



November 2018 Forecast



Executive Summary and Trend Data

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Dec. 6, 2018

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Executive summary

The Minnesota Department of Human Services prepares a forecast of its expenditures in major programs twice annually. Forecasted programs include Medical Assistance (MA), MinnesotaCare Minnesota Family Investment Program (MFIP), Child Care Assistance and others as described in the pages that follow. Projected expenditures are used in statewide budget forecasts that Minnesota Management and Budget releases in November and February each year. These forecasts are used to update fund balances and provide financial information to the Governor and the legislature as they work together to set budgets.

NOVEMBER 2018 FORECAST HIGHLIGHTS

General Fund

- Decrease of \$213.7 million in 2018-2019 biennium (-1.9%)
- Decrease of \$521.7 million in 2020-2021 biennium (-3.9%)
- Overall decrease of \$735.4 million across the four year horizon

Health Care Access Fund

- Increase of \$1.0 million in 2018-2019 biennium (+0.1%)
- Increase of \$123.8 million in 2020-2021 biennium (+15.3%)

Reasons: The economy is playing a major role in this forecast. The data shows fairly significant enrollment reductions in MA adults without children and families with children, which are the more economically sensitive populations within Medical Assistance, with smaller enrollment reductions in MA Disabled. This is likely due to a better economy and low unemployment. As people earn more, they income out of MA. These economic impacts can also be seen through relatively large caseload reductions in non-Medical Assistance areas of the forecast such as cash assistance, child care, and housing programs.

Another important factor in these forecast reductions is lower than expected managed care rates for the 2019 contract year. These relatively low managed care rates drive lower average payments in MA Basic Care for Elderly, Disabled, and Families with Children as well as the Elderly Waiver.

The increased HCAF spending in the 2020-2021 biennium is the result of a technical base adjustment in the HCAF share of MA due to language from the 2017 legislative session.

WHO IT SERVES

- Over 1.2 million people a year are served through DHS forecasted programs.

HOW MUCH IT COSTS

- \$6.0 billion state spending

Data for FY2018

FY2020 AND FY 2021 FORECASTED EXPENDITURES

Program	FY 2020		FY 2021	
	Total Dollars	State Share	Total Dollars	State Share
MA	13,897,138,588	5,806,192,323	13,742,048,921	5,824,418,043
Long-Term Care Facilities	1,236,940,609	589,586,719	1,306,094,309	622,950,622
Long-Term Care Waivers	3,872,215,888	1,920,280,136	4,130,738,207	2,022,914,371
Elderly and Disabled Basic Care ¹	3,098,251,396	1,547,407,954	3,118,337,347	1,557,468,525
Adults without Children Basic Care	2,157,872,412	181,418,994	1,954,597,745	192,254,688
Families with Children Basic Care ²	3,531,858,282	1,567,498,520	3,232,281,313	1,428,829,836
Minnesota Care	530,835,923	26,772,128	567,520,883	29,526,331
Chemical Dependency Treatment Fund	248,780,997	171,153,362	266,350,082	155,719,343
Minnesota Family Investment Program (MFIP) ³	288,875,693	86,594,000	294,361,956	87,423,000
Child Care Assistance	173,661,413	108,077,894	179,458,789	113,875,270
Northstar Care for Children	231,868,627	86,920,844	250,490,021	94,527,908
General Assistance	50,562,830	50,562,830	51,200,014	51,200,014
Housing Support	173,721,868	171,721,868	178,206,147	176,206,147
Minnesota Supplemental Aid	41,833,854	41,833,854	45,866,457	45,866,457
TOTAL	15,637,279,792	6,549,829,102	15,575,503,269	6,578,762,513

1 Includes Elderly Waiver managed care

2 Includes family planning, breast and cervical cancer coverage, pharmacy rebates, special funding items and adjustments

3 Includes cash and food assistance

November 2018 forecast changes: In a nutshell

Millions of dollars

	2018-2019 Biennium	2020-2021 Biennium
General Fund Total Change	(\$213.7)	(\$521.0)
General Fund Percent Change	(1.9%)	(3.9%)
MA LTC Facilities:	(\$8.8)	\$27.2
Nursing Facility: average payment 3.6% higher next biennium	(\$1.4)	\$39.0
ICF/DD and DT&H: paid days/recips 12% lower	(\$7.4)	(\$12.8)
Other	\$0.0	\$1.0
MA: Alternative Care Offset:	(\$2.4)	(\$2.9)
Recipients 4% lower		
MA LTC Waivers:	\$4.1	\$116.5
PCA/CFSS/HCN managed care carve-out	\$12.0	\$66.7
CFSS delay: 6% enhanced federal share offset by elimination of K waiver	\$1.5	\$18.5
PCA/CFSS: 1.5% avg pmt decrease offset by recip increase next biennium	(\$9.4)	\$2.7
DD recipients: 3% higher next biennium	\$9.9	\$42.9
BI: recipients 11% lower next biennium	(\$4.2)	(\$11.9)
CADI: recipients 1% lower	(\$3.3)	(\$3.9)
Other	(\$2.4)	\$1.5
MA Elderly and Disabled Basic:	(\$48.4)	(\$154.4)
EW managed care: recipients 4% lower; avg cost 12% lower	(\$25.2)	(\$85.1)
Elderly basic: avg cost 1.5% - 2% lower	(\$7.0)	(\$23.0)
Disabled basic: enroll 1% lower; avg cost 3.5% lower	(\$1.3)	(\$74.2)
IMD program: delay in federal settle-up	(\$12.5)	\$16.5
CFSS delay: 6% enhanced federal share	\$0.0	\$18.6
Other	(\$2.4)	(\$7.3)
MA Adults with No Children	(\$10.2)	(\$41.5)
Enrollment 3% to 7% lower	(\$8.5)	(\$28.7)
PDM delay	\$3.6	\$2.9
PCA/HCN carve out	(\$0.5)	(\$4.3)
Technical adjustment: Higher federal share HMO withhold return	(\$7.9)	(\$7.6)
Other	\$3.1	(\$3.8)
MA Families with Children Basic:	(\$27.9)	(\$208.7)
Enrollment 0.5% to 1% lower	(\$11.9)	(\$31.0)
Average cost 1%-3% lower	(\$15.9)	(\$96.0)
PDM delay	\$15.6	\$12.4
PCA/HCN carve out	(\$9.2)	(\$65.0)
MNChoices	\$15.4	\$14.3
Pharmacy rebates: 4% higher	(\$15.0)	(\$14.3)
CD Fund services: higher federal share	(\$16.7)	(\$18.5)
Other	9.7	(10.5)

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	2018-2019 Biennium	2020-2021 Biennium
November 2018 Forecast Changes		
Chemical Dependency Fund	(\$54.9)	(\$8.1)
Higher federal share	(\$35.6)	(\$37.3)
Delay in federal settle-up	(\$20.8)	\$22.2
Other	\$1.5	\$6.9
Minnesota Family Investment Program	(\$6.6)	(\$47.6)
Average caseload: 4%-8% lower		
Child Care Assistance	(\$15.3)	(\$19.9)
Avg caseload and avg payment: 2%-3% lower		
Northstar Care for Children	(\$21.2)	(\$32.0)
AA payment: 1%-8% lower		
General Assistance	(\$5.6)	(\$9.4)
Average payment: about 1.5% lower		
Avg payment: 2% lower		
Housing Support	(\$16.1)	(\$20.6)
Avg caseload: 1%-4% lower		
Avg payment: 2%-3% lower		
Minnesota Supplemental Aid	(\$0.5)	(\$0.7)
Avg payment: 1% lower		
Health Care Access Fund Total Change	\$1.0	\$123.8
Health Care Access Fund Percent Change	0.1%	15.3%
MinnesotaCare	\$1.0	\$5.0
MA Funding	\$0.0	\$118.8
TANF	(\$22.3)	\$11.9
Lower MFIP forecast		
TANF Percent Change	(12.9%)	8.4%

Medical Assistance

Medical Assistance (MA), Minnesota's Medicaid program, provides preventive and primary health care coverage for low-income Minnesotans. MA has lower income eligibility guidelines and has no premiums, which differentiates it from the state's other health care program, MinnesotaCare. Additionally, MA can pay for nursing facility care for older adults and intermediate care facilities for people with developmental disabilities. It can also cover long term care services and supports for people with disabilities and older adults so that they can continue living in the community.

