DHS-7814B-ENG

DEPARTMENT OF HUMAN SERVICES

February 2019 Forecast

Executive Summary and Trend Data

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Feb. 28, 2019

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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.

All February 2019 forecast highlights in this document represent changes from the November 2018 forecast.

Who it serves

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

How much it costs

- $14.0 billion total spending
- $6.0 billion state spending

Data for FY2018

February 2019 forecast highlights

General Fund (GF)

- Decrease of $31.3 million in 2018-2019 biennium (-0.3%)
- Decrease of $29.9 million in 2020-2021 biennium (-0.2%)
- Decrease of $96.4 million in 2022-2023 biennium (-0.7%)
- Overall decrease of $157.6 million across the entire forecast horizon

Health Care Access Fund (HCAF)

- Decrease of $1.0 million in 2018-2019 biennium (-0.1%)
- Decrease of $3.0 million in 2020-2021 biennium (-0.3%)
- Decrease of $36.4 million in 2022-2023 biennium (-3.3%)

Reasons: The economy continues to impact the forecast. Updated enrollment data since the November forecast shows continued reductions in MA adults without children and families with children, which are the more economically sensitive populations within Medical Assistance. This is likely due to the strong economy and corresponding low unemployment. As the labor market improves, people tend to have higher earned income, which, in turn, makes more people ineligible for MA. These economic impacts can also be seen through continued caseload reductions in non- Medical Assistance areas of the forecast such as cash assistance, child care and housing programs.

Offsetting these enrollment savings is the cost of recognizing the recent decision by CMS to not allow a 7th year of banding before the Disability Waiver Rate System (DWRS) is fully implemented. The DWRS will now end banding as of Jan. 1, 2020, one year earlier than assumed in the November forecast. Affected service rates will move to the DWRS framework on a rolling basis as agreements renew over the following twelve months. On a statewide average, framework rates are higher than historical rates due mostly to an inflationary adjustment received in July 2017 and other adjustments to some rate components passed in 2017 legislation. As a result, the CMS decision to not allow a 7th year of banding results in a one-time cost due to the earlier phase-in of the higher framework rates.

The decreased HCAF spending in the 2022-2023 biennium is the result of lower projected enrollment in MinnesotaCare.

FY2020 and FY2021 Forecasted Expenditures

	FY 2020		FY 2021	
Program	**Total Dollars**	**State Share**	**Total Dollars**	**State Share**
Medical Assistance (MA)	13,855,239,384	5,801,858,659	13,760,096,187	5,849,756,174
LTC Facilities	1,238,821,954	590,483,365	1,307,616,758	623,676,741
LTC Waivers	3,910,030,621	1,938,871,417	4,235,742,041	2,075,043,255
Elderly and Disabled Basic Care[1]	3,105,255,268	1,550,510,354	3,124,737,880	1,560,232,581
Adults without Children Basic Care	2,105,564,235	176,340,060	1,903,290,712	186,435,198
Families with Children Basic Care[2]	3,495,567,307	1,545,653,463	3,188,708,796	1,404,368,398
MinnesotaCare	506,388,529	25,106,922	537,166,643	28,145,603
Chemical Dependency Treatment Fund	236,318,407	149,969,348	262,295,608	145,296,490
Minnesota Family Investment Program (MFIP)[3]	282,709,307	85,376,146	288,115,782	86,205,282
MFIP/TY Child Care Assistance	172,437,669	106,854,150	178,106,106	112,522,587
Northstar Care for Children	231,870,421	86,496,873	250,488,846	94,095,316
General Assistance	49,984,596	49,984,596	50,620,046	50,620,046
Housing Support	171,697,619	169,697,619	174,954,716	172,954,716
Minnesota Supplemental Aid	42,370,025	42,370,025	46,449,220	46,449,220
TOTAL	15,549,015,957	6,517,714,338	15,548,293,153	6,586,045,434

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

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
- $5.1 billion state funds

Data for FY2018

February 2019 forecast highlights

General Fund

- Decrease of $20.6 million in 2018-2019 biennium (-0.2%)
- Increase of $12.8 million in 2020-2021 biennium (+0.1%)
- Decrease of $57.7 million in 2022-2023 biennium (-0.4%)

Health Care Access Fund (HCAF)

- No change in the 2018-2019 biennium
- No change in the 2020-2021 biennium
- No change in the 2022-2023 biennium

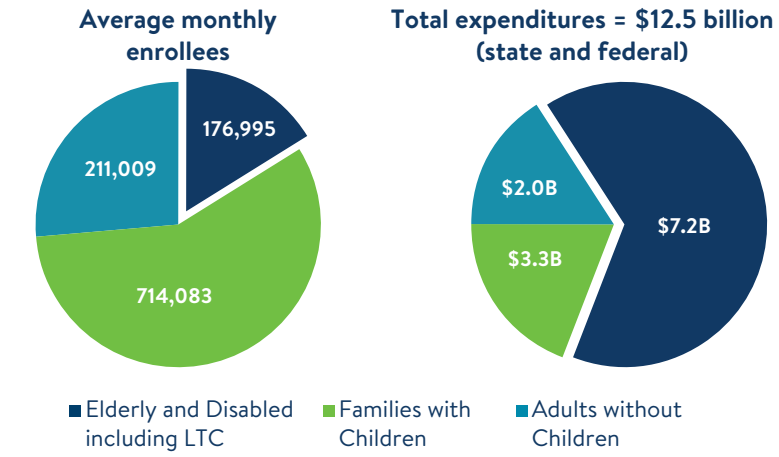
All state funds

- Decrease of $20.6 million in 2018-2019 biennium (-0.2%)
- Increase of $12.8 million in 2020-2021 biennium (+0.1%)
- Decrease of $57.7 million in 2022-2023 biennium (-0.4%)

