	251,614	278,993	530,607	251,614	266,593	518,207

TABLE TWO
LAST BIENNIUM SUMMARY

GENERAL FUND	November 2007 Forecast Change from End of Session 2007 Forecast FY 2006 - FY 2007 Biennium ($ in thousands)			November 2007 Forecast Change from End of Session 2007 Forecast FY 2006 - FY 2007 Biennium (Percent Change)		
	FY 2006	FY 2007	Biennium	FY 2006	FY 2007	Biennium
Medical Assistance						
LTC Facilities	0	(1,235)	(1,235)	0.0%	-0.3%	-0.1%
LTC Waivers	0	(6,664)	(6,664)	0.0%	-0.8%	-0.4%
Elderly & Disabled Basic	0	12,103	12,103	0.0%	1.4%	0.7%
Families w. Children Basic	0	21,577	21,577	0.0%	3.3%	1.7%
Total	0	25,781	25,781	0.0%	0.9%	0.5%
Alternative Care program	0	0	0	0.0%	0.0%	0.0%
General Assistance Medical Care	0	3,895	3,895	0.0%	1.4%	0.7%
Chemical Dependency Fund	0	6,053	6,053	0.0%	8.7%	4.4%
Subtotal: Health Care	0	35,729	35,729	0.0%	1.1%	0.6%
Minnesota Family Inv. Program	0	(1,079)	(1,079)	0.0%	-2.0%	-1.2%
Child Care Assistance	0	0	0	0.0%	0.0%	0.0%
General Assistance	0	(2,747)	(2,747)	0.0%	-7.6%	-4.1%
Group Residential Housing	0	(4,511)	(4,511)	0.0%	-5.4%	-2.9%
Minnesota Supplemental Aid	0	442	442	0.0%	1.5%	0.7%
Subtotal: Economic Support	0	(7,895)	(7,895)	0.0%	-3.4%	-1.7%
Total General Fund	0	27,834	27,834	0.0%	0.8%	0.4%
TANF funds for MFIP Grants	0	(2,081)	(2,081)	0.0%	-2.5%	-1.1%
MinnesotaCare	0	(12,400)	(12,400)	0.0%	-4.4%	-2.3%

TABLE THREE
CURRENT BIENNIUM SUMMARY

GENERAL FUND	End of Session 2007 Forecast FY 2008 - FY 2009 Biennium ($ in thousands)			November 2007 Forecast FY 2008 - FY 2009 Biennium ($ in thousands)		
	FY 2008	FY 2009	Biennium	FY 2008	FY 2009	Biennium
Medical Assistance						
LTC Facilities	496,779	499,540	996,319	485,071	495,946	981,017
LTC Waivers	957,265	1,074,552	2,031,817	944,877	1,058,010	2,002,887
Elderly & Disabled Basic	993,532	1,099,152	2,092,684	1,002,974	1,116,433	2,119,407
Families w. Children Basic	741,881	841,650	1,583,531	744,956	811,704	1,556,660
Total	3,189,457	3,514,894	6,704,351	3,177,878	3,482,093	6,659,971
Alternative Care Program	49,858	51,758	101,616	49,858	51,758	101,616
General Assistance Medical Care	238,822	251,412	490,234	253,416	280,102	533,518
Chemical Dependency Fund	78,225	88,138	166,363	89,319	101,920	191,239
Subtotal: Health Care	3,556,362	3,906,202	7,462,564	3,570,471	3,915,873	7,486,344
Minnesota Family Inv. Program	62,069	62,405	124,474	78,999	68,077	147,076
Child Care Assistance	74,654	71,951	146,605	55,527	65,446	120,973
General Assistance	37,876	38,253	76,129	37,636	42,463	80,099
Group Residential Housing	91,069	98,671	189,740	85,450	96,937	182,387
Minnesota Supplemental Aid	30,505	30,812	61,317	30,876	31,214	62,090
Subtotal: Economic Support	296,173	302,092	598,265	288,488	304,137	592,625
Total General Fund	3,852,535	4,208,294	8,060,829	3,858,959	4,220,010	8,078,969
TANF funds for MFIP Grants	75,904	80,841	156,745	54,370	72,935	127,305
MinnesotaCare	389,760	458,401	848,161	318,786	392,108	710,894

TABLE FOUR
CURRENT BIENNIUM SUMMARY

GENERAL FUND	November 2007 Forecast Change from End of Session 2007 Forecast FY 2008 - FY 2009 Biennium ($ in thousands)			November 2007 Forecast Change from End of Session 2007 Forecast FY 2008 - FY 2009 Biennium (Percent Change)		
	FY 2008	FY 2009	Biennium	FY 2008	FY 2009	Biennium
Medical Assistance						
LTC Facilities	(11,708)	(3,594)	(15,302)	-2.4%	-0.7%	-1.5%
LTC Waivers	(12,388)	(16,542)	(28,930)	-1.3%	-1.5%	-1.4%
Elderly & Disabled Basic	9,442	17,281	26,723	1.0%	1.6%	1.3%
Families w. Children Basic	3,075	(29,946)	(26,871)	0.4%	-3.6%	-1.7%
Total	(11,579)	(32,801)	(44,380)	-0.4%	-0.9%	-0.7%
Alternative Care program	0	0	0	0.0%	0.0%	0.0%
General Assistance Medical Care	14,594	28,690	43,284	6.1%	11.4%	8.8%
Chemical Dependency Fund	11,094	13,782	24,876	14.2%	15.6%	15.0%
Subtotal: Health Care	14,109	9,671	23,780	0.4%	0.2%	0.3%
Minnesota Family Inv. Program	16,930	5,672	22,602	27.3%	9.1%	18.2%
Child Care Assistance	(19,127)	(6,505)	(25,632)	-25.6%	-9.0%	-17.5%
General Assistance	(240)	4,210	3,970	-0.6%	11.0%	5.2%
Group Residential Housing	(5,619)	(1,734)	(7,353)	-6.2%	-1.8%	-3.9%
Minnesota Supplemental Aid	371	402	773	1.2%	1.3%	1.3%
Subtotal: Economic Support	(7,685)	2,045	(5,640)	-2.6%	0.7%	-0.9%
Total General Fund	6,424	11,716	18,140	0.2%	0.3%	0.2%
TANF funds for MFIP Grants	(21,534)	(7,906)	(29,440)	-28.4%	-9.8%	-18.8%
MinnesotaCare	(70,974)	(66,293)	(137,267)	-18.2%	-14.5%	-16.2%