Minnesota receives federal matching funds for MA. By accepting matching funds, states are subject to federal Medicaid regulations. States have some flexibility in determining what services are covered, what groups are covered, and in setting payment rates to providers. The Minnesota Department of Human Services partners with all 87 Minnesota counties to administer the MA program and contracts with health plans and health care providers across the state to deliver basic health care to MA enrollees.

Medical Assistance is forecasted in five segments: Long-Term Care Facilities, Long-Term Care Waivers, Elderly and Disabled Basic Care, Adults without Children Basic Care, and Families with Children Basic Care. Each of these segments is discussed in the following pages.

WHO IT SERVES

- 1.1 million average monthly enrollees

HOW MUCH IT COSTS

- \$12.5 billion total spending
- \$5.4 billion state funds

Data for FY2018

NOVEMBER 2018 FORECAST HIGHLIGHTS

General Fund

- Decrease of \$93.6 million in 2018-2019 biennium (-0.9%)
- Decrease of \$382.7 million in 2020-2021 biennium (-3.3%)

Health Care Access Fund (HCAF)

- No change in 2018-2019 biennium
- Increase of \$118.8 million in 2020-2021 biennium (+15.7%)

All state funds

- Decrease of \$93.6 million in 2018-2019 biennium (-0.9%)
- Decrease of \$263.9 million in 2020-2021 biennium (-2.1%)

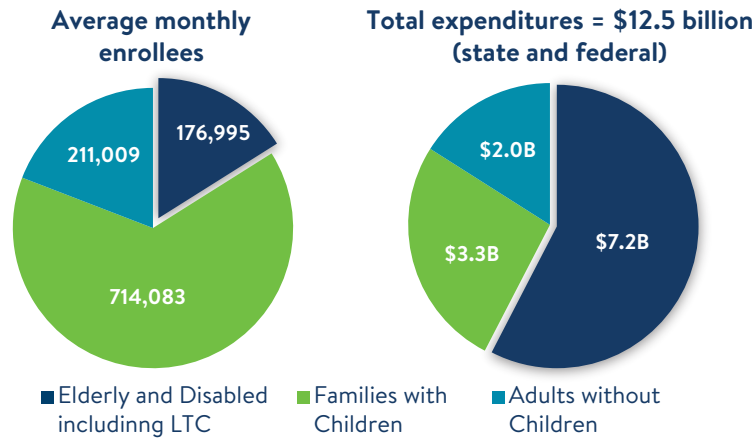
Reasons: Almost 90% of the General Fund MA forecast reduction in the 2020-2021 biennium is due to:

Lower enrollment for adults without children and families with children enrollees due to the improving economy.

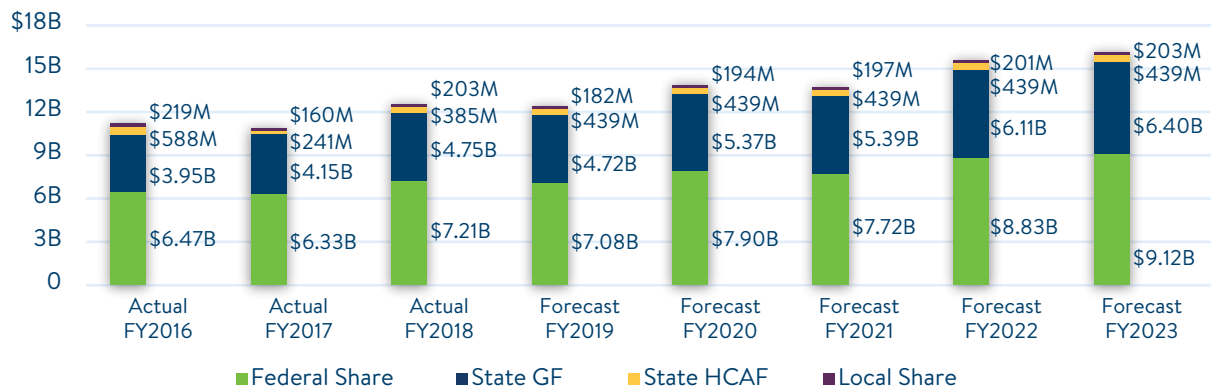
Lower than expected 2019 managed care contract rates for all populations served except adults without children.

The increased HCAF spending in the 2020-2021 biennium is the result of a technical base adjustment in the HCAF share of MA due to language from the 2017 legislative session.

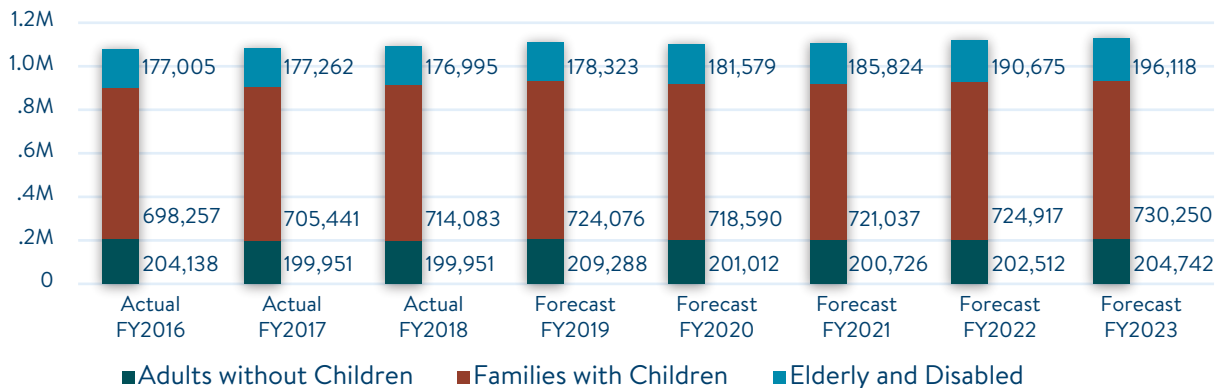
Medical Assistance Enrollment and Expenditures: FY2018



Total MA expenditures by fund



MA enrollment by eligibility category



HISTORICAL TABLE

FY	Medical Assistance Program: Total Expenditures (All Funds)	
	Total \$	% Change
2010	\$7,235,667,652	
2011	7,530,059,117	4.07%
2012	8,241,120,196	9.44%
2013	8,045,603,494	(2.37%)
2014	9,265,114,945	15.16%
2015	10,584,571,411	14.24%
2016	11,225,214,682	6.05%
2017	10,888,487,327	(3.00%)
2018	12,554,155,248	15.30%
2019*	12,415,240,326	(1.11%)
2020*	13,897,138,588	11.94%
2021*	13,742,048,921	(1.12%)
2022*	15,581,928,963	13.39%
2023*	16,160,161,710	3.71%
Avg. Annual Increase 2010-2018		6.82%

**Projected*

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Long-Term Care: Facilities

Medical Assistance pays for long-term care services for people who live in facilities that provide 24-hour care and supervision. Nursing facilities across Minnesota provide all-inclusive packages of services including nursing care, help with activities of daily living, medication administration, meals and housing. Care provided under this segment of MA also includes intermediate care facilities and day training and habilitation for people with developmental disabilities.