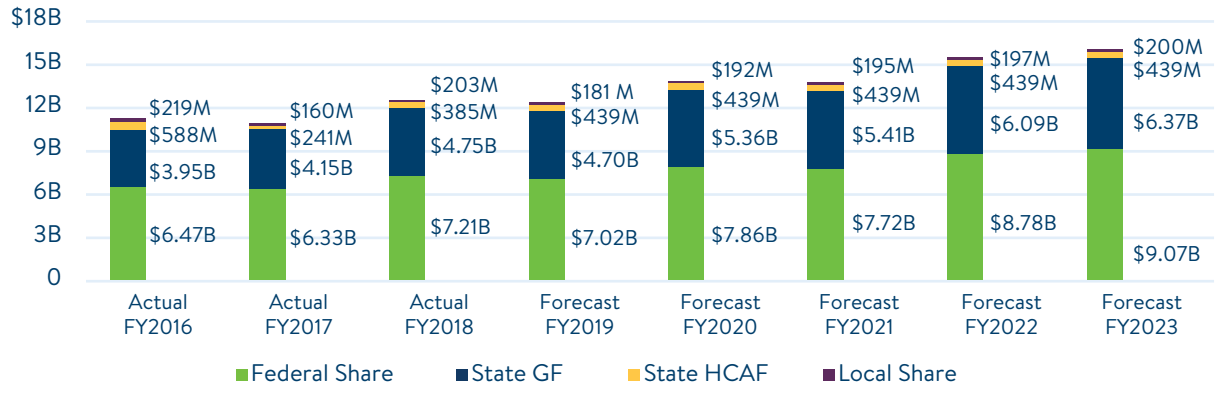
Reasons: Almost the entire General Fund MA forecast reduction in each biennium can be explained by lower enrollment of adults without children and families with children enrollees due to the continued impact of the strong economy.

Offsetting these enrollment driven forecast reductions in the 2020-2021 biennium is the recent decision by CMS to not allow a 7th year of banding before the Disability Waiver Rate System (DWRS) is fully implemented. This results in a one-time cost due to an earlier phase-in to higher framework rates relative to November forecast assumptions.

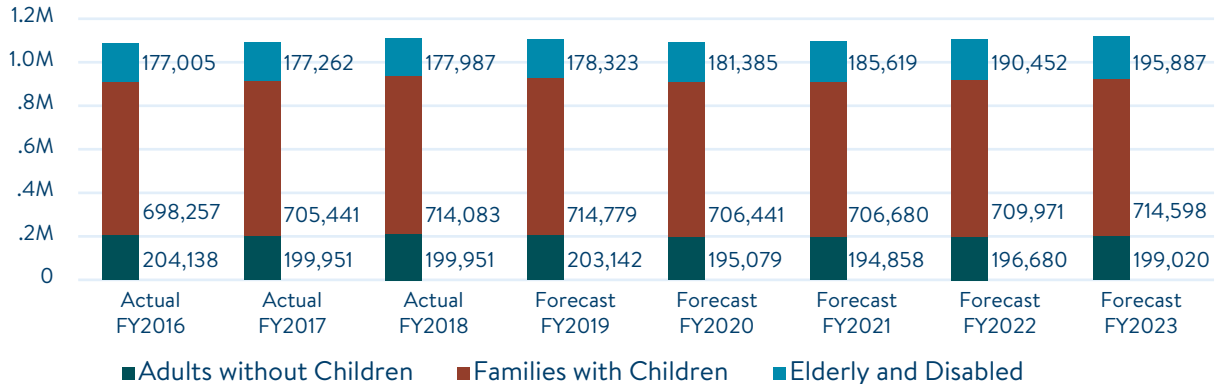
Medical Assistance Enrollment and Expenditures: SFY2018



Total MA expenditures by fund



MA enrollment by eligibility category



Historical table

	Medical Assistance Program: Total Expenditures (All Funds)	
FY	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*	12,342,242,404	(1.69%)
2020*	13,855,239,384	12.26%
2021*	13,760,096,187	(0.69%)
2022*	15,509,909,985	12.72%
2023*	16,074,164,874	3.64%
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

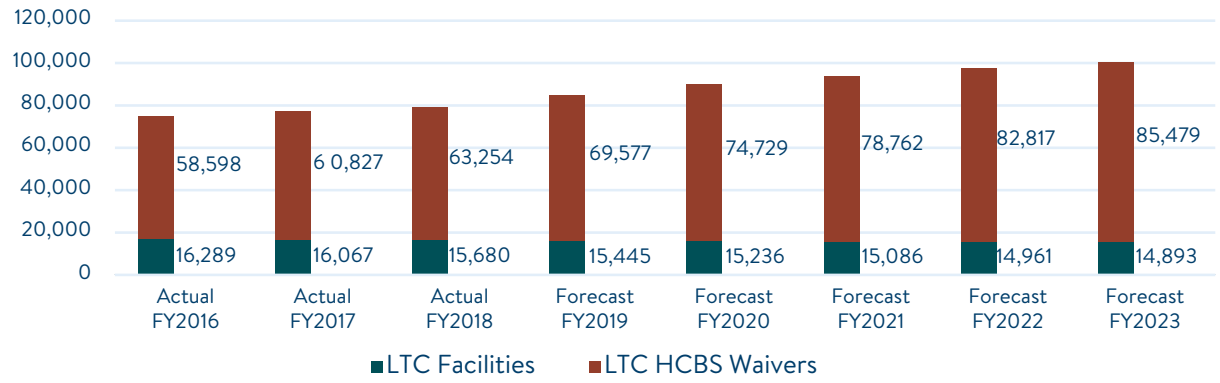
February 2019 forecast highlights

General Fund

- Increase of $2.5 million in 2018-2019 biennium (+0.2%)
- Increase of $1.6 million in 2020-2021 biennium (+0.1%)
- Increase of $1.2 million in 2022-2023 biennium (+0.1%)

Reasons: These forecast increases result from updating the Nursing Facility base data since the November forecast.

Long-term care facilities and waivers: Average monthly recipients



Medical Assistance Long-Term Care: Waivers and Home Care

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). Care provided under this segment of MA also includes Personal Care Assistance, Home Care Nursing and Home Health Agency.

