Minnesota

Department of Human Services

November 2010 Forecast

St. Paul, Minnesota

December 2, 2010

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 Minnesota Management & Budget 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.
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> 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.
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> 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 (MSA). Changes in SSI eligibility may leave numbers of people eligible for General Assistance (GA) and General Assistance Medical Care (GAMC) instead of SSI and Medical Assistance.

The narrative section of this document provides brief explanations of the changes in forecast expenditures in the November 2010 forecast, compared to the end of session 2010 forecast. Generally, these changes are treated on a biennial basis, covering the 2010-2011 biennium ("current biennium"), and the 2012-2013 biennium ("next biennium").

Tables One and Two provide the new and old forecasts and changes from the previous forecast for the 2010-2011 biennium, and Tables Three and Four provide the same information about the 2012-2013 biennium. Table Five provides the new forecast for the 2014-2015 biennium.

CURRENT BIENNIUM SUMMARY

General Fund Costs Lower

General Fund costs for DHS medical and economic support programs for the 2010-2011 biennium are projected to total $7.151 billion (apart from the MA contingent expansion), down $168 million (2.3%) from end of session 2010 estimates, as modified by 2nd special session appropriation changes. Lower than expected service costs across several Medical Assistance services account for most of the reduction.

The projected cost of the contingent MA expansion is $163 million, $159 million lower than end of session 2010 estimates, because a later implementation date is assumed than at end of session.

TANF Forecast Lower

Projected expenditures of federal TANF (Temporary Assistance for Needy Families) funds for MFIP grants are $164 million, $27 million (13.9 percent) lower than the end of session estimates. Increased General Fund spending to meet the TANF maintenance of effort and reduced MFIP expenditures are the two main factors in the TANF decrease.

MinnesotaCare Forecast Higher

Forecasted Health Care Access Fund costs for the MinnesotaCare program without the contingent MA expansion are $1.032 billion, $84 million (8.9%) higher than end of session estimates. Higher enrollment of adults with no children is the main reason for the increase.

The projected impact of the contingent MA expansion on MinnesotaCare is a reduction of $137 million, $8 million less reduction than projected at the end of session.

NEXT BIENNIUM SUMMARY

General Fund Costs Lower

General Fund costs for DHS medical and economic support programs for the 2012-2013 biennium are projected to total $9.727 billion (apart from the MA contingent expansion) down $177 million (1.8%) from end of session 2010 estimates, as modified by 2nd special session appropriation changes. As in the current biennium, lower projections of Medical Assistance service costs account for the reduction.

The projected cost of the contingent MA expansion is $1.058 billion, $1.3 million higher than end of session 2010 estimates.

TANF Forecast Higher

Projected expenditures of federal TANF (Temporary Assistance for Needy Families) funds for MFIP grants are $167 million, $7.8 million (4.9 percent) higher than end of session estimates. Reduced TANF expenditures in the current biennium, combined with other factors, free up some TANF funds to be used in the FY 2012-13 biennium.

MinnesotaCare Forecast Much Higher

Forecasted Health Care Access Fund costs for the MinnesotaCare program without the contingent MA expansion are $1.760 billion, $308 million (21.2%) higher than end of session estimates. Higher enrollment of both adults with no children and children and parents is the reason for the increase.

The projected impact of the contingent MA expansion on MinnesotaCare is a reduction of $890 million, a $94 million greater reduction than projected at the end of session.

PROGRAM DETAIL

MEDICAL ASSISTANCE	'10-'11 Biennium	'12-'13 Biennium
Total forecast change for MA without expansion ($000)	(135,570)	(185,352)
Total forecast percentage change this item	-2.2%	-2.1%
Total forecast change for MA expansion ($000)	(159,232)	17,693
Total forecast percentage change this item	-49.4%	1.7%
Total forecast change for MA with expansion ($000)	(294,802)	(167,659)
Total forecast percentage change this item	-4.6%	-1.7%

Forecast changes for the Medical Assistance program, apart from the optional MA expansion, are explained in the four sections which follow. Changes in the projected costs of the optional MA expansion are explained in a fifth section.

The American Recovery and Reinvestment Act of 2009 increased the Federal Medical Assistance Percentage (FMAP), which is the federal share of most service costs in the Medical Assistance program. The increases are effective for nine calendar quarters, from October 2008 through December 2010. Minnesota's enhanced FMAP rate was 60.19% for October 2008 to March 2009 and will be 61.59% through December 2010. A subsequent extension of enhanced FMAP rates is effective for the period January 2011 through June 2011. This forecast assumes FMAP rates of 57.31% for the quarter ending March 31 and 55.40% for the quarter ending June 30. (There is, however, some uncertainty about the actual FMAP rates for those two quarters, because of notice requirements for reductions in rates, and actual FMAP rates may be approximately 1.5 percentage points higher.) Under the previous law, our FMAP rate was 50.00%, the rate to which we expect it to return effective July 2011.

The following sections explain the forecast change for each of four component activities of the Medical Assistance program, plus an additional section on the optional MA expansion.

MA LTC FACILITIES

	'10-'11 Biennium	'12-'13 Biennium
Total forecast change this item ($000)	(12,000)	(29,685)
Total forecast percentage change this item	-1.6%	-3.2%

This activity includes payments to nursing facilities, to community ICF/DD facilities, for day training and habilitation services for community ICF/DD residents, and for the State Operated Services programs for the mentally ill (SOS). (In the SOS programs, Medical Assistance 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.

Change in Projected Costs	**'10-'11 Biennium ($000)**	**'12-'13 Biennium ($000)**
Alternative Care offset	(6,695)	(14,729)
NF caseload	(9,889)	(13,764)
ICF/DD & DTH	608	(275)
SOS	(1,176)	(1,474)
County share	1,385	557
Federal share adjustment	168	0
Activity Total	(15,599)	(29,685)

Alternative Care Offset

The new forecast has numbers of recipients growing only slightly in the coming years. This is a major change from the previous forecast which had numbers of recipients growing by an average of 6.5% per year. The earlier growth projection had assumed recovery in the number of recipients following major decreases resulting from changes in FY 2005 and FY 2006. Based on actual data for FY 2009 and FY 2010, it is clear that the number of recipients has settled at lower than expected levels. Projected numbers of recipients are reduced by about 9% for the current biennium and about 20% for the next biennium.

The absolute decline in the projected recipients by about 350 from FY 2011 to FY 2012 results from the expected implementation of a higher level of care threshhold in FY 2012.

Nursing Facilities (NF)

NF projected expenditures are 0.6% lower for the current biennium and 0.9% lower for the next biennium. Projected number of recipients is about 0.5% lower in the current biennium and 2.6% lower in the next biennium. The reductions in the next biennium are substantially offset by similar percentage increases in the projected MA cost per day of NF care.

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

Projected costs for these two related services are changed only slightly: up 0.3% for the current biennium and down 0.2% in the next biennium. In the next biennium, reduction of about 2% in the number of recipients are substantially offset by slight increases in average cost projections.

SOS MI Program

Reductions of 17% to 18% reflect lower populations in the adolescent programs operated by SOS.

County Share of LTC Facility Services

The increases in state share costs reflect lower effective rates of billings to counties. Decreases in projected county share payments are 5.8% for the current biennium and 2.0% for the next biennium.

Federal Share Adjustment

In FY 2011 three different federal matching rates will be effective at different periods. For July 2010 to December 2010 the federal share is 61.59%. For the January to March quarter a rate of 57.31% is anticipated in this forecast; for the next quarter, 55.40%.

The adjustment reflected in this item for each of four segments of the forecast results from reassessment of the expected distribution by quarter of forecasted MA payments.

MA LTC WAIVERS & HOME CARE

	'10-'11 Biennium	'12-'13 Biennium
Total forecast change this item ($000)	(42,899)	(37,272)
Total forecast percentage change this item	-2.4%	-1.4%

This activity includes the following components:

- Developmental Disabilities 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 Assistance (PCA) and Private Duty Nursing (PDN) Services
- 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/DD, or acute care hospital).

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

	'10-'11 Biennium ($000)	'12-'13 Biennium ($000)
Change in Projected Costs		
DD Waiver	(10,199)	(6,056)
EW Waiver FFS	124	4,499
CADI Waiver	(14,789)	(27,975)
CAC Waiver	(1,145)	(3,831)
TBI Waiver	(5,540)	(9,865)
Home Health	(1,201)	51
Private Duty Nursing	419	931
Personal Care Assistance	(11,774)	4,975
Transfer to CSG	820	0
Federal share adjustment	388	
Activity Total	(42,899)	(37,272)
	(42,899)	(37,272)
EW Total:		
FFS & Managed Care	17	(4,800)

Percent Change in Projected Costs	'10-'11 Biennium	'12-'13 Biennium
DD Waiver	-1.00%	-0.54%
EW Waiver FFS	-0.47%	7.24%
CADI Waiver	-3.21%	-4.40%
CAC Waiver	-5.14%	-14.08%
TBI Waiver	-5.17%	-7.54%
Home Health	-4.74%	0.18%
Private Duty Nursing	0.50%	0.97%
Personal Care Assistance	-2.69%	1.01%
Transfer to CSG	2.91%	0.00%
Activity Total	-6.10%	-1.35%
EW Total: FFS & Managed Care	0.01%	-1.42%

DD Waiver

Projected numbers of recipients are about 2.8% higher for the current biennium and 4.6% higher for the next biennium. The effect of these increases is reversed by slightly larger decreases in average cost projections.