WHO IT SERVES

- 15,700 average monthly recipients

HOW MUCH IT COSTS

- \$1.1 billion total spending
- \$518 million state funds

Data for FY2018

NOVEMBER 2018 FORECAST HIGHLIGHTS

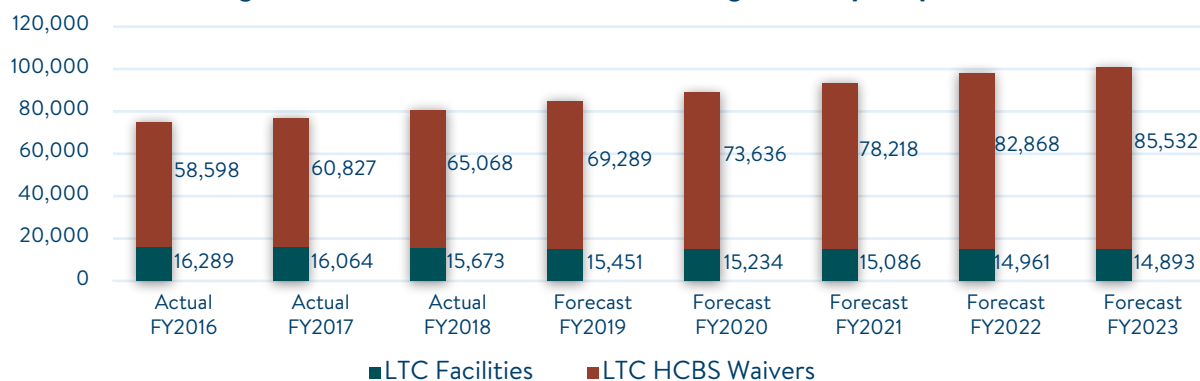
General Fund

- Decrease of \$8.8 million in 2018-2019 biennium (-1.1%)
- Increase of \$27.2 million in 2020-2021 biennium (+2.1%)

Reasons: Increase in the 2020-2021 biennium is caused by a 3.6% increase in nursing facility average payment due to rate increases resulting from nursing facilities reporting higher costs than expected.

This increase is partially offset by 12% reduction in intermediate care facilities and day treatment and habilitation paid days.

Long-term care facilities and waivers: Average monthly recipients



Medical Assistance Long-Term Care: Waivers

Medical Assistance also pays for people to receive long-term care waivers, long-term care services and supports, or home care services in their homes and communities. Long-Term Care waivers, also known as Home and Community-Based Services waivers, are an alternative for people who need long-term care services but who do not choose to live in a nursing facility, intermediate care facilities or hospital. The federal government allows states to apply for long-term care waivers, which provide a variety of services that help people live in the community instead of in a facility or institution. Waivers include the Elderly Waiver (EW) and the four disability waivers: Developmental Disabilities (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC), and Brain Injury (BI).

WHO IT SERVES

- 65,000 average monthly recipients

HOW MUCH IT COSTS

- \$3.2 billion total spending
- \$1.6 billion state funds

NOVEMBER 2018 FORECAST HIGHLIGHTS

Data for FY2018

General Fund

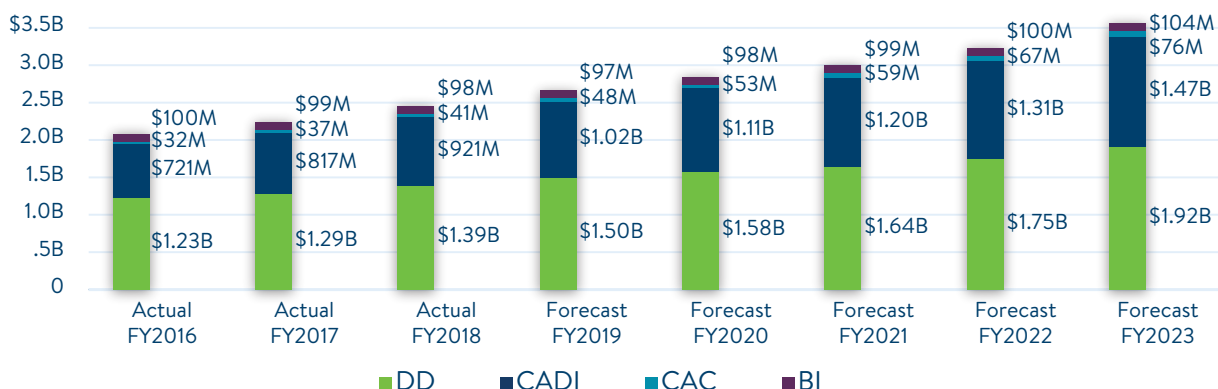
- Increase of \$4.1 million in 2018-2019 biennium (+0.1%)
- Increase of \$116.5 million in 2020-2021 biennium (+3.0%)

Reasons: The carve-out of personal care assistant and home care nursing services from managed care rates to be paid under fee-for-service. This effectively shifts costs from the Basic Care sections of the forecast to the Long-Term Care Waiver section.

A 3% increase in projected DD waiver recipients.

An implementation delay for community first services and supports which delays projected state savings through enhanced federal share.

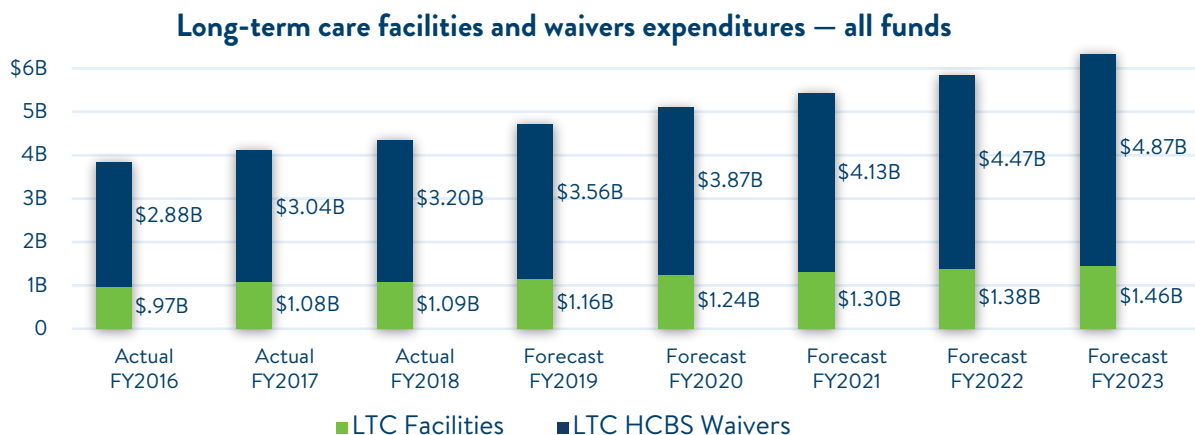
Disability waivers expenditures — all funds



HISTORICAL TABLE

	A: Long Term Care (LTC) Facilities		B: LTC Waivers (Home & Community Based Services)		A + B = Total LTC	
FY	Total \$	% Change	Total \$	% Change	Total \$	% Change
2010	\$1,000,836,209		\$2,053,318,327		\$3,054,154,537	
2011	964,666,727	(3.61%)	2,179,651,151	6.15%	3,144,317,878	2.95%
2012	945,566,280	(1.98%)	2,223,655,096	2.02%	3,169,221,376	0.79%
2013	920,580,121	(2.64%)	2,260,064,090	1.64%	3,180,644,211	0.36%
2014	928,436,824	0.85%	2,446,905,605	8.27%	3,375,342,429	6.12%
2015	924,087,037	(0.47%)	2,797,274,346	14.32%	3,721,361,383	10.25%
2016	974,634,622	5.47%	2,878,037,420	2.89%	3,852,672,043	3.53%
2017	1,078,833,590	10.69%	3,040,609,756	5.65%	4,119,443,345	6.92%
2018	1,087,985,308	0.85%	3,270,556,814	7.56%	4,358,542,122	5.80%
2019*	1,164,699,348	7.05%	3,563,852,783	8.97%	4,728,552,131	8.49%
2020*	1,236,940,609	6.20%	3,872,215,888	8.65%	5,109,156,497	8.05%
2021*	1,306,094,309	5.59%	4,130,738,207	6.68%	5,436,832,516	6.41%
2022*	1,381,162,234	5.75%	4,467,431,189	8.15%	5,848,593,423	7.57%
2023*	1,462,295,283	5.87%	4,870,626,419	9.03%	6,332,921,702	8.28%
Avg. Annual Increase 2010-2018		1.05%		5.99%		4.55%

*Projected



Medical Assistance Basic Care: Elderly and Disabled

This program covers general medical care for elderly and disabled Medical Assistance enrollees. People eligible to receive basic care services are 65 years or older and have a low income, blind or have a disability. Their income and assets must fall below allowable limits. For almost all of the elderly and for about 50 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 segment is the Institute for Mental Diseases (IMD) group, which is funded without federal matching. Individuals in this group would be eligible for federally-matched MA but due to the fact that they are in a facility which is designated by federal regulations as an IMD, which makes the services ineligible for federal matching. Elderly Waiver managed care is included in the section because it is an add-on to the Elderly Basic Care capitation payment.

