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Minnesota Department of Human Services -

March 29, 2013

Jim Schowalter, Commissioner Department of Management and Budget 400 Centennial Building 658 Cedar Street St. Paul, MN 55155

Dear Commissioner Schowalter:

In accordance with Minnesota Statutes, Section 16A.725, subdivision 2, I hereby certify the following amounts as tobacco-use attributable costs for fiscal year 2012 for Medical Assistance and MinnesotaCare.

General Fund

\$355.0 million \$46.1 million

Health care Access Fund

\$401.1 million

Total This certification is based on a methodology developed by Miller, Zhang, Novotny, Rice and Max and

published in the March/April 1998 edition of the journal "Public Health Reports" to determine public expenditures attributable to smoking.

Consistent with this methodology, smoking attributable factors have been applied to fiscal year 2012 service expenditures for Medical Assistance and MinnesotaCare divided into five categories; ambulatory care, pharmacy, hospital, home health and skilled nursing facility. The State cost was subsequently determined for each program by reducing the total by the amount of federal funding, enrollee premiums. and pharmacy rebates.

State funding is appropriated from the General Fund for Medical Assistance and from the Health Care Access Fund for MinnesotaCare, so tobacco-use attributable costs have been attributed to the funds accordingly.

Sincerely,

Lucinda Jesson

Commissioner

Estimated Smoking Attributable Expenses in SFY 2012 for Adults in Medical Assistance, General Assistance Medical Care and MinnesotaCare

March 15, 2013

		Service Group						
		Ambulatory	Home Health	Hospital	Pharmacy	Skilled Nursing Facility	Premium/ Rebate Adjustment	Total
Z.4-11/1/0	MA	\$1,781,257	\$2,145,477	\$760,759	\$438,854	\$1,015,850		\$6,142,19
Total Health Care Expenditures for Adults	MinnesotaCare	\$256,830	\$1,578	\$58,503	\$90,550	\$552	Aleito Alugudo de	\$408,01
(in thousands)	Total	\$2,038,087	\$2,147,055	\$819,262	\$529,404	\$1,016,402	in distribution in	\$6,550,21
Smoking Attributab	le Factor (SAF)	0.1360	0.0634	0.2620	0.1356			
Total Health Care Expenditures for Adults (in thousands)	МА	\$242,251	\$136,023	\$199,319	\$59,509	\$102,195		\$739,297
	MinnesotaCare	\$34,929	\$100	\$15,328	\$12,279	\$56		\$62,692
State Share								
General Fund (in thousands)	MA	\$121,125	\$68,012	\$99,659	\$29,754	\$51,097	(\$14,697)	\$354,951
HCAF (in thousands)	MinnesotaCare	\$26,312	\$75	\$12,765	\$9,273	\$42	(\$2,371)	\$46,096
Total State Share	 e Smoking Attri	 butable Exper	se (in thous	sands)				\$401,047

		MA 509	Combined MA (in		
		Total SAE	State Share	thousands)	
Calculate FFP	Ambulatory	\$242,250,890	\$121,125,445	\$121,125	
reductions for MA	Home Health	\$136,023,236	\$68,011,618	\$68,012	
reductions for WA	Hospital	\$199,318,788	\$99,659,394	\$99,659	
	Pharmacy	\$59,508,561	\$29,754,281	\$29,754	
	Skilled Nursing Facility	\$102,194,515	\$51,097,258	\$51,097	

Oalandata FFD		MinnesotaCare 0% FFP		MinnesotaC	Combined MinnesotaCare	
		Total SAE	State Share	Total SAE	State Share	(in thousands)
Calculate FFP reductions for	Ambulatory	\$17,695,477	\$17,695,477	\$17,233,399	\$8,616,700	***************************************
MinnesotaCare	Home Health	\$50,581	\$50,581	\$49,436	\$24,718	\$75
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Hospital	\$10,201,411	\$10,201,411	\$5,126,488	\$2,563,244	\$12,765
	Pharmacy	\$6,266,896	\$6,266,896	\$6,011,748	\$3,005,874	\$9,273
	Skilled Nursing Facility	\$28,045	\$28,045	\$27,529	\$13,765	\$42

Calculate premium	MinnesotaCare Premium Groups	Total premiums	State share percent (from Shawn Welch)	State share dollars (in thousands)	Percent of total MinnesotaCare expenses that are SAE	MinnesotaCare state share premium dollars that are SAE (in (housands)
MinnesotaCare	Parents and Pregnant Women	\$11,631,257	50.02%	\$5,818	15.37%	\$894
	Adults without Children	\$19,226,465	50%	\$9,613	15.37%	
	Total					\$2,371

	Calculate pharmacy						MA state share
	rebate reduction for				State share		rebate dollars
1	Medical Assistance		MA Pharmacy	State share	pharmacy rebate	expenses that are	that are SAE
Ì		MA FFP Groups	Rebate	percent	dollars	SAE	(in thousands)
		MA 50%	\$244,202,455	50.0%	\$122,101,228		
					·		S4 \$14,697