Who it serves

- 65,000 average monthly recipients

How much it costs

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

Data for FY2018

February 2019 forecast highlights

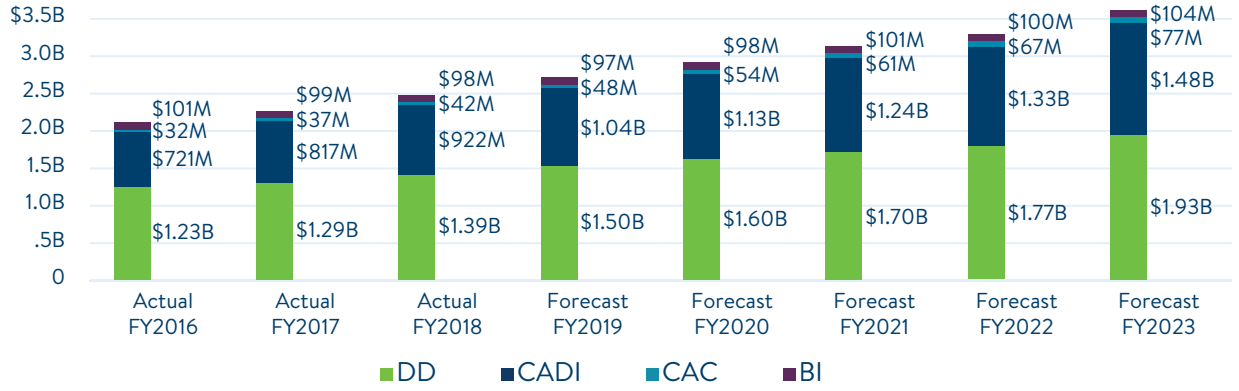
General Fund

- Increase of $6.3 million in 2018-2019 biennium (+0.2%)
- Increase of $70.9 million in 2020-2021 biennium (+1.8%)
- Increase of $30.6 million in 2022-2023 biennium (+0.7%)

Reasons: This forecast recognizes the recent decision by CMS to not allow a 7th year of banding before the Disability Waiver Rate System (DWRS) is fully implemented. This results in about $58 million in increased state costs with most of these costs occurring in the 2020-2021 biennium.

Additional drivers of these forecast increases are small upward adjustments in recipients for CADI, DD, and PCA based on updated data since the November forecast.

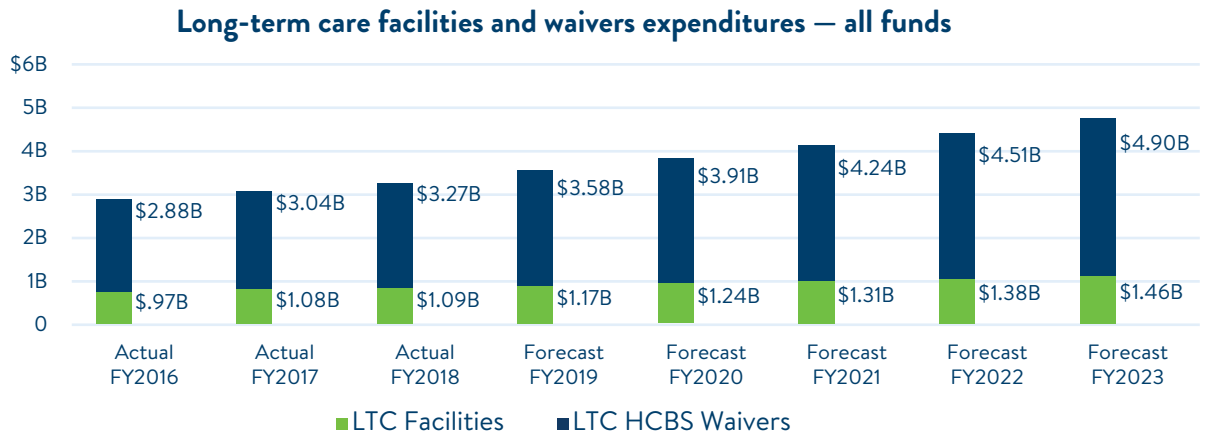
Disability waivers expenditures — all funds



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*	1,170,562,308	7.59%	3,577,470,964	9.38%	4,748,033,272	8.94%
2020*	1,238,821,954	5.83%	3,910,030,621	9.30%	5,148,852,574	8.44%
2021*	1,307,616,758	5.55%	4,235,742,041	8.33%	5,543,358,799	7.66%
2022*	1,382,533,227	5.73%	4,505,912,817	6.38%	5,888,446,044	6.23%
2023*	1,463,520,330	5.86%	4,895,151,667	8.64%	6,358,671,997	7.99%
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, blind or have a disability. Their income and assets must also 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 are MA enrollees who are residents in an Institute for Mental Disease (IMD). Covered services for these individuals would be eligible for federally-matched MA if they did not reside in a facility which is designated by federal regulations as an IMD. Being a resident in an IMD makes covered services for these individuals ineligible for federal matching. Elderly Waiver managed care is also included in this 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

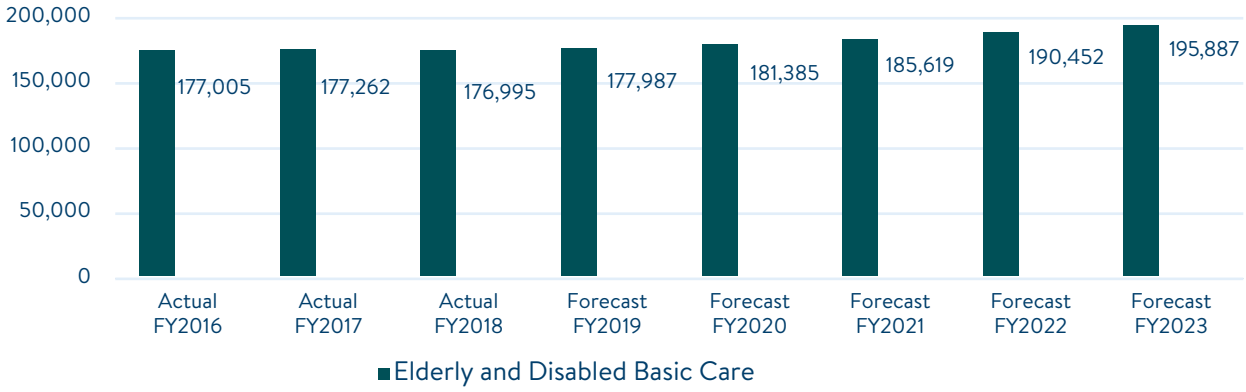
February 2019 forecast highlights

General Fund

- Decrease of $7.6 million in 2018-2019 biennium (-0.2%)
- Decrease of $4.9 million in 2020-2021 biennium (-0.1%)
- Decrease of $15.1 million in 2022-2023 biennium (-0.3%)