WHO IT SERVES

- 177,000 average monthly enrollees

HOW MUCH IT COSTS

- \$2.9 billion total spending
- \$1.4 billion state funds

Data for FY2018

NOVEMBER 2018 FORECAST HIGHLIGHTS

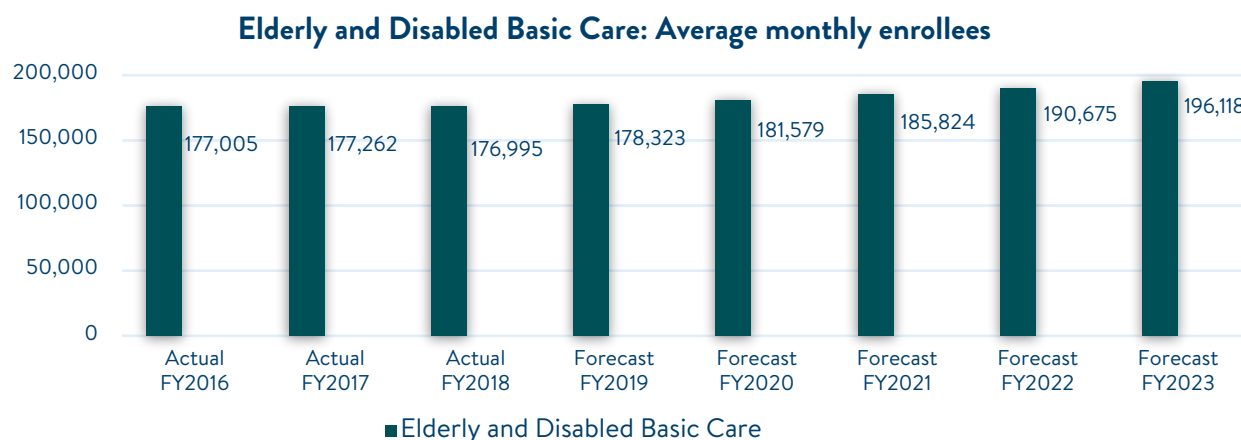
General Fund

- Decrease of \$48.4 million in 2018-2019 biennium (-1.4%)
- Decrease of \$154.4 million in 2020-2021 biennium (-4.0%)

Reasons: Elderly Waiver recipient projections are 4% lower due to slower than expected growth in 2018, and Elderly Waiver managed care rates for 2019 are approximately 12% lower than expected.

Managed care rates for Elderly Basic Care in 2019 are 1.5%-2% lower than expected.

Enrollment projections for Disabled Basic Care are 1% lower due to slower than expected growth in 2018, and managed care rates for Disabled Basic Care in 2019 are 3.5% lower than expected.

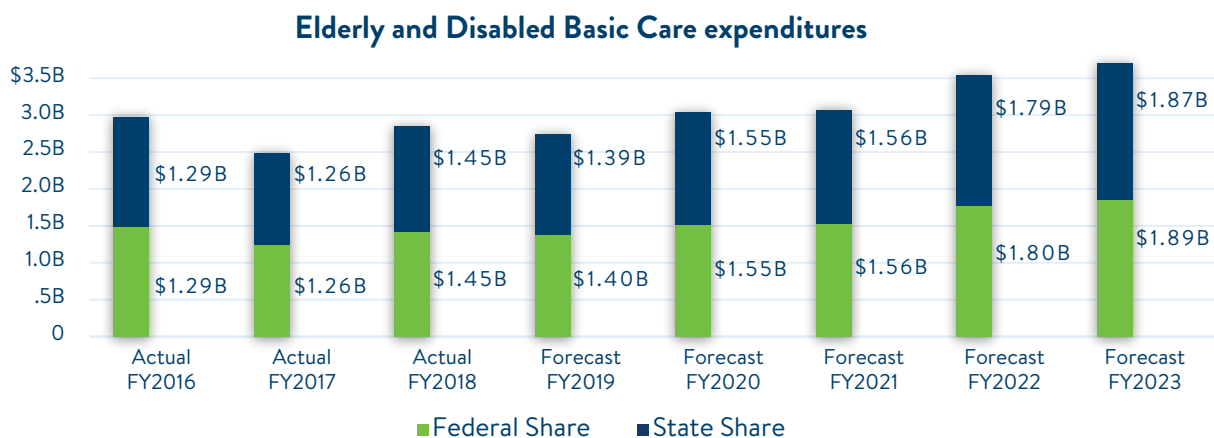


HISTORICAL TABLE

	Elderly & Disabled Basic Care	
FY	Total \$	% Change
2010	\$2,002,677,746	
2011	2,010,217,822	0.38%
2012	2,118,181,376	5.37%
2013	2,087,793,116	(1.43%)
2014	2,500,339,126	19.76%
2015	2,343,980,418	(6.25%)
2016	2,580,811,749	10.10%
2017	2,525,666,619	(2.14%)
2018	2,896,454,495	14.68%
2019*	2,791,174,505	(3.63%)
2020*	3,098,251,396	11.00%
2021*	3,118,337,347	0.65%
2022*	3,585,685,245	14.99%
2023*	3,757,611,128	4.79%
Avg. Annual Increase 2010-2018		4.22%

**Projected*

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.



Medical Assistance Basic Care: Adults without Children

In March 2011, Minnesota elected to implement the early expansion of MA eligibility for Adults without Children with income up to 75% FPG under the Affordable Care Act. In January 2014, Minnesota implemented full expansion of MA eligibility up to 138% FPG for this population. Currently, at 138% FPG, the income eligibility limit for a single adult to be covered under this program is \$16,753 per year.

As Minnesota's newly eligible expansion population under the Affordable Care Act, this segment of MA received 100% federal match from Calendar Year (CY) 2014 through CY2016. Beginning in CY2017, the federal match rate steps down each year until it hits 90% in CY2020, which becomes the ongoing fixed federal match rate for this expansion population.

WHO IT SERVES

- 211,000 average monthly enrollees

HOW MUCH IT COSTS

- \$2.0 billion total spending
- \$104 million state funds

Data for FY2018

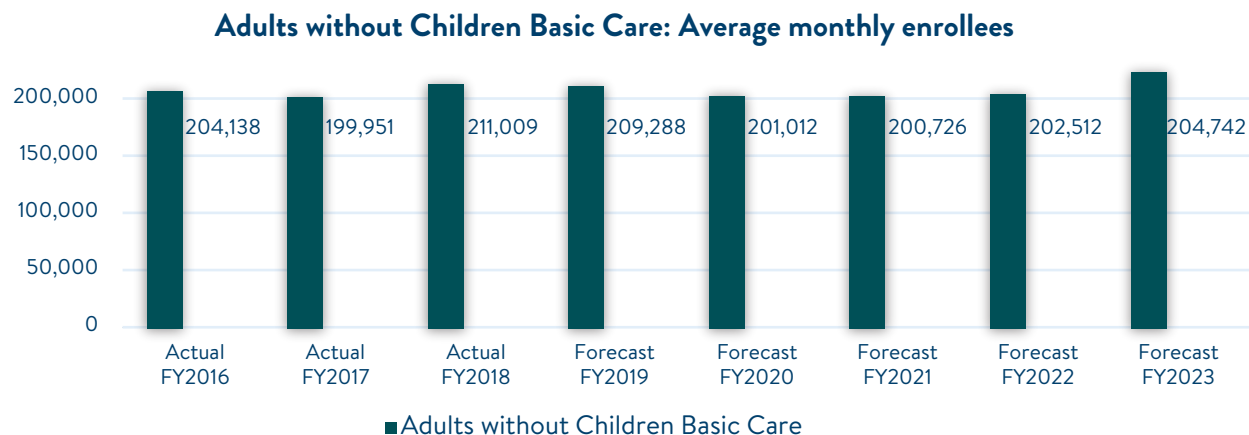
NOVEMBER 2018 FORECAST HIGHLIGHTS

General Fund

- Decrease of \$10.2 million in 2018-2019 biennium (-4.4%)
- Decrease of \$41.5 million in 2020-2021 biennium (-10.1%)

Reasons: The primary driver of this forecast reduction is a 3%-7% reduction in enrollment due to the improving economy.