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 distribution between fee-for-service EW and the managed care EW.

EW FFS recipient projections are increased 5% to 10%, but this change is offset by numerically similar reductions in EW managed care. EW recipient projections overall are down about 0.4% for the current biennium and 0.8% for the next biennium.

EW cost projections overll are practically unchanged in the current biennium and reduced by about 1.4% in the next biennium.

CADI Waiver

CADI waiver expenditures were 2.3% under forecast in FY 2010. For the current biennium projected payments are reduced about 3.2%. For the next biennium the reduction is 4.4%.

In the current biennium the reductions are a mix of slight reductions in both projected numbers of recipients and average cost per recipient. For the next biennium the reductions come from lower recipient projections, partially offset by slightly higher projections of the average cost of CADI service. Recipient projections are lower mainly because projections of recipient increases from pent-up demand upon expiration of the current waiver growth caps at the end of FY 2011 have been reduced.

CAC Waiver

Projected expenditures are reduced based on a forecast of slower growth in both the number of recipients and the average cost of service.

TBI Waiver

TBI waiver expenditures were 3.4% under forecast in FY 2010. For the current biennium projected payments are reduced about 5.2%. For the next biennium the reduction is 7.5%. Reductions result mainly from lower projections of growth in the number of recipients, based on slow growth in FY 2009 and FY 2010.

Home Health Agency

A 4.7% reduction in forecasted expenditures for the current biennium results from a lower average cost of service. There is little change for the next biennium because a reduction in average cost is offset by higher recipient projections.

Private Duty Nursing (PDN)

Expenditure projections are increased less than 1% by slightly higher recipient projections.

Personal Care Assistance (PCA)

Projected expenditures for PCA would be down about 4% for the current biennium and 2.5% for the next biennium, except for added costs of about $2 million in the current biennium and $17 million in the next biennium which are expected to result from the end of MNDHO at the end of CY 2010. These costs were already recognized in the MA forecast at the end of the 2010 Session, but they were categorized under Disabled Basic Care. Thus these increases represent only a shift of these costs from one category to another.

The underlying decreases in the PCA forecast are about two-thirds for slower growth in the average cost of service and one-third for slower growth in the number of recipients.

MA ELD. & DISABLED BASIC CARE	**'10-'11 Biennium**	**'12-'13 Biennium**
Total forecast change this item ($000)	(31,782)	(57,808)
Total forecast percentage change this item	-1.7%	-2.0%

This activity funds general medical care for elderly and disabled Medical Assistance enrollees. For almost all of the elderly and for about 48 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 2011 it is 81.67%, and the amount billed per dual eligible each month is $131.70.

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

	'10-'11 Biennium ($000)	**'12-'13 Biennium ($000)**
Elderly Waiver Managed Care	(107)	(9,299)
Elderly Basic Caseload	(4,757)	(7,524)
Elderly Basic Avg. Cost:	10,847	5,181
Disabled Basic Caseload	8,955	38,432
Disabled Basic FFS Avg. Cost	(32,619)	(26,564)
Disabled basic FFS Avg Cost: MNDHO PCA costs to PCA	(2,053)	(17,029)
Disabled basic: MNDHO	(3,697)	0
Disabled basic: SNBC	(1,931)	663
Disabled basic: other managed care	1,018	0
Federal share adjustment	357	0
Chemical Dependency Fund share	(2,615)	(3,734)
IMD Program	(179)	(436)
Medicare Part D clawback payments	(5,001)	(37,498)
Total	(31,782)	(57,808)

Elderly Basic Changes

The decrease in Elderly Waiver managed care for the next biennium is offset about 50% by an increase in FFS EW. For EW managed care and FFS together, there is little change in projected expenditures for the current biennium and a decrease of 1.4% for the next biennium.

Elderly basic enrollment projections are reduced by 1.1% for both the current biennium and the next biennium. Average cost projections are about 1.8% higher for the current biennium and 0.5% higher for the next biennium.

Disabled Basic Changes

Disabled basic enrollment projections are about 0.9% higher for the current biennium and about 2.5% higher for the next biennium. Possible contributing factors to a higher enrollment trend are the weak economy, the aging baby boom population, and the recent modification of the GAMC program.

The cost of higher enrollment in this segment is more than offset in the current biennium and partially offset in the next biennium by lower projections of the average cost of fee-for-service coverage. These are down about 3% in the current biennium and about 2% in the next biennium.

MNDHO & SNBC

MNDHO and SNBC (Special Needs Basic Care) are voluntary managed care products for MA disabled individuals. MNDHO ends December 31, 2010.

MNDHO expenditure projections are reduced by 5.9%. Enrollment projections for the last six months of MNDHO are now about 17% lower.

SNBC expenditure projections are 3.9% lower for the current biennium because of lower payments in FY 2010. Projections for FY 2011 and the next biennium are little changed.

Other Managed Care

"Other Managed Care" consists of managed care payments originally made under GAMC or MinnesotaCare which are turned into MA payments when disability-based MA eligibility is established retroactively. This activity in FY 2010 amounted to $40 million.

The increase in this forecast reflects actual data through September 2010. The forecast is otherwise unchanged.

CD Fund Share

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

IMD Program

Projected expenditures are about 2% lower both for the current biennium and the next biennium.

Medicare Part D Clawback

Because of minimal inflation figured by CMS for the clawback in CY 2011, the new per-person per-month charge for the clawback in CY 2011 will be 8% lower than assumed in the previous forecast. The projected trend for future increases in the clawback has also be reduced from 9% to 6%. The resulting decreases in projected costs are about 2% in the current biennium and about 9% in the next biennium.

FAMILIES WITH CHILDREN BASIC CARE

	'10-'11 Biennium	'12-'13 Biennium
Total forecast change this item ($000)	(48,889)	(60,588)
Total forecast percentage change this item	-3.0%	-2.5%

This activity funds general medical care for children, parents, and pregnant women, including families receiving MFIP and those with transition coverage after exiting MFIP. It also includes 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:

	'10-'11 Biennium ($000)	'12-'13 Biennium ($000)
Families with Children		
Caseload	(4,662)	71,869
Avg. cost: Lower HMO rates	(11,973)	(87,141)
Avg. cost: Lower FFS cost	(16,069)	(12,445)
CD Fund share	(2,858)	(4,291)
HMO MERC	91	(232)
CHIP enh. match for kids over 133% FPG	(4,495)	(20,879)
Non-citizen MA segment	(7,627)	(8,643)
GAMC/CPE DSH dedicated revenue	(4,800)	0
Supplemental hospital payments	(6,195)	0
Services w special funding	(4,547)	(4,309)
Family planning waiver	(253)	(174)
Breast & cerv. cancer	699	1,662
Rx rebates	647	3,195
Federal share adjustments	356	0
Other adjustments	11,976	0
MA-EPD premiums	821	800
Total	(48,889)	(60,588)

Families with Children Basic Care

Enrollment projections are slightly lower for the current biennium but about 2.8% higher for the next biennium.

Enrollment projections for FY 2014 and FY 2015 would be at about the level forecasted for FY 2013, except that they are about 7% higher for FY 2014 and about 15% higher for FY 2015 to allow for the effects of the coverage mandate under federal health care reform.

The costs for higher enrollment in the next biennium are wiped out by lower projections of the cost of coverage, in two parts: lower HMO rates for CY 2011 than previously expected and lower average costs for fee for service coverage. One factor contributing to both of these changes is a lower proportion of pregnant women in the enrollee population, resulting in lower costs for pregnancy and the coverage of very young children.

A higher projection of the share of overall MA payments made to the CD Fund results in modest decreases because payments to the CD Fund draw no state share from the MA account.

CHIP Enhanced Funding for MA Children Over 133% FPG

Minnesota is able to claim enhanced matching on costs for children with family income over 133% FPG. The enhancement is the difference between a 65% federal share and the current federal share at the FMAP (federal medical assistance percentage). Beginning July 1, 2011 the enhanced funding will be equal to 15% of the cost of coverage (65% minus 50% FMAP). In the current year the benefit is a lesser percentage, because the enhanced FMAP is higher.

The savings shown in this item above are based on actual claims for six quarters, which demonstrate that about 5.25% of payments for families with children can be claimed for enhanced matching vs. earlier estimates that 2.4% could be claimed.

Non-Citizen MA

The Non-Citizen segment of MA includes federal Children's Health Insurance Program (CHIP) coverage for pregnant women through the month in which they give birth. Two months of post-partum coverage were at 100% state cost until July 2009, when CHIP coverage of those months became available.