Reasons: Almost all of the reductions in Elderly and Disabled Basic Care result from two forecast adjustments. The first is lower projected enrollment in the IMD program due to improved data on who is resident in an IMD and their length of stay in the IMD. The second is a technical correction to the calculation of enhanced federal match on managed care payments related to the Community First Services and Supports (CFSS) program. This correction recognizes additional enhanced federal share in the 2022-2023 biennium.

Elderly and Disabled Basic Care: Average monthly enrollees

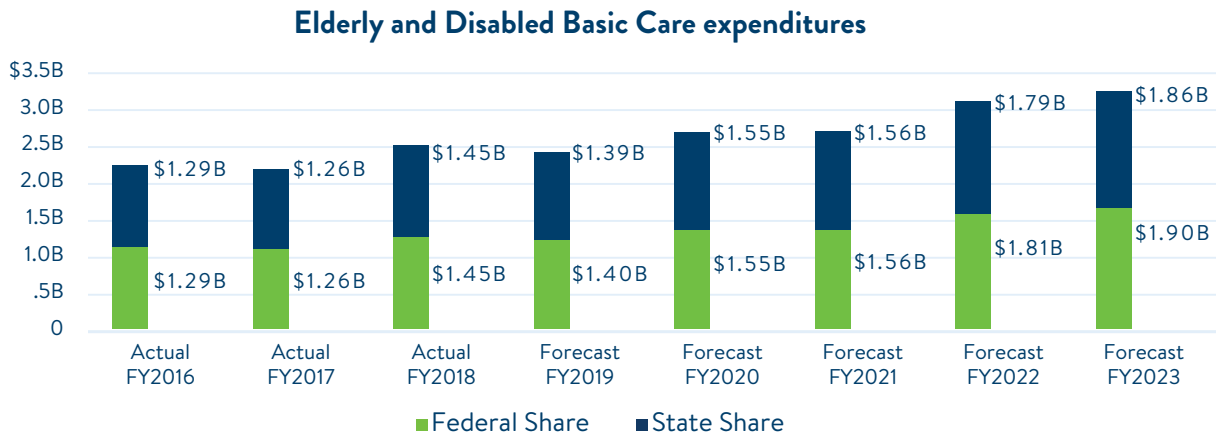


Historical table

	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*	2,791,003,558	(3.64%)
2020*	3,105,255,268	11.26%
2021*	3,124,737,880	0.63%
2022*	3,593,177,958	14.99%
2023*	3,765,150,333	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% of the federal poverty level under the Affordable Care Act. In January 2014, Minnesota implemented full expansion of MA eligibility up to 138% of the federal poverty level for this population. Currently, at 138% federal poverty levels, 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

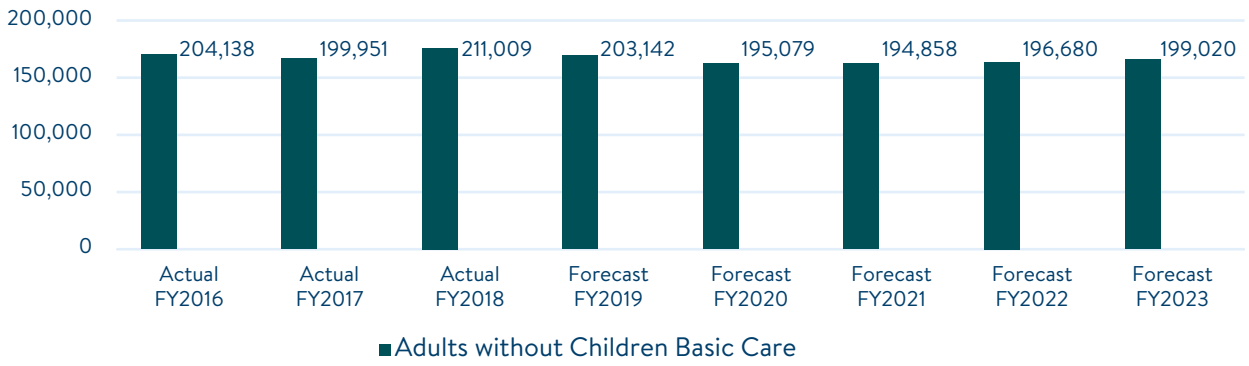
February 2019 forecast highlights

General Fund

- Decrease of $2.5 million in 2018-2019 biennium (-1.1%)
- Decrease of $10.8 million in 2020-2021 biennium (-2.9%)
- Decrease of $13.5 million in 2022-2023 biennium (-2.9%)

Reasons: Similar to the November forecast, the primary driver of the forecast reduction for MA Adults without Children Basic Care is a 3% reduction in enrollment due to the continued strength of the overall economy and the labor market in particular.