Also adding to the forecast reduction is a technical adjustment that recognizes enhanced federal share on withhold return payments to managed care organizations.



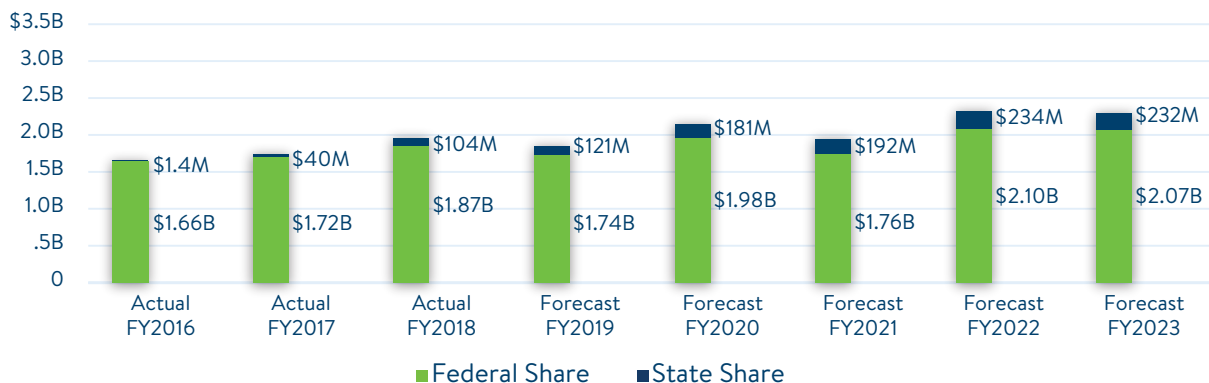
HISTORICAL TABLE

	Adults without Children Basic Care	
FY	Total \$	% Change
2011	\$106,865,468	
2012	819,539,240	666.89%
2013	792,232,465	(3.33%)
2014 ¹	1,063,752,126	34.27%
2015	1,694,519,567	59.30%
2016	1,658,897,539	(2.10%)
2017	1,756,135,556	5.86%
2018	1,971,255,023	12.25%
2019*	1,860,866,864	(5.60%)
2020*	2,157,872,412	15.96%
2021*	1,954,597,745	(9.42%)
2022*	2,330,774,906	19.25%
2023*	2,305,559,964	(1.08%)
Avg. Annual Increase 2012-2018		15.75%

*Projected

1 2014 and 2015 reflect increases due to implementation of full expansion for this population
Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Adults without Children Basic Care expenditures



Medical Assistance Basic Care: Families with Children

This activity funds general medical care for children, parents, and pregnant women, including families receiving MFIP and those with transition coverage after exiting MFIP. This segment also includes funding for Family Planning Services and for Breast and Cervical Cancer coverage. This segment also includes non-citizens who are ineligible for federal Medicaid match, but almost all of whom are eligible for enhanced federal CHIP funding.

Enhanced federal CHIP funding is also available for children with family income over 133% of the federal poverty level. This funding supplements the regular 50% Medicaid match with an additional enhanced federal match, within the limits of Minnesota's CHIP allocation from the federal government.

WHO IT SERVES

- 714,000 average monthly enrollees

HOW MUCH IT COSTS

- \$3.3 billion total spending
- \$1.4 billion state funds

NOVEMBER 2018 FORECAST HIGHLIGHTS

Data for FY2018

General Fund

- Decrease of \$27.9 million in 2018-2019 biennium (-1.0%)
- Decrease of \$208.7 million in 2020-2021 biennium (-6.7%)

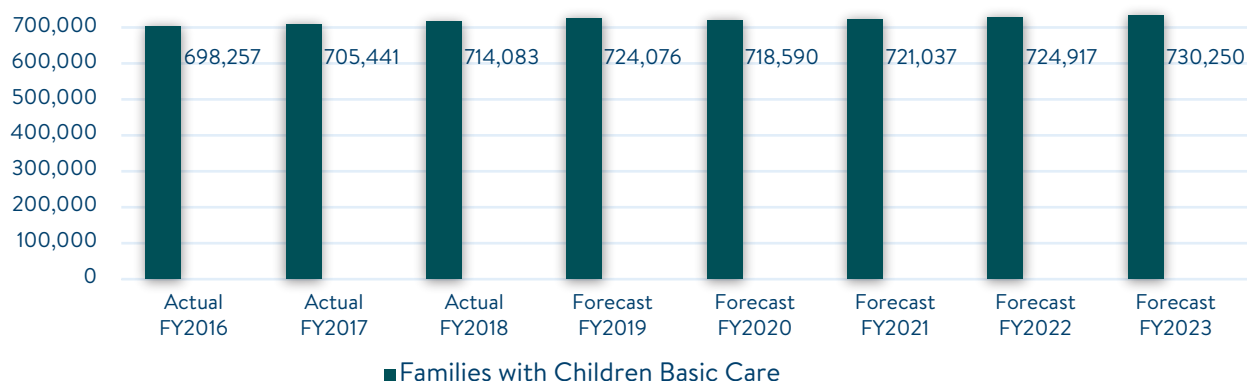
Reasons: Enrollment projections are about 1% lower due to the improving economy.

Managed care rates for Families with Children Basic Care in 2019 are 1%-3% lower than expected.

Pharmacy rebates are projected to be 4% higher due to increasing collections per invoice and a higher average state share of collections (likely due to the relatively large enrollment reduction of adults without children).

Higher federal share of MA covered chemical dependency treatment services due to an increase in these services being provided through an Indian Health Service facility which is fully federally funded.

Families with Children Basic Care: Average monthly enrollees



HISTORICAL TABLE

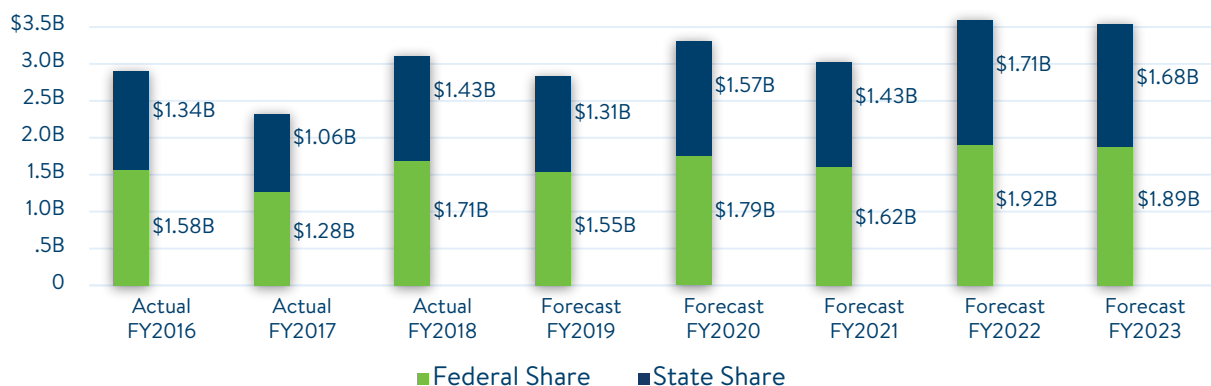
	Families with Children Basic Care	
FY	Total \$	% Change
2010	\$2,178,835,369	
2011	2,268,657,949	4.12%
2012	2,134,178,204	(5.93%)
2013	1,984,933,703	(6.99%)
2014	2,325,681,264	17.17%
2015	2,824,710,042	21.46%
2016	3,132,833,352	10.91%
2017	2,487,241,806	(20.61%)
2018	3,327,903,608	33.80%
2019*	3,034,646,827	(8.81%)
2020*	3,531,858,282	16.38%
2021*	3,232,281,313	(8.48%)
2022*	3,816,875,389	18.09%
2023*	3,764,068,917	(1.38%)
Avg. Annual Increase 2010-2018		4.70%

**Projected*

Includes family planning, breast and cervical cancer coverage, pharmacy rebates, special funding items and adjustments

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Families with Children Basic Care expenditures



MinnesotaCare

MinnesotaCare provides health care coverage for low-income parents and adults without children who have higher income levels than those served on the Medical Assistance program as well as legal noncitizens who are ineligible for Medical Assistance. Unlike MA, MinnesotaCare requires enrollee premiums and does not include coverage for long-term care services or supports.