Enrollment and state share cost projections are both distinctly lower. Overall enrollment in this segment has remained relatively constant, at about 5300, from FY 2007 through FY 2010. Meanwhile the number of pregnant women in this group has fallen from an average of about 3400 in FY 2006 to FY 2008 to just under 3000 in FY 2010. Based on this experience, the enrollment growth in the previous forecast has been eliminated and projected enrollment is about 13% lower for the current biennium and about 22% lower for the next biennium.

State share cost projections are 14% to 15% lower for both the curent and the next biennium.

CPE DSH Dedicated Revenue and Supplemental Hospital Payments

Legislation from the 2005 Session directed 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 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, potentially, losses certified by Hennepin County Medical Center constitute the Certified Public Expenditures.

This stream of DSH revenue ends with the end of the old GAMC program, given that there are no certified losses from Hennepin County Medical Center. The November forecast allows for increased DSH revenue based on GAMC claims, most of which was already claimed at the time of this forecast. The adjustment for supplemental hospital payments represents the financial status after the last supplemental payments had been made, although future settlement adjustments may occur because the supplemental payments are prospective.

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. Some services have state and federal funding, but are administrative costs from the federal perspective and so have federal matching at a fixed 50%, rather than funding at the Federal Medical Assistance Percentage (FMAP) which applies to medical services and can vary from 50%, as is currently the case with enhanced FMAP rates. Services which have state funding are access services (transportation to medical care), child and teen checkup outreach, and DD waiver screenings.

Most of the forecast change in this area comes from reductions in projected costs of Access services, which are down about 9% for the current biennium and 5% for the next biennium.

Family Planning Waiver

Most of the services provided under this waiver have 90% federal funding. Although projected enrollment in the waiver is up about 7% for the current biennium and 11% for the next biennium, an increase in the proportion of service costs expected to receive 90% federal funding results in small decreases in the forecast.

Breast & Cervical Cancer

This coverage applies on average to between 400 and 500 women.
New enrollment projections are about 20% higher than in the previous forecast, resulting in increases in projected costs of about 12% for the current biennium and 23% for the next biennium.

Pharmacy Rebates

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

Projected rebate collections are 0.8% lower for the current biennium and 2.4% lower for the next biennium based on lower FFS pharmacy expenditure projections.

ADULTS WITHOUT CHILDREN
OPTIONAL EXPANSION AND MANDATORY EXPANSION

	'10-'11 Biennium	'12-'13 Biennium
Total forecast change this item ($000)	(159,232)	17,693
Total forecast percentage change this item	-49.4%	1.7%

Federal law mandates MA eligibility to be expanded to cover adults with no children with income up to 133% FPG effective January 2014. We label projected costs for this coverage "mandatory expansion." We assume a 100% federal share for these costs for CY 2014 to CY 2016 although the law on this share is not clear and a lower initial federal share is possible (75% for CY 2014; 80% for CY 2015). There are projected state costs for the mandatory coverage because we assume that 1% of enrollees and costs are federally ineligible and funded at 100% state cost.

Federal law provides an option to states to expand coverage for adults with no children earlier than January 2014, at income levels up to 133% FPG. Optional expansions get federal funding at the regular FMAP, which is 50% for Minnesota. Minnesota law provides for an optional expansion, up to 75% FPG, which can be triggered by the Governor no later than January 15, 2011.

We provide a comparison of 2010 Session projections for this optional expansion, assumed to be implemented in July 2010 , and the November forecast for the optional expansion, assumed to be implemented in January 2011:

End of 2010 Session

Fiscal Year	Monthly Average Eligibles	Monthly Average Payments	Total Annual Payments	Federal Share	State Share	County Share
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PROJECTED						
2010						
2011	82,546	$644.65	$638,561,421	$316,087,903	$322,473,517	$0
2012	94,975	856.34	975,976,056	483,108,148	485,890,908	6,977,000
2013	101,568	953.99	1,162,730,843	575,551,767	570,321,076	16,858,000

November 2011 Forecast

PROJECTED						
2011	33,579	$848.69	$341,981,339	$169,280,763	$166,104,088	$0
2012	95,245	896.60	1,024,751,284	507,251,886	493,648,426	0
2013	100,894	1,006.52	1,218,618,725	603,216,269	603,623,171	0
2014 early	51,530		901,858,807	446,420,109	445,830,329	0
2014 mand	71,054		745,467,813	738,013,135	7,454,678	0
2014 total	122,584	1,119.87	1,647,326,620	1,184,433,244	453,285,007	0
2015	153,330	1,168.87	2,150,673,427	2,129,166,693	21,506,734	0

	State CD Fund Share

PROJECTED	
2011	6,596,488
2012	23,850,973
2013	11,779,285
2014 early	9,608,369
2014 mand	0
2014 total	9,608,369
2015	0

Difference in Projected Costs

	MA State Share November	State Share Rx Rebate Offset to Optional Exp	November Net Cost Optional Exp	EOS 2010 Net Cost Optional Exp	Difference Nov. Minus EOS 2010
PROJECTED					
2011	166,104,088	(2,861,930)	163,242,158	322,473,517	(159,231,360)
2012	493,648,426	(11,468,833)	482,179,593	485,890,908	(3,711,316)
2013	603,623,171	(11,898,601)	591,724,570	570,321,076	21,403,494

Enrollment projections in the November forecast, except for later implementation date, are similar to the end of session projections.

Average cost projections for FY 2012 and FY 2013 are about 5% higher than in the end of session projections, mainly because of a higher base cost projection for the MinnesotaCare population, which provides just over half of the projected enrollment. A later start of managed care, under which 9.5% of costs are deferred by one or two fiscal years, also contributes to the higher average costs (which are computed on a cash basis).

State share costs are also affected by the following differences from end of session:
(1) voluntary pilot projects which would provide a county share offsetting state costs are not recognized in November (higher state cost results);
(2) it is recognized in November that pharmacy rebates will offset state costs; this effect was not accounted for at the end of session;
(3) it is recognized that part of the state costs will come from the CD Fund, for recipients who would otherwise be served at 100% state cost; this reduces the state share which comes from the MA account and provides added MA revenue to the CD Fund, which is dealt with in the CD entitlement forecast.

The November forecast is extended to FY 2015. It distinguishes the enrollment and cost of the optional early expansion from those of the mandatory expansion starting in 2014.

GENERAL ASSISTANCE MED. CARE (Old GAMC program only)	**'10-'11 Biennium**	**'12-'13 Biennium**
Forecast change this item ($000)	(37,069)	(631)
Forecast percentage change this item	-11.3%	0.0%

During the 2010 legislative session, GAMC's entitlement nature was eliminated effective June 1, 2010, and dramatic payment reductions were put into effect for services provided in April and May 2010. Beginning June 2010, GAMC was transformed into a capped appropriation program administered by four hospitals referred to as Coordinated Care Delivery Systems (CCDS). Additionally, the Transitional MinnesotaCare program, within which FFS coverage was paid through GAMC, was eliminated for new enrollees effective April 1, 2010.

Despite the end of the "old" GAMC program effective June 2010, appropriations must be maintained to satisfy all future financial obligations that result from covered services incurred through May 2010. These financial obligations include lagged FFS claims (both GAMC and Transitional MinnesotaCare) and the future return of the performance payment withhold from GAMC managed care payments. These payments are offset by negative adjustments to the GAMC program account that occur when a former GAMC enrollee receives a disability determination and has their eligibility transferred to MA back to the date of application. The forecast changes above represent lower than expected net payments under the "old" GAMC and FFS Transitional MinnesotaCare programs.

CHEMICAL DEPENDENCY FUND	'10-'11 Biennium	'12-'13 Biennium
Without Optional MA Expansion		
Forecast change this item ($000)	10,241	22,124
Forecast percentage change this item	5.6%	10.3%
With Optional MA Expansion		
Forecast change this item ($000)	10,241	5,746
Forecast percentage change this item	5.6%	2.7%

For the current biennium, the average placement cost, including room and board payments to health plans for MA recipients, is increased about 7% over the previous forecast. The cost of this increase is partially offset by 2% lower projections of the number of placements. For the next biennium, the average placement cost is only 4% higher, some of the difference from the 7% increase for the current biennium being accounted for by payment delays that delayed some payments from the previous biennium. The projected number of placements is about 3% higher for the next biennium, reflecting recent increases in the number of placements.

Across both the current and the next biennium, the effect of lower county share payments is approximately canceled by increased MA revenue.

When the optional MA expansion is added to the forecast, additional MA revenue offsets state costs and makes the forecast change for the next biennium about $16 million less.