Adults without Children Basic Care: Average monthly enrollees



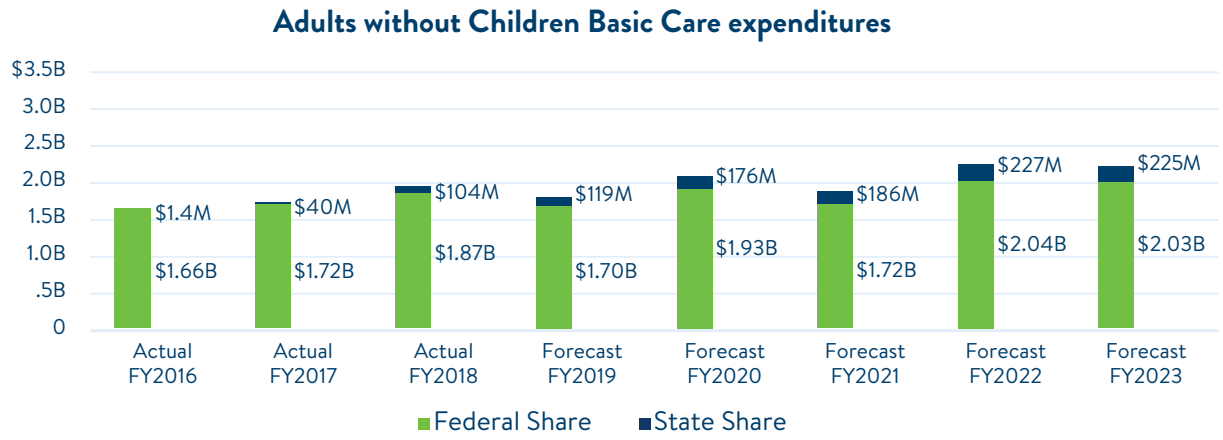
Historical table

	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*	1,816,762,998	(7.84%)
2020*	2,105,564,235	15.90%
2021*	1,903,290,712	(9.61%)
2022*	2,269,453,801	19.24%
2023*	2,246,939,116	(0.99%)
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.



Medical Assistance Basic Care:
Families with Children

This activity funds general medical care for children, parents and pregnant women, including families receiving Minnesota Family Investment Program (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 Children's Health Insurance Program (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
- $1.5 billion state funds

Data for FY2018

February 2019 forecast highlights

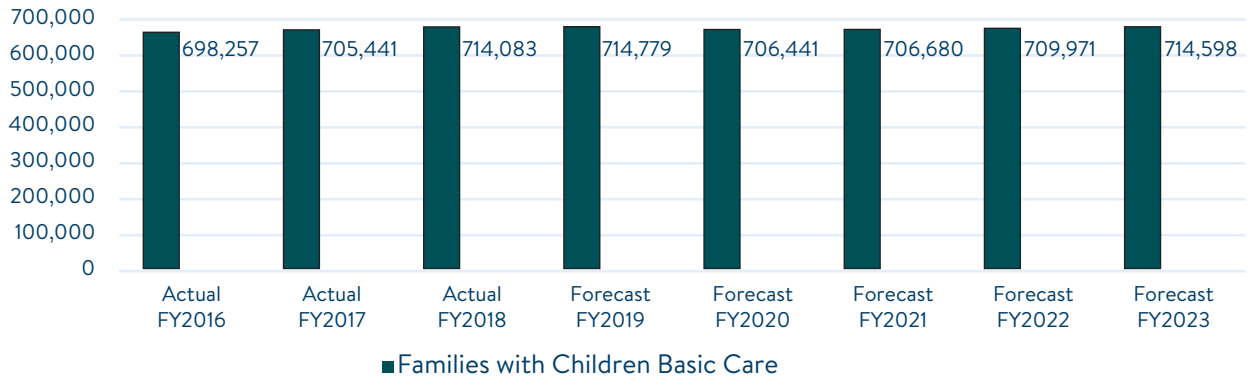
General Fund

- Decrease of $19.3 million in 2018-2019 biennium (-0.7%)
- Decrease of $44.0 million in 2020-2021 biennium (-1.5%)
- Decrease of $61.0 million in 2022-2023 biennium (-1.8%)

Reasons: The primary driver of the forecast reduction for MA Families with Children Basic Care is a 2% reduction in enrollment due to the continued strength of the overall economy and the labor market in particular.

Partially offsetting these forecast savings is a 4% reduction in projected pharmacy rebates due to lower collections and a lower average state share of collections based on updated data since the November forecast.

Families with Children Basic Care: Average monthly enrollees



Historical table

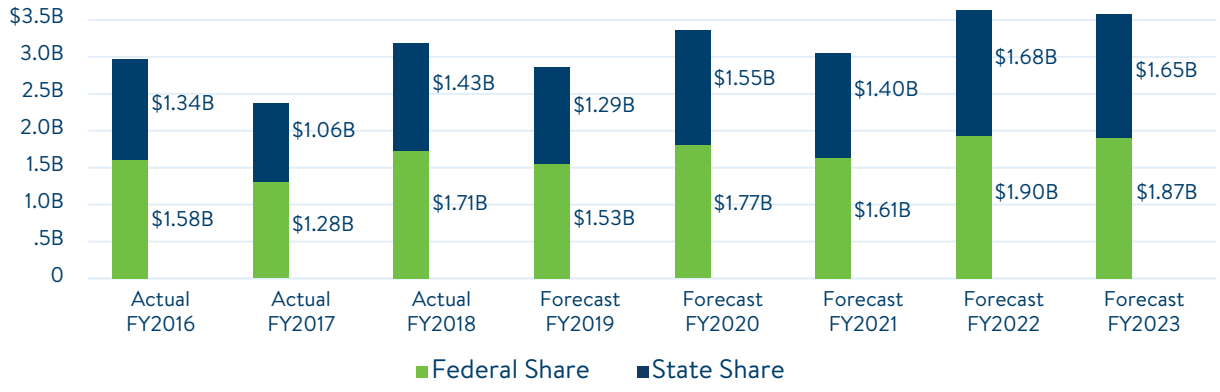
	Families with Children Basic Care	
FY	Total $	% Change
2010	2,178,835,369	
2011	2,268,657,949	4.12%
2012	2,134,178,204	(5.93%)
2013	1,984,933,703	(6.99%)
2014	2,325,681,264	17.17%
2015	2,824,710,042	21.46%
2016	3,132,833,352	10.91%
2017	2,487,241,806	(20.61%)
2018	3,327,903,608	33.80%
2019*	2,986,442,576	(10.26%)
2020*	3,495,567,307	17.05%
2021*	3,188,708,796	(8.78%)
2022*	3,758,832,182	17.88%
2023*	3,703,403,429	(1.47%)
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 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