Effective January 2015, MinnesotaCare operates as the state's Basic Health Program (BHP). As a BHP, MinnesotaCare no longer receives federal funding in the form of a percentage expenditure match. Instead, the state receives a per person subsidy equal to 95% of the premium tax credits each BHP enrollee would have received through MNsure had the state opted against running a BHP.

MinnesotaCare also provides state-only funded coverage for people with DACA status and certain elderly individuals who do not qualify for Medicare and are not MA or BHP eligible.

Overall, MinnesotaCare is funded with a mix of enrollee premiums, HCAF appropriations, and federal BHP funds (for the BHP eligible population).

WHO IT SERVES

- 83,000 average monthly enrollees

HOW MUCH IT COSTS

- \$427 million total spending
- \$21 million state funds

Data for FY2018

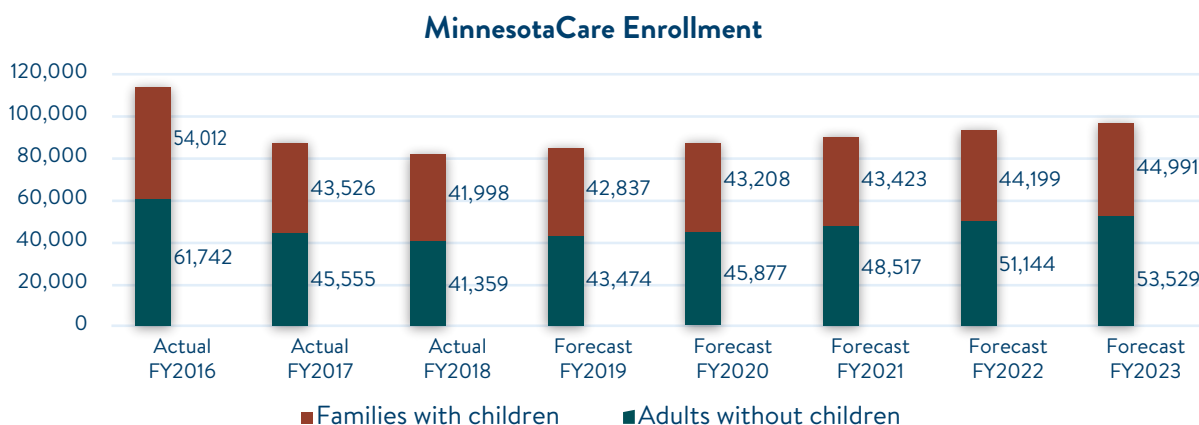
NOVEMBER 2018 FORECAST HIGHLIGHTS

Health Care Access Fund

- Increase of \$1.0 million in 2018-2019 biennium (+2.4%)
- Increase of \$5.0 million in 2020-2021 biennium (+9.7%)

Reasons: About 90% of these changes are due to enrollment increases in the state-only funded elderly population.

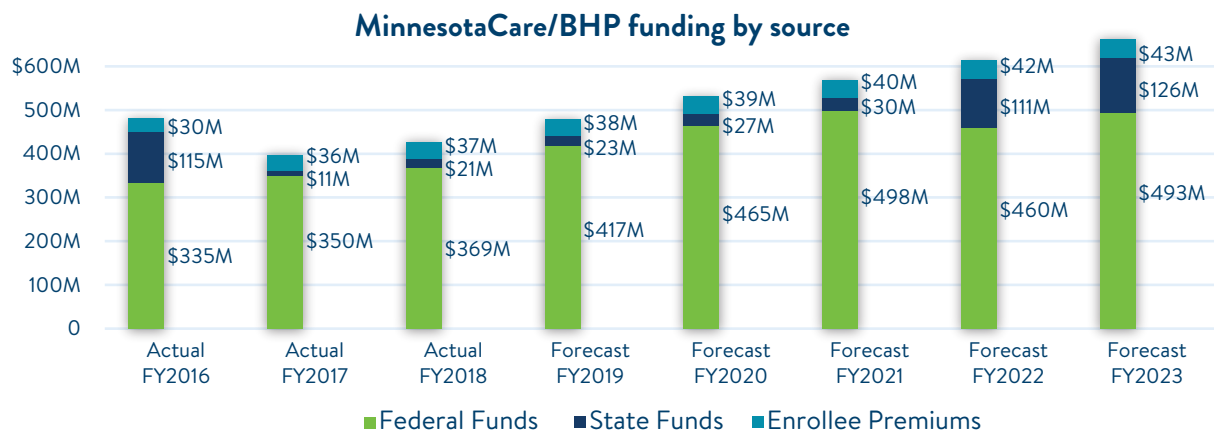
There is no change to the HCAF share of the BHP.



HISTORICAL TABLE

	MinnesotaCare Total Expenditures	
FY	Total \$	% Change
2010	\$665,498,191	
2011	737,952,071	10.89%
2012	551,090,615	(25.32%)
2013	569,928,239	3.42%
2014	520,005,344	(8.76%)
2015	509,709,341	(1.98%)
2016	479,909,046	(5.85%)
2017	397,211,084	(17.23%)
2018	426,581,871	7.39%
2019*	478,076,299	12.07%
2020*	530,835,923	11.04%
2021*	567,520,883	6.91%
2022*	613,799,318	8.15%
2023*	662,058,136	7.86%
Avg. Annual Decrease 2010-2018		(5.41%)

*Projected



Chemical Dependency Treatment Fund

The Chemical Dependency Treatment Fund pays for residential and outpatient substance use disorder treatment services for eligible low-income Minnesotans. To access treatment services paid by the fund, individuals must first be assessed for treatment need and meet financial eligibility guidelines similar to those for Medical Assistance. As part of substance use disorder reform efforts passed in the 2017 legislature, the State is currently transitioning from the previous system of counties and tribes providing “Rule 25” assessments and authorizing treatment, to offering “direct access to treatment,” where qualified treatment providers provide comprehensive assessments to determine medical necessity.

WHO IT SERVES

- 7800 average monthly recipients

HOW MUCH IT COSTS

- \$212 million total spending
- \$118 million state funds

NOVEMBER 2018 FORECAST HIGHLIGHTS

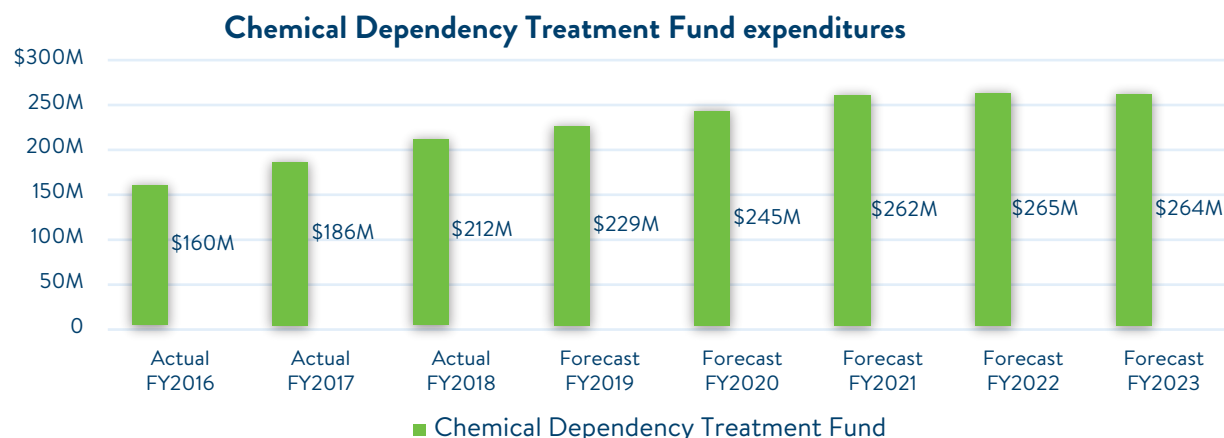
Data for FY2018

General Fund

- Decrease of \$54.8 million in 2018-2019 biennium (-18.4%)
- Decrease of \$8.1 million in 2020-2021 biennium (-2.4%)

Reasons: The primary reason for the decrease is higher federal share of chemical dependency treatment services due to an increase in these services being provided through an Indian Health Service facility which is fully federally funded.