TABLE FIVE
NEXT BIENNIUM SUMMARY

GENERAL FUND	End of Session 2007 Forecast FY 2010 - FY 2011 Biennium ($ in thousands)			November 2007 Forecast FY 2010 - FY 2011 Biennium ($ in thousands)		
	FY 2010	FY 2011	Biennium	FY 2010	FY 2011	Biennium
Medical Assistance						
LTC Facilities	496,050	493,197	989,247	496,395	490,938	987,333
LTC Waivers	1,171,952	1,263,116	2,435,068	1,155,133	1,249,214	2,404,347
Elderly & Disabled Basic	1,230,824	1,342,952	2,573,776	1,254,957	1,377,408	2,632,365
Families w. Children Basic	965,342	1,037,212	2,002,554	902,156	962,841	1,864,997
Total	3,864,168	4,136,477	8,000,645	3,808,641	4,080,401	7,889,042
Alternative Care Program	52,120	52,277	104,397	52,120	52,277	104,397
General Assistance Medical Care	273,338	290,181	563,519	302,586	319,305	621,891
Chemical Dependency Fund	93,689	99,551	193,240	112,922	123,066	235,988
Subtotal: Health Care	4,283,315	4,578,486	8,861,801	4,276,269	4,575,049	8,851,318
Minnesota Family Inv. Program	60,197	58,866	119,063	74,653	67,535	142,188
Child Care Assistance	71,174	71,124	142,298	64,218	63,955	128,173
General Assistance	38,480	38,698	77,178	42,975	43,270	86,245
Group Residential Housing	105,315	112,069	217,384	103,831	110,998	214,829
Minnesota Supplemental Aid	31,113	31,434	62,547	31,371	31,544	62,915
Subtotal: Economic Support	306,279	312,191	618,470	317,048	317,302	634,350
Total General Fund	4,589,594	4,890,677	9,480,271	4,593,317	4,892,351	9,485,668
TANF funds for MFIP Grants	85,550	90,302	175,852	67,947	78,620	146,567
MinnesotaCare	486,273	521,977	1,008,250	469,754	523,892	993,646

TABLE SIX
NEXT BIENNIUM SUMMARY

GENERAL FUND	November 2007 Forecast Change from End of Session 2007 Forecast FY 2010 - FY 2011 Biennium ($ in thousands)			November 2007 Forecast Change from End of Session 2007 Forecast FY 2010 - FY 2011 Biennium (Percent Change)		
	FY 2010	FY 2011	Biennium	FY 2010	FY 2011	Biennium
Medical Assistance						
LTC Facilities	345	(2,259)	(1,914)	0.1%	-0.5%	-0.2%
LTC Waivers	(16,819)	(13,902)	(30,721)	-1.4%	-1.1%	-1.3%
Elderly & Disabled Basic	24,133	34,456	58,589	2.0%	2.6%	2.3%
Families w. Children Basic	(63,186)	(74,371)	(137,557)	-6.5%	-7.2%	-6.9%
Total	(55,527)	(56,076)	(111,603)	-1.4%	-1.4%	-1.4%
Alternative Care program	0	0	0	0.0%	0.0%	0.0%
General Assistance Medical Care	29,248	29,124	58,372	10.7%	10.0%	10.4%
Chemical Dependency Fund	19,233	23,515	42,748	20.5%	23.6%	22.1%
Subtotal: Health Care	(7,046)	(3,437)	(10,483)	-0.2%	-0.1%	-0.1%
Minnesota Family Inv. Program	14,456	8,669	23,125	24.0%	14.7%	19.4%
Child Care Assistance	(6,956)	(7,169)	(14,125)	-9.8%	-10.1%	-9.9%
General Assistance	4,495	4,572	9,067	11.7%	11.8%	11.7%
Group Residential Housing	(1,484)	(1,071)	(2,555)	-1.4%	-1.0%	-1.2%
Minnesota Supplemental Aid	258	110	368	0.8%	0.3%	0.6%
Subtotal: Economic Support	10,769	5,111	15,880	3.5%	1.6%	2.6%
Total General Fund	3,723	1,674	5,397	0.1%	0.0%	0.1%
TANF funds for MFIP Grants	(17,603)	(11,682)	(29,285)	-20.6%	-12.9%	-16.7%
MinnesotaCare	(16,519)	1,915	(14,604)	-3.4%	0.4%	-1.4%