MFIP NET CASH (STATE AND FEDERAL)	'10-'11 Biennium	'12-'13 Biennium
Forecast change this item ($000)	(7,170)	(4,019)
Forecast percentage change this item	-2.1%	-1.2%
GENERAL FUND SHARE OF MFIP		
Forecast change this item ($000)	19,396	(11,785)
Forecast percentage change this item	13.5%	-6.3%
FEDERAL TANF FUNDS FOR MFIP		
Forecast change this item ($000)	(26,566)	7,765
Forecast percentage change this item	-13.9%	4.9%

This activity provides cash and food for families with children until they reach approximately 115% 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:

Summary of Forecast Changes	**'10-'11 Biennium ($000)**	**'12-'13 Biennium ($000)**
Gross MFIP cash grant forecast change	(13,833)	(10,118)
Gross General Fund forecast change	14,439	(16,266)
Child Support/recoveries offset	4,956	4,481
Net General Fund forecast change	19,396	(11,785)
Gross TANF forecast change	(28,273)	6,148
Child Support pass-through/recoveries offset	1,707	1,617
Net TANF forecast change	(26,566)	7,765

Decreased Gross MFIP Cash Grant Expenditures

MFIP caseloads have increased during the recent economic downturn, but in recent months the caseloads have been lower than projected. Lower caseloads are the primary explanation for the $13.8 million (3.9%) decrease in gross MFIP cash grant expenditures in the current biennium and the $10.1 million (2.7%) decrease in the next biennium.

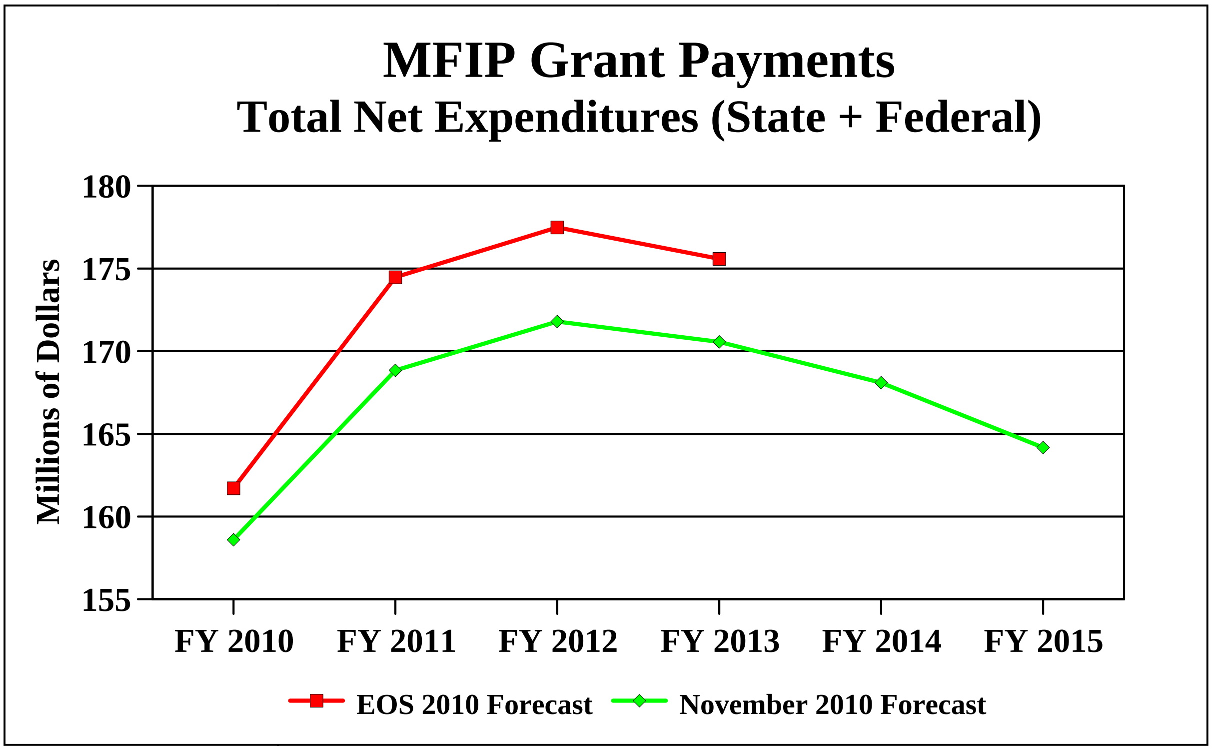
Changes in General Fund used in MFIP

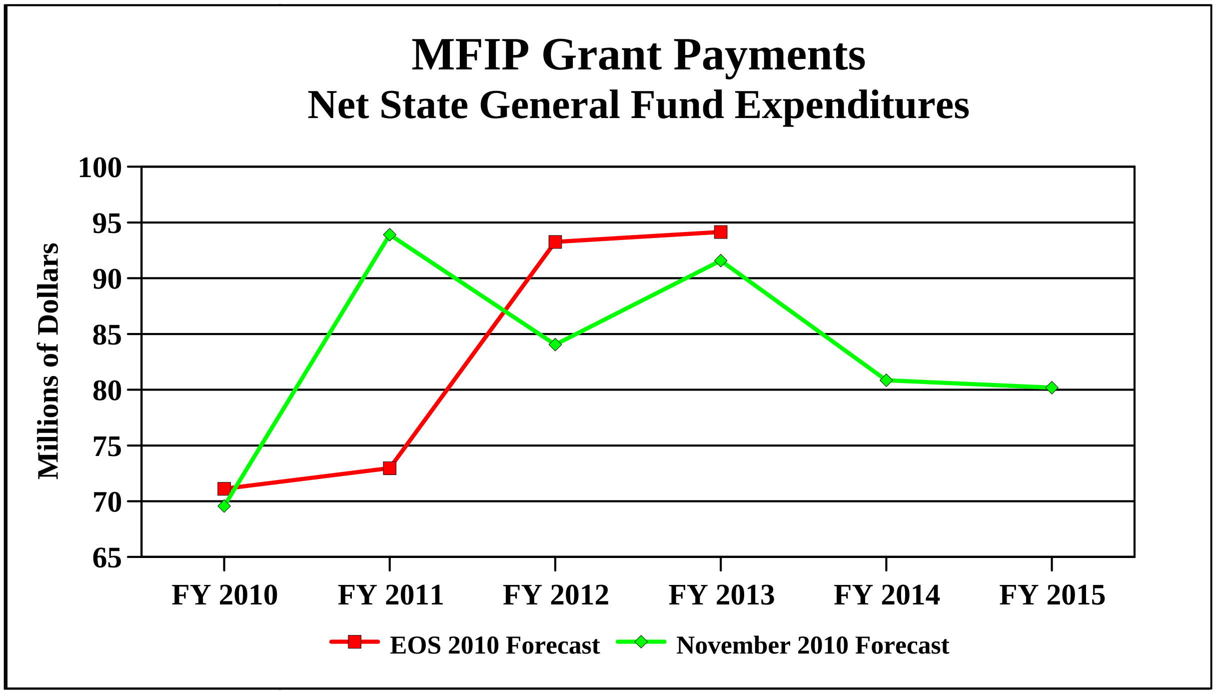
Most of the MFIP caseload is funded with a mixture of state and federal block grant funds. The amount of state funds in this mixture is determined by the federally mandated Maintenance of Effort (MOE) requirement for state (i.e., General Fund) spending on its TANF program. The state must meet this minimum 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, though it must be at least 16% of the MOE requirement. In addition, if there are not enough TANF funds available to pay the portion of expenditures which do not have to be paid from the General Fund, then General Fund is used to make up the difference. The General Fund must also fund "non-MOE" cases: cases with two parents and cases eligible for Family Stabilization Services. These expenditures cannot be used as MOE and cannot be funded with federal funds. Net General Fund expenditures are adjusted for child support collections and the counties' share of recoveries.