Adding to this projected forecast reduction in the 2018- 2019 biennium and offsetting this projected forecast reduction in the 2020-2021 biennium is a delay in an expected federal settle-up payment from FY2019 to FY2020.



HISTORICAL TABLE

	Chemical Dependency Treatment Fund Total Expenditures	
FY	Total \$	% Change
2011	\$143,499,246	
2012	132,221,922	(7.86%)
2013	138,539,414	4.78%
2014	138,744,237	0.15%
2015	169,583,060	22.23%
2016	159,611,752	(5.88%)
2017	186,287,061	16.71%
2018	211,925,848	13.76%
2019*	228,587,390	7.86%
2020*	244,880,997	7.13%
2021*	262,350,082	7.13%
2022*	264,686,208	0.89%
2023*	263,659,155	(0.39%)
Avg. Annual Increase 2011-2018		5.73%

**Projected*

Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) provides cash and food assistance for low-income families with children. MFIP operates as Minnesota's federal Temporary Assistance for Needy Families (TANF) program. As such, MFIP cash assistance is funded with a mixture of federal TANF Block Grant and state General Fund dollars determined primarily by the federally mandated Maintenance of Effort (MOE) requirement for state spending on its TANF program.

WHO IT SERVES

- 91,000 average monthly recipients

HOW MUCH IT COSTS

- \$293 million total spending
- \$91 million state funds

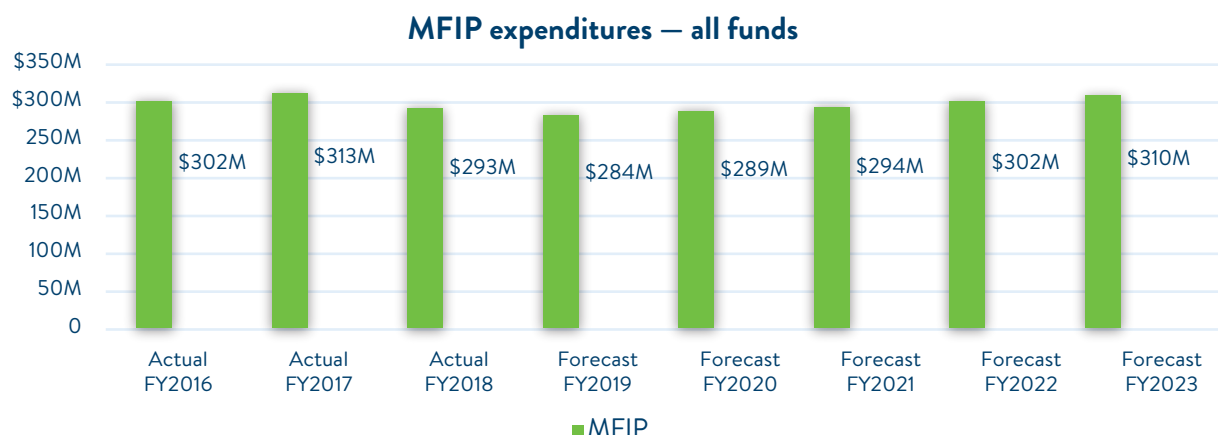
Data for FY2018

NOVEMBER 2018 FORECAST HIGHLIGHTS

General Fund

- Decrease of \$6.6 million in 2018-2019 biennium (-3.8%)
- Decrease of \$47.6 million in 2020-2021 biennium (-22.5%)

Reason: These decreases are primarily driven by a 4% - 8% reduction in MFIP caseload due to the improving labor market and economy.



HISTORICAL TABLE

	Minnesota Family Investment Program (MFIP)	
FY	Total \$	% Change
2010	\$329,544,523	
2011	340,792,915	3.41%
2012	333,591,354	(2.11%)
2013	322,457,424	(3.34%)
2014	297,431,102	(7.76%)
2015	279,723,824	(5.95%)
2016	301,750,210	7.87%
2017	312,674,443	3.62%
2018	293,095,053	(6.26%)
2019*	284,071,986	(3.08%)
2020*	288,875,693	1.69%
2021*	294,361,956	1.90%
2022*	301,995,506	2.59%
2023*	309,523,980	2.49%
Avg. Annual Decrease 2010-2018		(1.45%)

*Projected

Child Care Assistance

This program 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 forecast does not include the Basic Sliding Fee child care program.

WHO IT SERVES

MFIP/TY Child Care

- 7,800 average monthly families served

HOW MUCH IT COSTS

MFIP/TY Child Care

- \$165 million in total spending
- \$83 million state funds

Data for FY2018

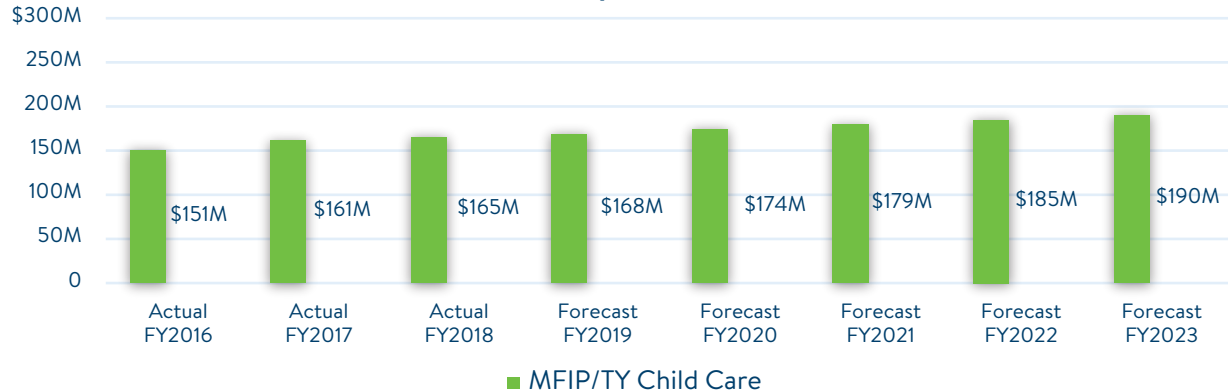
NOVEMBER 2018 FORECAST HIGHLIGHTS

General Fund

- Decrease of \$15.3 million in 2018-2019 biennium (-7.5%)
- Decrease of \$19.9 million in 2020-2021 biennium (-8.2%)

Reason: These decreases are driven by 2% - 3% lower caseload and average payment projections. The forecast adjustments are due to the improving economy as enrollees earn more and leave the program. The lower MFIP child care is offset by higher Transition Year child care as recipients move to that program as they earn additional income.

MFIP/TY Child Care expenditures — all funds



HISTORICAL TABLE

	MFIP/TY Child Care Assistance	
FY	Total \$	% Change
2010	\$113,435,302	
2011	118,621,823	4.57%
2012	116,728,218	(1.60%)
2013	118,035,920	1.12%
2014	128,982,296	9.27%
2015	141,994,040	10.09%
2016	150,602,122	6.06%
2017	161,122,098	6.99%
2018	165,175,205	2.52%
2019*	168,425,817	1.97%
2020*	173,661,413	3.11%
2021*	179,458,789	3.34%
2022*	184,747,652	2.95%
2023*	189,926,063	2.80%
Avg. Annual Increase 2010-2018		4.88%

*Projected

Northstar Care for Children

Northstar Care for Children is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Financial support is provided to adoptive and foster parents to encourage permanent placement of children in safe homes. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance and Adoption Assistance.