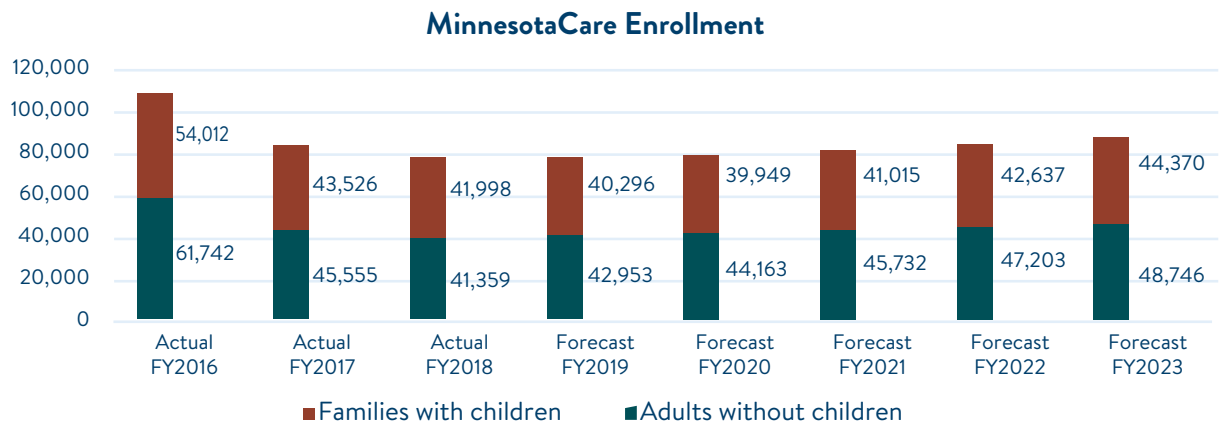
February 2019 forecast highlights

Health Care Access Fund

- Decrease of $1.0 million in 2018-2019 biennium (-2.4%)
- Decrease of $3.0 million in 2020-2021 biennium (-5.4%)
- Decrease of $36.4 million in 2022-2023 biennium (-15.3%)

Reasons: The forecast reductions in the first two biennia are due to lower enrollment in the state-only funded elderly population. The forecast reduction in the 2022-2023 biennium is due to overall lower enrollment in the BHP population resulting in additional available federal BHP funding which, in turn, reduces the need for state HCAF funding.

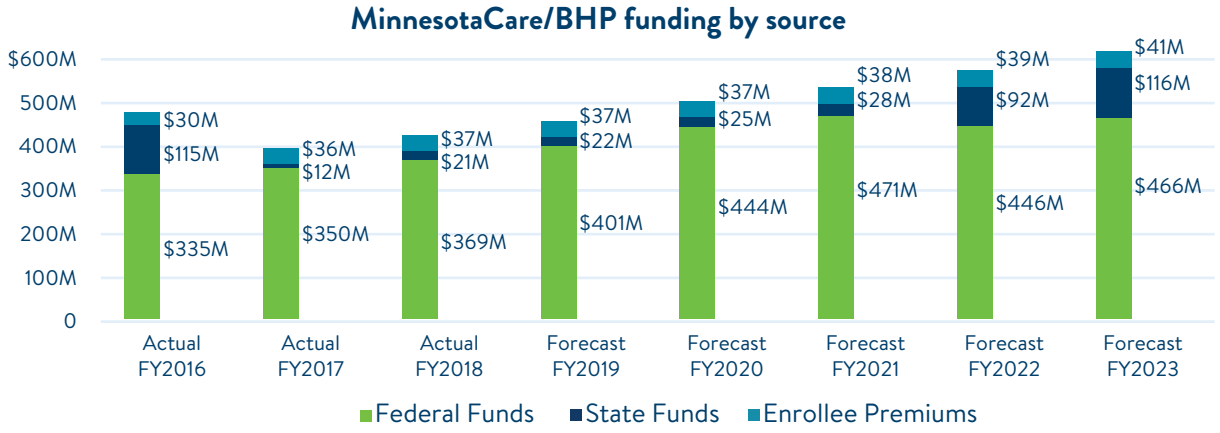
Included in this forecast are a number of changes related to the federal funding formula and reconciliation with the federal government related to BHP payments for 2016 and 2017. These changes result in a small net savings to this forecast.



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*	459,269,428	7.66%
2020*	506,388,529	10.26%
2021*	537,166,643	6.08%
2022*	577,888,711	7.58%
2023*	622,771,746	7.77%
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

- 7,800 average monthly recipients

How much it costs

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

Data for FY2018

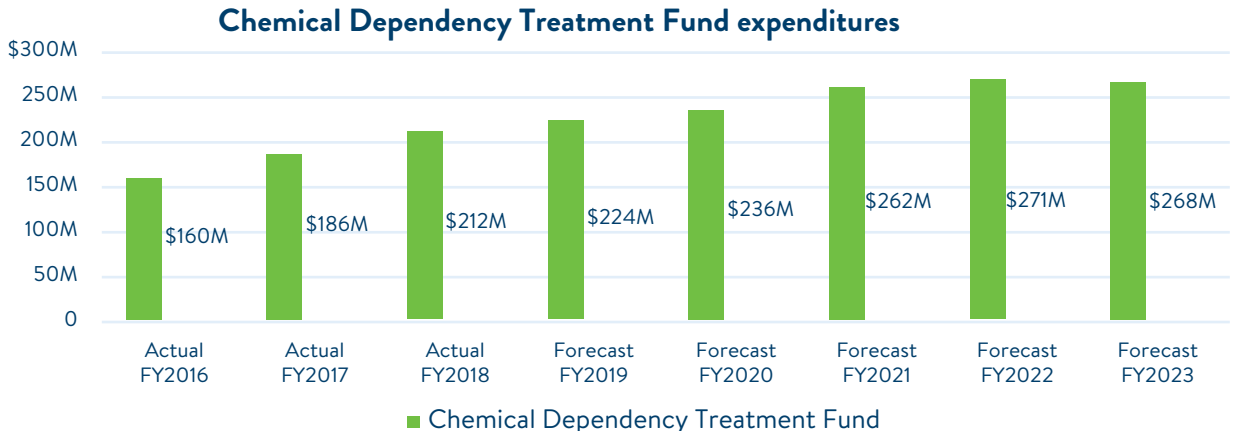
February 2019 forecast highlights

General Fund

- Decrease of $6.3 million in 2018-2019 biennium (-2.6%)
- Decrease of $31.6 million in 2020-2021 biennium (-9.7%)
- Decrease of $7.0 million in 2022-2023 biennium (-2.3%)

Reasons: The primary driver of these forecast reductions is higher than expected federal share of chemical dependency treatment services. This is the result of continued growth in the share of services being provided through an Indian Health Service (IHS) facility which is fully federally funded.