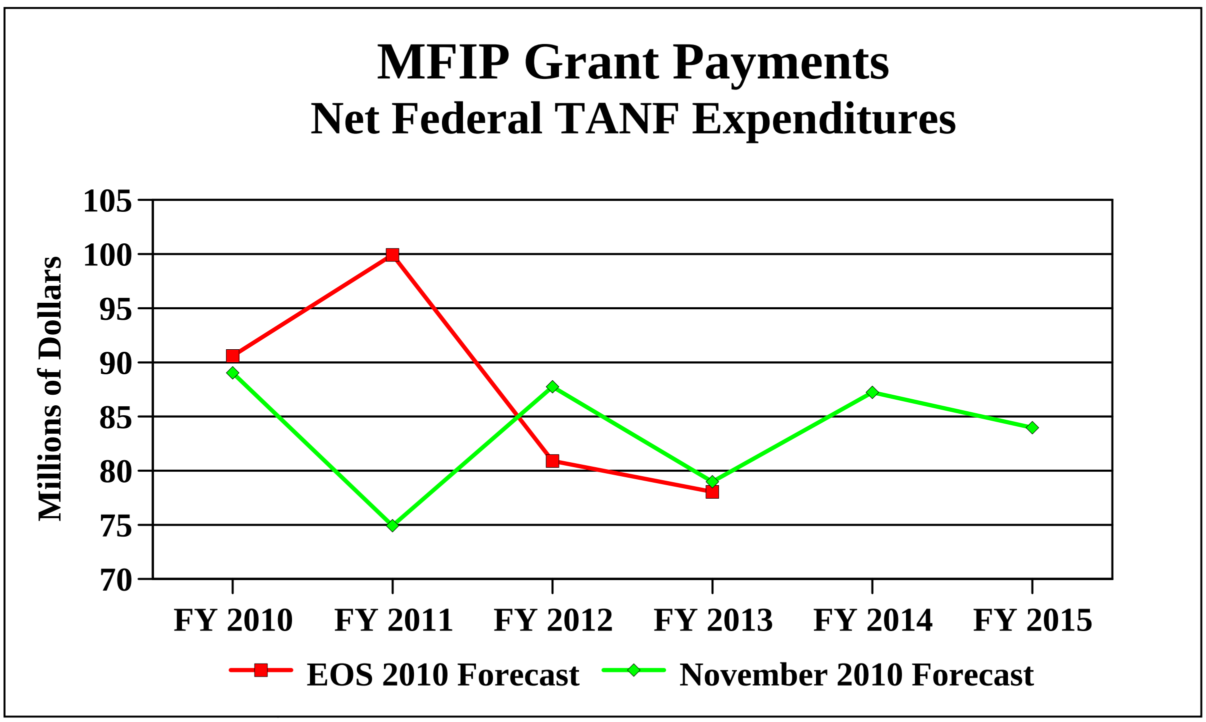
Expenditures on cases which must be funded with non-MOE General Fund were below forecast in FY 2010 and as a result are decreased $1.4 million in this biennium relative to the end of session forecast. MOE General Fund expenditures are increased by $15.8 million due to reduced MOE from non-MFIP sources (chiefly child care assistance). The economic downturn appears to be having a stronger impact on child support collections than previously forecast, as the publicly assigned child support collections used to offset MFIP General Fund expenditures were down sharply in FY 2010. Publicly assigned child support collections for the current biennium are projected to be $5 million less than anticipated in the end of session forecast. This leads to an increase of net General Fund MFIP cash expenditures for the current biennium of $19.4 million, a 13.5% increase.

Increased gross General Fund expenditures in the current biennium of $14.4 million, together with the decreased cash forecast of $13.8 million, leads to a decrease in gross TANF of $28.3 million. Decreases in expected recoveries and reimbursements of $1.7 million lead to net TANF expenditures in the current biennium $26.6 million less than the end of session forecast, a 15.1% decrease.

In the next biennium, trends indicate that expenditures on cases which must be funded with non-MOE General Fund will increase. As a result, these expenditures increase by $2.9 million in the next biennium relative to the end of session forecast. Reduced MOE from non-MFIP sources leads to increased General Fund in MFIP of $18.5 million. The end of session forecast used $37.6 million of General Fund to meet MFIP cash obligations that could have been funded with TANF but were not due to lack of available TANF funds. This $37.6 million of General Fund is no longer required because the reduced TANF expenditures in the current biennium,together with the decreased MFIP cash forecast in FY 2010 - FY 2013, frees up enough TANF to fund the forecast in the next biennium. Publicly assigned child support collections for the next biennium are projected to be $4.5 million less than anticipated in the end of session forecast. This leads to a decrease in net General Fund MFIP expenditures for the next biennium of $11.8 million, a 6.3% decrease.




MFIP Grant Payments
Net State General Fund Expenditures
Millions of Dollars
100
95
90
85
80
75
70
65
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
EOS 2010 Forecast
November 2010 Forecast


MFIP Grant Payments
Net Federal TANF Expenditures
Millions of Dollars
105
100
95
90
85
80
75
70
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
EOS 2010 Forecast
November 2010 Forecast

Decreased gross General Fund expenditures in the next biennium of $16.3 million, together with the decreased gross cash forecast of $10.1 million, leads to an increase in gross TANF of $6.1 million. Decreases in expected recoveries and reimbursements of $1.6 million lead to net TANF expenditures in the next biennium $7.8 million more than the end of session forecast, a 4.9% increase.

MFIP / TY CHILD CARE ASSISTANCE	**'10-'11 Biennium**	**'12-'13 Biennium**
Forecast change this item ($000)	(22,850)	(4,820)
Forecast percentage change this item	-18.9%	-3.4%

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).

MFIP Child Care payments decrease by $10.4 million (4.2% of federal and state expenditures) in the current biennium relative to the end of session forecast . This decrease results from average payments which have been below projected levels in recent data, partially offset by higher than forecasted caseloads. This forecast also recognizes a $12.5 million financing change enacted in the 2010 session, leading to a $22.9 million decrease in General Fund expenditures relative to the end of session forecast.

MFIP Child Care payments decrease by $4.8 million (2% of federal and state expenditures) in the next biennium relative to the end of session forecast. This decrease results from continued projections of lower average payments partially offset by higher caseloads. Federal funds used for MFIP Child Care are unchanged in the next biennium, leading to a $4.8 million decrease in General Fund expenditures relative to the end of session forecast.

GENERAL ASSISTANCE	**'10-'11 Biennium**	**'12-'13 Biennium**
Forecast change this item ($000)	(1,485)	2,243
Forecast percentage change this item	-1.6%	2.3%

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 $1.5 million decrease in GA expenditures in the current biennium is due to caseloads and average payments being below forecast in recent data. The updated econometric model indicates caseloads will increase in the next biennium, leading to a $2.2 million increase in expenditures relative to the end of session forecast.

GROUP RESIDENTIAL HOUSING	**'10-'11 Biennium**	**'12-'13 Biennium**
Forecast change this item ($000)	(2,698)	(2,533)
Forecast percentage change this item	-1.2%	-1.0%

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.

Average cost projections which are 0.5% to 1.5% lower for both MSA and GA types are the main reason for the lower expenditure projections for this activity.

MINNESOTA SUPPLEMENTAL AID	**'10-'11 Biennium**	**'12-'13 Biennium**
Forecast change this item ($000)	1,932	4,120
Forecast percentage change this item	2.8%	5.5%

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

Based on recent data, caseload projections are increased by 3 to 4% over the end of session forecast in both the current and the next biennium. Average payments are increased slightly as well.

MINNESOTACARE

Without MA Optional Expansion	**'10-'11 Biennium**	**'12-'13 Biennium**
Compared to EOS 2010 Without MA Optional expansion		
Forecast change this item ($000)	84,128	308,125
Forecast percentage change this item	8.9%	21.2%

With MA Optional Expansion
Compared to EOS 2010 With MA Optional expansion

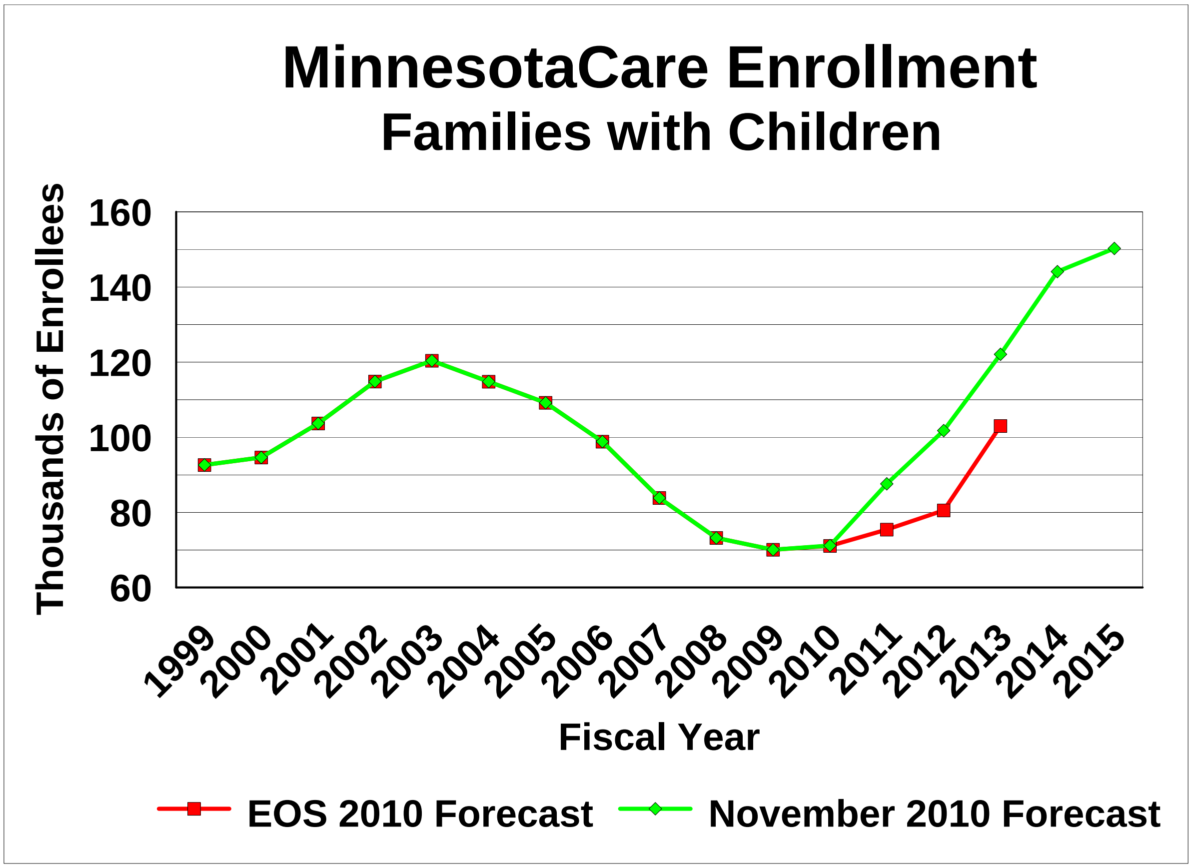
Forecast change this item ($000)	92,216	213,654
Forecast percentage change this item	11.5%	32.5%

The following analysis of the forecast changes explains the change in the "With Optional Expansion" forecast scenario. The explanation of the differences between the "With" and "Without" forecast scenarios is at the end of the MinnesotaCare narrative.