WHO IT SERVES

- 17,000 average monthly recipients

HOW MUCH IT COSTS

- \$188 million total spending
- \$67 million state funds

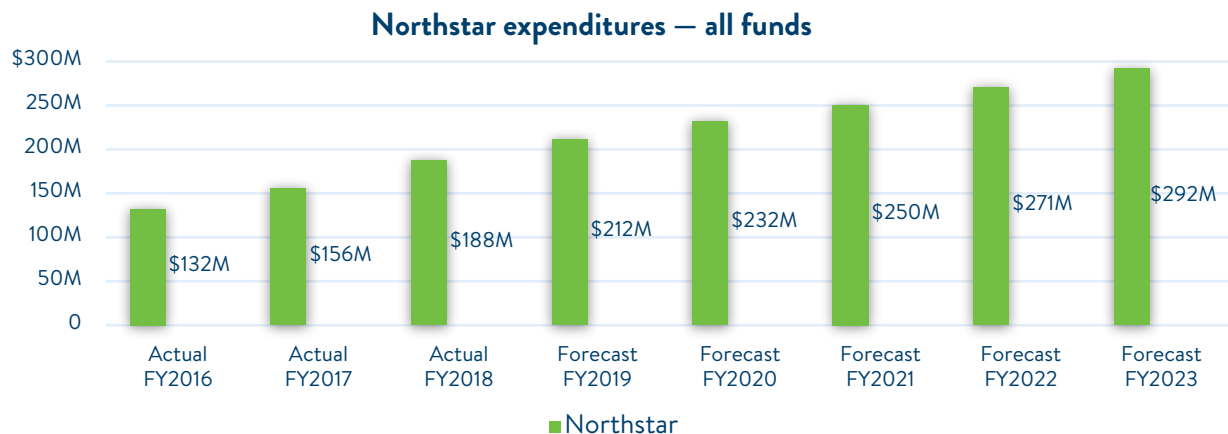
Data for FY2018

NOVEMBER 2018 FORECAST HIGHLIGHTS

General Fund

- Decrease of \$21.2 million in 2018-2019 biennium (-12.8%)
- Decrease of \$32.0 million in 2020-2021 biennium (-15.0%)

Reason: These decreases are driven by an average 5% reduction in Adoption Assistance payments. This is due to case mix adjustments and a higher than expected number of IV-E children, who receive additional federal matching funds .



HISTORICAL TABLE

	Northstar Care for Children	
FY	Total \$	% Change
2016	\$132,201,226	
2017	155,510,705	17.63%
2018	187,750,651	20.73%
2019*	211,587,913	12.70%
2020*	231,868,627	9.59%
2021*	250,490,021	8.03%
2022*	270,569,325	8.02%
2023*	292,029,339	7.93%
Avg. Annual Increase 2016-2018		19.18%

**Projected*

The program began being forecasted in 2016

General Assistance, Housing Support and Minnesota Supplemental Aid

General Assistance (GA) provides state-funded cash assistance for single adults and couples without children, provided they meet one of the specific GA eligibility criteria. The most common reason people are GA eligible is illness or incapacity. The program is the primary safety net for very low income people and helps meet some of their basic and emergency needs.

Housing Support (HS) pays for housing and some services for individuals placed by the local agencies in a variety of residential settings. The program, formerly called Group Residential Housing, is a state-funded income supplement program that pays for room and board in approved locations. Two types of eligibility are distinguished: MSA-type recipients are elderly or disabled, with the same definitions as used for MA eligibility, while GA-type recipients include all other adults.

Minnesota Supplemental Aid (MSA) supplements the incomes of Minnesotans who are eligible for the federal Supplemental Security Income program. MSA benefits cover basic daily or special needs.

WHO IT SERVES

GA

- 23,000 average monthly cases

HS

- 20,500 average monthly recipients

MSA

- 31,000 average monthly recipients

HOW MUCH IT COSTS

GA

- \$49 million total spending, all state funds

HS

- \$161 million total spending
- \$159 million state funds

MSA

- \$39 million total spending, all state funds

Data for FY2018

NOVEMBER 2018 FORECAST HIGHLIGHTS

General Assistance, General Fund

- Decrease of \$5.6 million in 2018-2019 biennium (-5.4%)
- Decrease of \$9.4 million in 2020-2021 biennium (-8.4%)

Reasons: These decreases are driven by a 2% - 7% reduction in caseload and a 2% reduction in average payments.

Housing Support, General Fund

- Decrease of \$16.1 million in 2018-2019 biennium (-4.7%)
- Decrease of \$20.6 million in 2020-2021 biennium (-5.6%)

Reasons: These decreases are driven by a 1% - 4% reduction in caseload and a 2% - 3% reduction in average payments. The caseload reduction is due primarily to capacity limitations while the average payment adjustment is due to a technical change.

Minnesota Supplemental Aid, General Fund

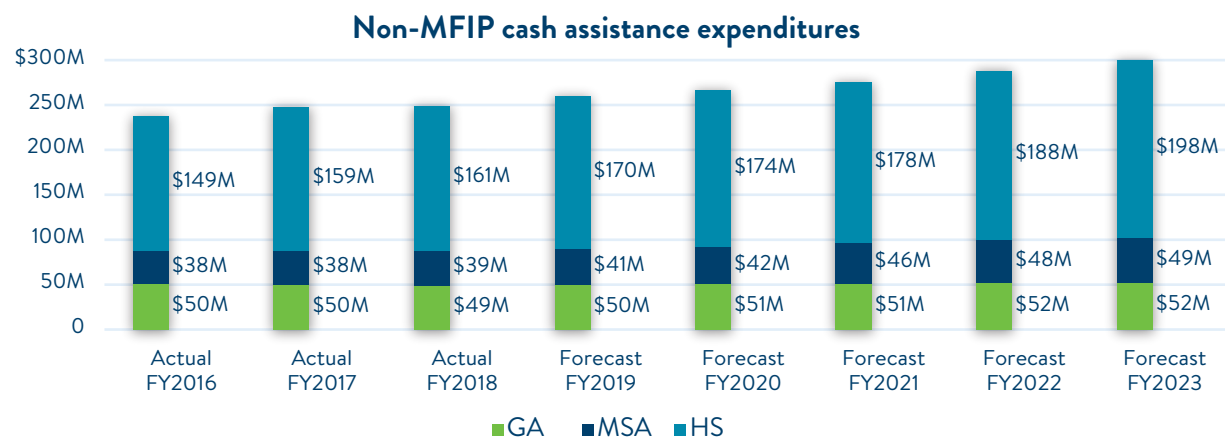
- Decrease of \$451,000 in 2018-2019 biennium (-0.6%)
- Decrease of \$736,000 in 2020-2021 biennium (-0.8%)

Reasons: These decreases are the result of small average payment adjustments.

HISTORICAL TABLE

	General Assistance (GA)		Minnesota Supplemental Aid (MSA)		Housing Support (HS)	
FY	Total \$	% Change	Total \$	% Change	Total \$	% Change
2010	\$42,712,048		\$33,296,630		\$112,922,066	
2011	48,045,075	12.49%	35,748,140	7.36%	117,140,667	3.74%
2012	49,552,612	3.14%	35,767,568	0.05%	121,678,773	3.87%
2013	51,620,198	4.17%	36,038,980	0.76%	130,187,929	6.99%
2014	51,124,719	(0.96%)	36,478,561	1.22%	138,708,619	6.54%
2015	51,435,727	0.61%	37,066,951	1.61%	141,396,622	1.94%
2016	50,443,730	(1.93%)	37,735,036	1.80%	149,460,915	5.70%
2017	49,556,022	(1.76%)	38,309,226	1.52%	159,456,706	6.69%
2018	48,883,093	(1.36%)	39,065,624	1.97%	161,293,430	1.15%
2019*	49,614,236	1.50%	40,601,212	3.93%	169,639,292	5.17%
2020*	50,562,830	1.91%	41,833,854	3.04%	173,721,868	2.41%
2021*	51,200,014	1.26%	45,866,457	9.64%	178,206,147	2.58%
2022*	51,812,825	1.20%	48,413,562	5.55%	187,974,539	5.48%
2023*	52,428,031	1.19%	49,353,449	1.94%	197,999,876	5.33%
Avg. Annual Increase 2010-2018		1.80%		2.04%		4.58%

*Projected



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RESOURCES

Minnesota Department of Human Services Reports and Forecasts Division

<https://mn.gov/dhs/reports-and-forecasts/>

Minnesota Department of Human Services current biennium budget activities

<https://mn.gov/dhs/budget-activities/>

State of Minnesota forecast

<https://mn.gov/mmb/forecast/>