Adding to these forecast reductions in the 2020-2021 biennium is a technical correction to the econometric model used to project fee for service chemical dependency treatment service cost. This correction results in less projected spending on fee for service chemical dependency treatment services.



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*	224,384,457	5.88%
2020*	236,318,407	5.32%
2021*	262,295,608	10.99%
2022*	270,852,881	3.26%
2023*	268,210,165	(0.98%)
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

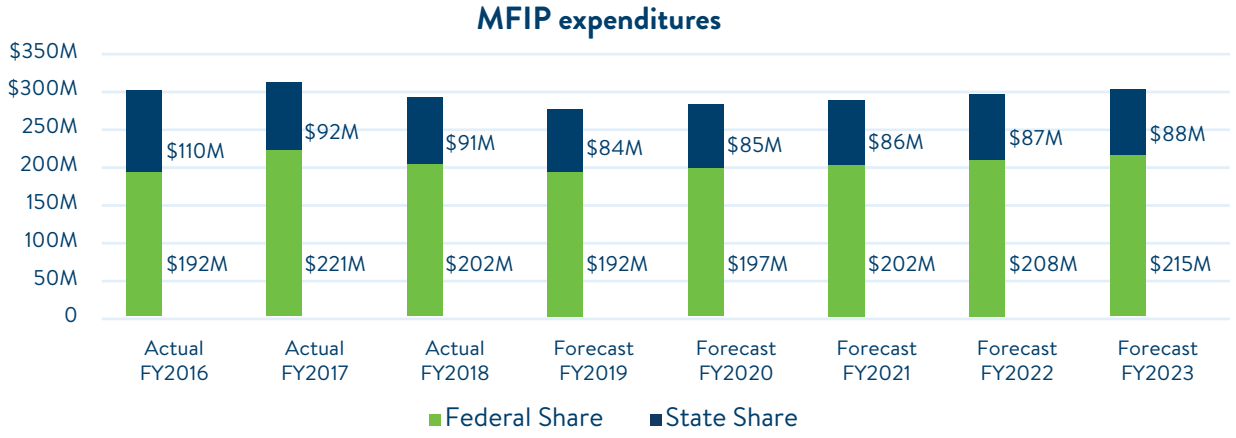
Data for FY2018

February 2019 forecast highlights

General Fund

- Decrease of $1.5 million in 2018-2019 biennium (-0.9%)
- Decrease of $2.4 million in 2020-2021 biennium (-1.4%)
- Decrease of $19.7 million in 2022-2023 biennium (-10.7%)

Reason: These decreases are primarily driven by a 1% reduction in both caseload and average payment. This is likely due to the continued strength of the overall economy and the labor market in particular. The cumulative effect of these decreased program expenditures results in more TANF fund availability in the 2022-2023 biennium, reducing the need to finance MFIP with General Fund, and resulting in a General Fund reduction in the biennium.



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*	276,486,188	(5.67%)
2020*	282,709,307	2.25%
2021*	288,115,782	1.91%
2022*	295,643,679	2.61%
2023*	303,074,060	2.51%
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.

February 2019 forecast highlights

General Fund

- Decrease of $0.9 million in 2018-2019 biennium (-0.5%)
- Decrease of $2.6 million in 2020-2021 biennium (-1.2%)
- Decrease of $2.7 million in 2022-2023 biennium (-1.1%)

Reasons: These forecast reductions result from a 1% downward adjustment to MFIP child care average payments based on updated data since the November forecast.

Who it serves

MFIP/TY Child Care

- 7,800 average monthly families served

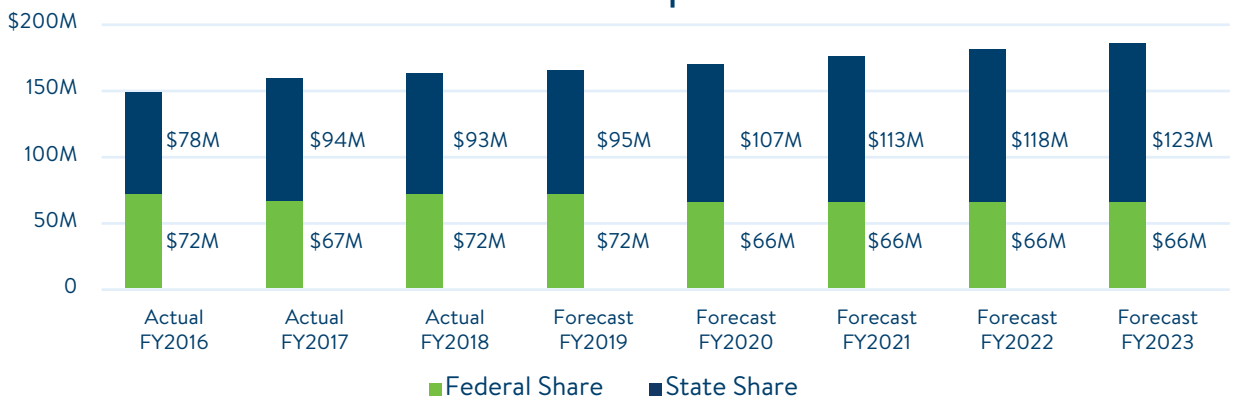
How much it costs

MFIP/TY Child Care

- $165 million in total spending
- $93 million state funds

Data for FY2018

MFIP/TY Child Care expenditures



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*	167,492,188	1.40%
2020*	172,437,669	2.95%
2021*	178,106,106	3.29%
2022*	183,340,789	2.94%
2023*	188,659,311	2.90%
Avg. Annual Increase 2010-2018		4.81%