Summary of Forecast Changes	**'10-'11 Biennium ($000)**	**'12-'13 Biennium ($000)**
Families with Children		
Enrollment changes	17,774	108,139
Average payment changes	(3,573)	(22,777)
Families with Children Subtotal	14,201	85,362
Adults without Children		
Enrollment changes	68,416	215,522
Average payment changes	1,511	7,241
MA optional expansion effects changes	8,088	(94,471)
Adults without Children Subtotal	78,015	128,292
Total Program	92,216	213,654

Families with Children

Average monthly enrollment of children and parents grew by 1.6% in FY 2010 compared with the previous fiscal year. Enrollment was fairly stable at around 70,000 enrollees during most of CY 2009. Then the last quarter of CY 2009 saw the start of an unexpected decline in the number of monthly eligibility terminations for MinnesotaCare children and parents. In addition, the number of new enrollees sharply increased from a CY 2009 average of around 2,500 new enrollees each month to a monthly average of about 3,500 during CY 2010 (through September), including over 5,000 new children and parents in July 2010 alone. This is likely a lagging impact from the down economy with fewer jobs including benefits. Another factor that is likely behind the increased new enrollment is an accelerating increase in the number of monthly MinnesotaCare applications received from counties since the beginning of CY 2009. Both fewer drops and increased adds lead to accumulating enrollment over time, and we now project children and parents enrollment for FY 2011 to exceed FY 2010 average enrollment by about 16,000. In addition to the accumulating effects of fewer drops and increased adds, the forecast continues to reflect future enrollment net increases due to eligibility expansions primarily affecting children that are scheduled to begin in early 2012, assuming federal approval. Relative to the end of session forecast, enrollment projections for children and parents in the November forecast are about 8.7% higher in the current biennium and about 21.8% higher in the next biennium.



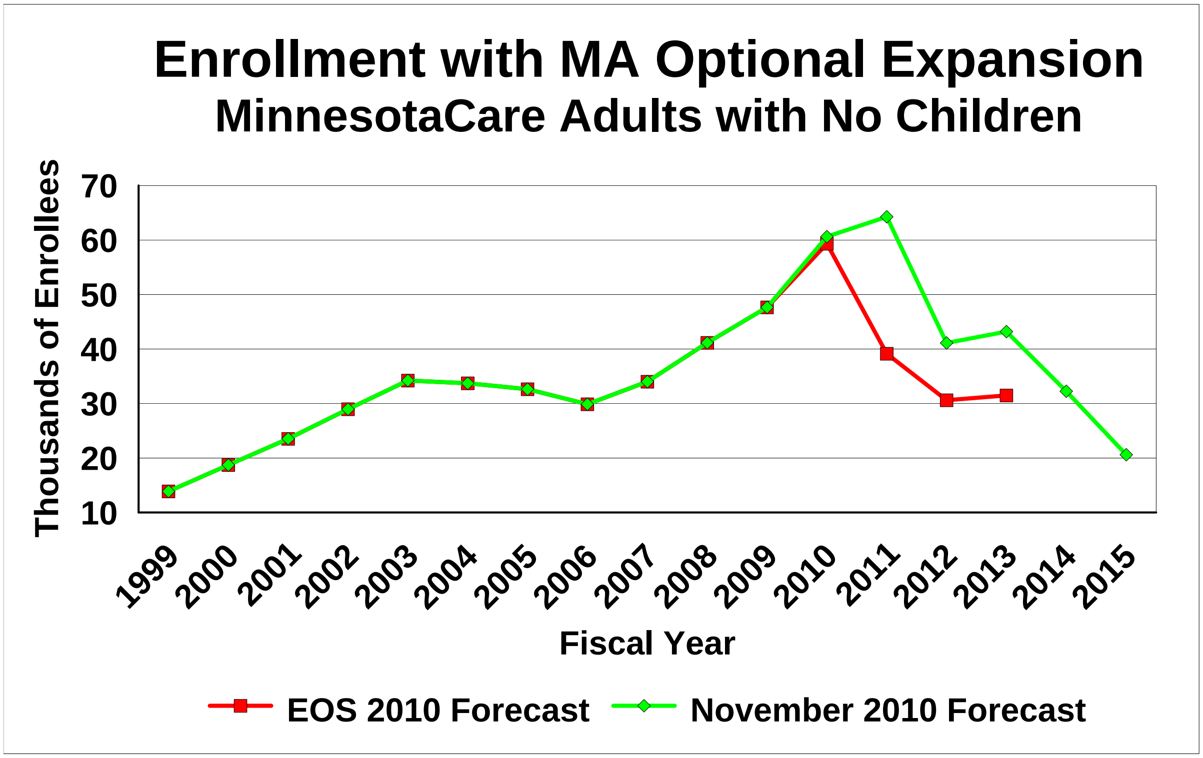
HMO rates for MinnesotaCare parents and children effective January 2011 are currently projected to increase by 1.6% relative to CY 2010 rates. The End-of-Session forecast assumed a 7.5% rate increase for this group. This results in a cost decrease of about 6% relative to end of session forecast projections.

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.) Certain "qualifiers" in the law exempt other GAMC recipients from enrollment in Transitional MinnesotaCare and permit them to remain in regular GAMC.

Excluding Transitional MinnesotaCare enrollment, average monthly enrollment of MinnesotaCare adults without children increased by 33% in FY 2010 as compared to the previous fiscal year. Noteworthy is that this increase appears to be driven by a large increase in newly added enrollment each month with little change in monthly enrollment drops. Monthly adults without children enrollment adds have increased from a monthly average of about 1,900 adds in CY 2009 to a monthly average of over 3,500 in CY 2010 (through September), with monthly adds more than doubling to over 4,000 for each month from June through September. The timing of this sharp increase in new adults without children enrollment coincides with the modification of GAMC to a capped appropriated program and, more significantly, the elimination of the Transitional MinnesotaCare program. This is also consistent with the projected lagged effects of the challenging labor market in which many people are losing jobs with health benefits, or simply losing the health benefits. Further, this trend does not show any signs of slowing down. The past four months have all resulted in a record number of MinnesotaCare applications. As a result, we have a much larger enrollment in this segment and a much larger MinnesotaCare enrollment potentially diverted to MA by the optional MA expansion. Compared to the end of session forecast with MA optional expansion, the November forecast with MA optional expansion increases MinnesotaCare enrollment by 29% for the current biennium and by 36% for the next biennium.

The following graph compares end of session and November forecasts of enrollment with MA optional expansion. Additional decreases in FY 2014 and FY 2015 in the new forecast are the result of mandatory MA expansion to 133% FPG starting in January 2014.



Base HMO rates for MinnesotaCare adults without children effective January 2011 are currently projected to increase by 9.7% relative to CY 2010 rates. The end of session forecast assumed a 7.5% rate increase for this group. This results in a cost increase of about 2.2% relative to end of session forecast projections.

Effect on MinnesotaCare Enrollment and Costs of Optional MA Expansion

The 2010 Legislature passed MA expansion for adults without children under 75% FPG contingent on the Governor signing an executive order by January 15, 2011. This optional MA expansion for adults would shift all MinnesotaCare adults without children under 75% FPG to MA with a 50% federal match. The assumed effective date in the end of session forecast was July 2010. Based on a memorandum of understanding between the Legislature and MMB, and subsequent negotiation, the November forecast assumes the optional MA expansion with an effective date of January 2011.

The following table compares the effect of MA optional expansion on MinnesotaCare enrollment and costs as projected at the end of the 2010 session and in the November forecast:

	MinnesotaCare Avg. Monthly Enrollment	MinnesotaCare State Costs
End of 2010 Session		
FY 2011	(18,747)	(145,280,000)
FY 2012	(31,305)	(356,067,000)
FY 2013	(32,174)	(439,318,000)
November 2011 Forecast		
FY 2011	(13,712)	(137,192,000)
FY 2012	(50,678)	(396,370,000)
FY 2013	(53,242)	(493,486,000)
FY 2014	(27,266) *	(331,792,000)
FY 2015	0 *	(43,171,000)
Difference in Projected Effects		
FY 2011	5,035	8,088,000
FY 2012	(19,372)	(40,303,000)
FY 2013	(21,068)	(54,168,000)

* Mandatory expansion replaces optional expansion in January 2014.

The delayed effective date is one of three primary changes to the impact of the optional MA expansion for adults in the November forecast relative to end of session. Delaying the assumed effective date from July 2010 to January 2011 implies six additional months of MinnesotaCare eligibility for adults without children and results in a cost to the MinnesotaCare program in the November forecast relative to the end of session estimates.

Once implemented, the shift of current MinnesotaCare enrollees to MA is expected to entail an initial six month phase-in period. The end of session forecast assumed phased-in MinnesotaCare savings, as enrollees were converted to MA. The November forecast assumes, as MinnesotaCare enrollees are converted to MA, that payments on their behalf, back to the effective date of implementation of the new MA coverage, can be converted to MA payments, resulting in additional months of MinnesotaCare savings. This increases the MinnesotaCare savings of the optional MA expansion and offsets some of the cost of the six month implementation delay in the November forecast. Further, the November forecast includes higher base enrollment of adults without children. Higher base enrollment of adults under 75% FPG results in more people shifted in the second half of FY 2011 and the next biennium, and a larger shift to MA produces more savings to the MinnesotaCare program all else equal. These three changes in the treatment of the optional MA expansion in the November forecast result in a net cost of about $8 million in the current biennium and a net savings of about $94.5 million in the next biennium.

The graph which follows shows end of session 2010 projections and November projections of MinnesotaCare enrollment of adults with no children with no MA optional expansion. In the November forecast, enrollment falls in FY 2014 and FY 2015 because of the mandatory MA expansion which starts in January 2014.

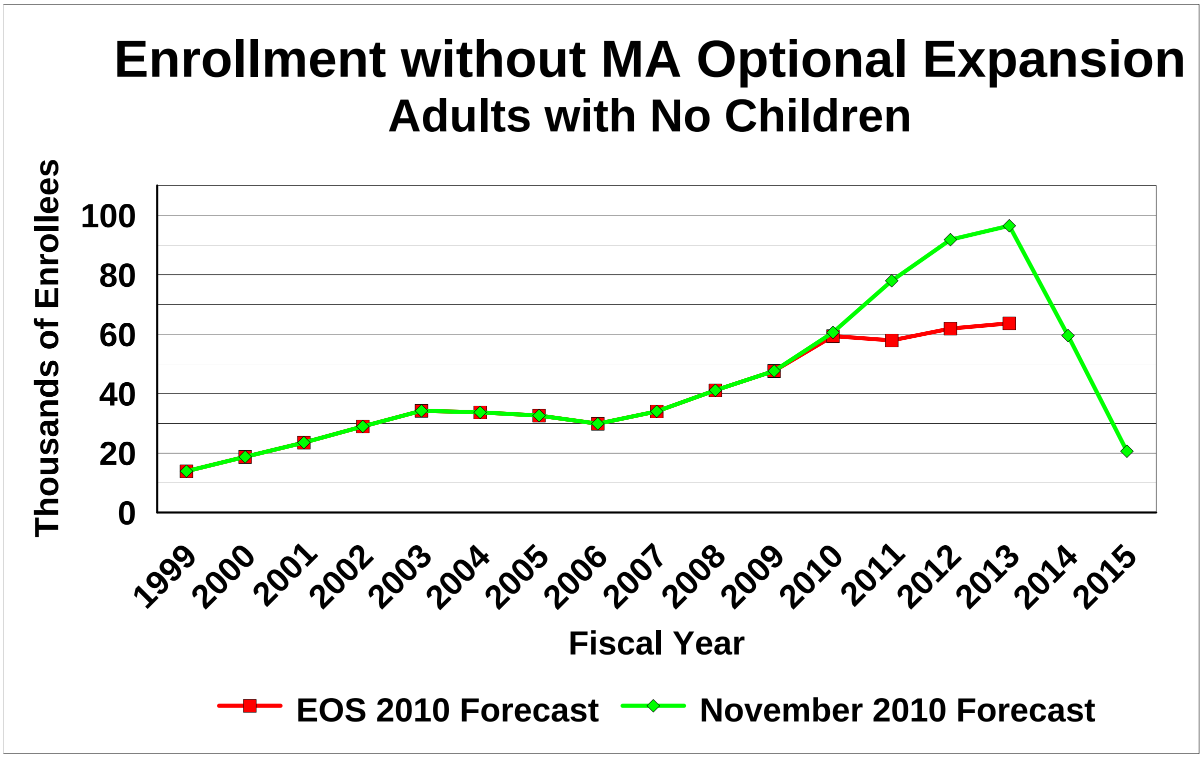

Enrollment without MA Optional Expansion
Adults with No Children
Thousands of Enrollees
100
80
60
40
20
0
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Fiscal Year
EOS 2010 Forecast
November 2010 Forecast

TABLE ONE
CURRENT BIENNIUM SUMMARY

GENERAL FUND	End of Session 2010 Forecast Including 2nd Sp. Session FY 2010 - FY 2011 Biennium ($ in thousands)			November 2010 Forecast FY 2010 - FY 2011 Biennium ($ in thousands)		
	FY 2010	FY 2011	Biennium	FY 2010	FY 2011	Biennium
Medical Assistance						
LTC Facilities	359,843	381,338	741,181	352,759	376,422	729,181
LTC Waivers	823,538	944,797	1,768,335	806,141	919,295	1,725,436
Elderly & Disabled Basic	900,458	1,004,162	1,904,621	883,764	989,075	1,872,839
Families w. Children Basic	750,000	889,461	1,639,461	735,139	855,433	1,590,572
MA Total without Optional Expansion	2,833,840	3,219,758	6,053,598	2,777,803	3,140,225	5,918,028
MA Optional expansion	0	322,474	322,474	0	163,242	163,242
MA Total with Optional Expansion	2,833,840	3,542,232	6,376,072	2,777,803	3,303,467	6,081,270
Alternative Care Program	50,234	48,576	98,810	50,234	48,576	98,810
Old GAMC Program	310,104	19,320	329,425	287,060	5,296	292,356
Chemical Dependency Fund						
Without MA optional expansion	87,570	93,836	181,406	88,987	102,660	191,647
With MA optional expansion	87,570	93,836	181,406	88,987	102,660	191,647
Minnesota Family Inv. Program	71,121	72,969	144,090	69,571	93,915	163,486
Child Care Assistance	53,339	67,793	121,132	53,339	44,943	98,282
General Assistance	43,823	49,947	93,771	42,712	49,574	92,286
Group Residential Housing	112,387	115,992	228,379	111,322	114,359	225,681
Minnesota Supplemental Aid	33,518	34,734	68,251	33,297	36,886	70,183
Total General Fund						
Without MA optional expansion	3,595,936	3,722,925	7,318,862	3,514,325	3,636,434	7,150,759
With MA optional expansion	3,595,936	4,045,399	7,641,336	3,514,325	3,799,676	7,314,001
TANF funds for MFIP Grants	90,598	99,922	190,521	89,028	74,927	163,955
MinnesotaCare						
Without MA optional expansion	448,647	499,376	948,023	445,844	586,307	1,032,151
Effect of MA optional expansion	0	(145,280)	(145,280)	0	(137,192)	(137,192)
With MA optional expansion	448,647	354,096	802,743	445,844	449,115	894,959

TABLE TWO
CURRENT BIENNIUM SUMMARY

GENERAL FUND	November 2010 Forecast Change from End of Session 2010 Forecast Including 2nd Sp. Session FY 2010 - FY 2011 Biennium ($ in thousands)			November 2010 Forecast Change from End of Session 2010 Forecast Including 2nd Sp. Session FY 2010 - FY 2011 Biennium (Percent Change)		
	FY 2010	FY 2011	Biennium	FY 2010	FY 2011	Biennium
Medical Assistance						
LTC Facilities	(7,084)	(4,916)	(12,000)	-2.0%	-1.3%	-1.6%
LTC Waivers	(17,397)	(25,502)	(42,899)	-2.1%	-2.7%	-2.4%
Elderly & Disabled Basic	(16,694)	(15,087)	(31,782)	-1.9%	-1.5%	-1.7%
Families w. Children Basic	(14,861)	(34,028)	(48,889)	-2.0%	-3.8%	-3.0%
MA Total without Optional Expansion	(56,037)	(79,533)	(135,570)	-2.0%	-2.5%	-2.2%
MA Optional expansion	0	(159,232)	(159,232)		-49.4%	-49.4%
MA Total with Optional Expansion	(56,037)	(238,765)	(294,802)	-2.0%	-6.7%	-4.6%
Alternative Care Program	0	0	0	0.0%	0.0%	0.0%
Old GAMC Program	(23,044)	(14,024)	(37,069)	-7.4%		-11.3%
Chemical Dependency Fund						
Without MA optional expansion	1,417	8,824	10,241	1.6%	9.4%	5.6%
With MA optional expansion	1,417	8,824	10,241	1.6%	9.4%	5.6%
Minnesota Family Inv. Program	(1,550)	20,946	19,396	-2.2%	28.7%	13.5%
Child Care Assistance	0	(22,850)	(22,850)	0.0%	-33.7%	-18.9%
General Assistance	(1,111)	(373)	(1,485)	-2.5%	-0.7%	-1.6%
Group Residential Housing	(1,065)	(1,633)	(2,698)	-0.9%	-1.4%	-1.2%
Minnesota Supplemental Aid	(221)	2,152	1,932	-0.7%	6.2%	2.8%
Total General Fund						
Without MA optional expansion	(81,611)	(86,491)	(168,103)	-2.3%	-2.3%	-2.3%
With MA optional expansion	(81,611)	(245,723)	(327,335)	-2.3%	-6.1%	-4.3%
TANF funds for MFIP Grants	(1,570)	(24,995)	(26,566)	-1.7%	-25.0%	-13.9%
MinnesotaCare						
Without MA optional expansion	(2,803)	86,931	84,128	-0.6%	17.4%	8.9%
Effect of MA optional expansion	0	8,088	8,088		-5.6%	-5.6%
With MA optional expansion	(2,803)	95,019	92,216	-0.6%	26.8%	11.5%

TABLE THREE
NEXT BIENNIUM SUMMARY

GENERAL FUND	End of Session 2010 Forecast Including 2nd Sp. Session FY 2012 - FY 2013 Biennium ($ in thousands)			November 2010 Forecast FY 2012 - FY 2013 Biennium ($ in thousands)		
	FY 2012	FY 2013	Biennium	FY 2012	FY 2013	Biennium
Medical Assistance						
LTC Facilities	470,846	465,881	936,727	460,406	446,636	907,042
LTC Waivers	1,238,577	1,352,416	2,590,993	1,229,696	1,324,025	2,553,721
Elderly & Disabled Basic	1,395,709	1,462,309	2,858,018	1,363,748	1,436,462	2,800,210
Families w. Children Basic	1,193,968	1,260,805	2,454,773	1,152,686	1,241,499	2,394,185
MA Total without Optional Expansion	4,299,100	4,541,410	8,840,510	4,206,536	4,448,622	8,655,158
MA Optional expansion	485,891	570,321	1,056,212	482,180	591,725	1,073,905
MA Total with Optional Expansion	4,784,991	5,111,731	9,896,722	4,688,716	5,040,347	9,729,063
Alternative Care Program	44,978	45,106	90,084	44,978	45,106	90,084
Old GAMC Program	1,059	(115)	945	429	(115)	314
Chemical Dependency Fund						
Without MA optional expansion	103,399	110,590	213,989	112,634	123,479	236,113
With MA optional expansion	103,399	110,590	213,989	103,537	116,198	219,735
Minnesota Family Inv. Program	93,258	94,158	187,417	84,050	91,582	175,632
Child Care Assistance	71,843	71,399	143,241	70,147	68,274	138,421
General Assistance	49,672	49,889	99,561	50,861	50,943	101,804
Group Residential Housing	123,020	130,290	253,311	121,435	129,343	250,778
Minnesota Supplemental Aid	37,070	37,793	74,864	39,033	39,951	78,984
Total General Fund						
Without MA optional expansion	4,823,400	5,080,521	9,903,921	4,730,103	4,997,185	9,727,288
With MA optional expansion	5,309,291	5,650,842	10,960,133	5,203,186	5,581,629	10,784,815
TANF funds for MFIP Grants	80,905	78,058	158,964	87,745	78,984	166,729
MinnesotaCare						
Without MA optional expansion	661,000	791,012	1,452,012	791,014	969,123	1,760,137
Effect of MA optional expansion	(356,067)	(439,318)	(795,385)	(396,370)	(493,486)	(889,856)
With MA optional expansion	304,933	351,694	656,627	394,644	475,637	870,281

TABLE FOUR
NEXT BIENNIUM SUMMARY

GENERAL FUND	November 2010 Forecast Change from End of Session 2010 Forecast Including 2nd Sp. Session FY 2012 - FY 2013 Biennium ($ in thousands)			November 2010 Forecast Change from End of Session 2010 Forecast Including 2nd Sp. Session FY 2012 - FY 2013 Biennium (Percent Change)		
	FY 2012	FY 2013	Biennium	FY 2012	FY 2013	Biennium
Medical Assistance						
LTC Facilities	(10,440)	(19,245)	(29,685)	-2.2%	-4.1%	-3.2%
LTC Waivers	(8,881)	(28,391)	(37,272)	-0.7%	-2.1%	-1.4%
Elderly & Disabled Basic	(31,961)	(25,847)	(57,808)	-2.3%	-1.8%	-2.0%
Families w. Children Basic	(41,282)	(19,306)	(60,588)	-3.5%	-1.5%	-2.5%
MA Total without Optional Expansion	(92,564)	(92,788)	(185,352)	-2.2%	-2.0%	-2.1%
MA Optional expansion	(3,711)	21,404	17,693	-0.8%	3.8%	1.7%
MA Total with Optional Expansion	(96,275)	(71,384)	(167,659)	-2.0%	-1.4%	-1.7%
Alternative Care Program	0	0	0	0.0%	0.0%	0.0%
Old GAMC Program	(630)	(0)	(631)	0.0%	0.0%	0.0%
Chemical Dependency Fund						
Without MA optional expansion	9,235	12,889	22,124	8.9%	11.7%	10.3%
With MA optional expansion	138	5,608	5,746	0.1%	5.1%	2.7%
Minnesota Family Inv. Program	(9,208)	(2,576)	(11,785)	-9.9%	-2.7%	-6.3%
Child Care Assistance	(1,696)	(3,125)	(4,820)	-2.4%	-4.4%	-3.4%
General Assistance	1,189	1,054	2,243	2.4%	2.1%	2.3%
Group Residential Housing	(1,585)	(947)	(2,533)	-1.3%	-0.7%	-1.0%
Minnesota Supplemental Aid	1,963	2,158	4,120	5.3%	5.7%	5.5%
Total General Fund						
Without MA optional expansion	(93,297)	(83,336)	(176,633)	-1.9%	-1.6%	-1.8%
With MA optional expansion	(106,105)	(69,213)	(175,318)	-2.0%	-1.2%	-1.6%
TANF funds for MFIP Grants	6,840	926	7,765	8.5%	1.2%	4.9%
MinnesotaCare						
Without MA optional expansion	130,014	178,111	308,125	19.7%	22.5%	21.2%
Effect of MA optional expansion	(40,303)	(54,168)	(94,471)	11.3%	12.3%	11.9%
With MA optional expansion	89,711	123,943	213,654	29.4%	35.2%	32.5%

TABLE FIVE
FY 2014 - FY 2015 BIENNIUM SUMMARY

GENERAL FUND	**November 2010 Forecast FY 2014 - FY 2015 Biennium** ($ in thousands)		
	FY 2014	FY 2015	Biennium
Medical Assistance			
LTC Facilities	495,472	538,000	1,033,472
LTC Waivers	1,420,535	1,564,889	2,985,424
Elderly & Disabled Basic	1,636,472	1,816,808	3,453,280
Adults with No Children (Mandatory)	7,197	19,775	26,972
Families w. Children Basic	1,417,348	1,631,317	3,048,665
MA Total without Optional Expansion	4,977,024	5,570,789	10,547,813
MA Optional expansion	439,550	(1,116)	438,434
MA Total with Optional Expansion	5,416,574	5,569,673	10,986,247
Alternative Care Program	45,106	45,106	90,212
Old GAMC Program	0	0	0
Chemical Dependency Fund			
Without MA optional expansion	125,267	125,943	251,210
With MA optional expansion	117,908	125,297	243,205
Minnesota Family Inv. Program	80,854	80,196	161,050
Child Care Assistance	69,089	68,164	137,253
General Assistance	51,029	50,893	101,922
Group Residential Housing	136,361	143,488	279,849
Minnesota Supplemental Aid	40,780	41,576	82,356
Total General Fund			
Without MA optional expansion	5,525,510	6,126,155	11,651,665
With MA optional expansion	5,957,701	6,124,393	12,082,094
TANF funds for MFIP Grants	87,241	83,973	171,214
MinnesotaCare			
Without MA optional expansion	830,686	495,105	1,325,791
Effect of MA optional expansion	(331,792)	(43,171)	(374,963)
With MA optional expansion	498,894	451,934	950,828