**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

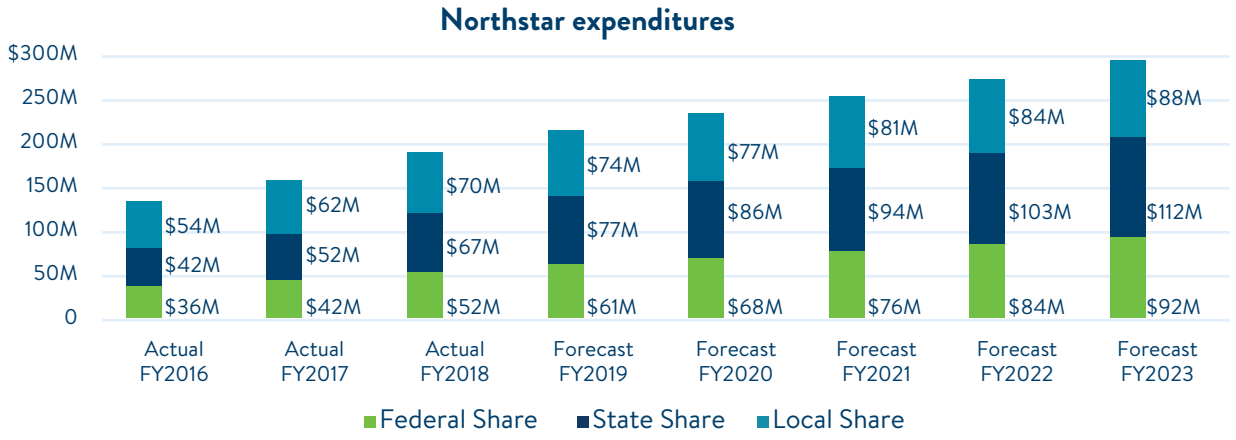
Data for FY2018

February 2019 forecast highlights

General Fund

- Decrease of $0.2 million in 2018-2019 biennium (-0.2%)
- Decrease of $0.9 million in 2020-2021 biennium (-0.5%)
- Decrease of $0.9 million in 2022-2023 biennium (-0.4%)

Reasons: These forecast reductions are the result of a reduction in Kinship Assistance caseload of less than 1%, partially offset by a similar size increase in Adoption Assistance caseload, which has a lower state share.



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*	211,655,437	12.73%
2020*	231,870,421	9.55%
2021*	250,488,846	8.03%
2022*	270,565,114	8.01%
2023*	292,022,006	7.93%
Avg. Annual Increase 2016-2018		19.17%

**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.

February 2019 forecast highlights

General Assistance, General Fund

- Decrease of $0.3 million in 2018-2019 biennium (-0.3%)
- Decrease of $1.2 million in 2020-2021 biennium (-1.1%)
- Decrease of $1.2 million in 2022-2023 biennium (-1.1%)

Reasons: These decreases are driven by a 1% reduction in caseload based on updated data since the November forecast.

Housing Support, General Fund

- Decrease of $1.8 million in 2018-2019 biennium (-0.6%)
- Decrease of $5.3 million in 2020-2021 biennium (-1.5%)
- Decrease of $8.5 million in 2022-2023 biennium (-2.2%)

Reasons: These decreases are driven by a 1% - 2% caseload reduction due primarily to capacity limitations.

Minnesota Supplemental Aid, General Fund

- Increase of $0.5 million in 2018-2019 biennium (+0.6%)
- Increase of $1.1 million in 2020-2021 biennium (+1.3%)
- Increase of $1.2 million in 2022-2023 biennium (+1.3%)

Reasons: These increases are driven by a 1% increase in caseload based on updated data since the November forecast.

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

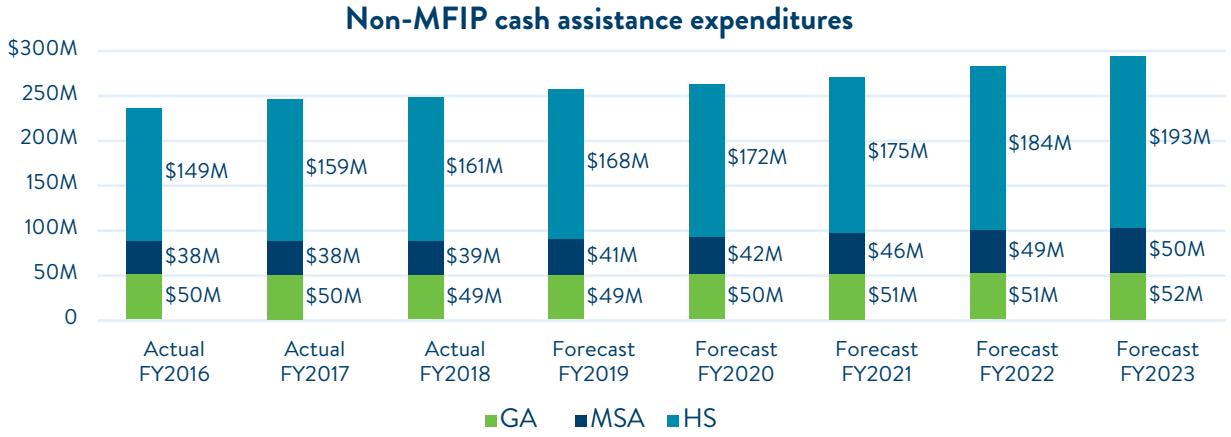
- $39 million total spending, all state funds

Data for FY2018

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*	49,292,747	0.84%	41,085,166	5.17%	167,807,362	4.04%
2020*	49,984,596	1.40%	42,370,025	3.13%	171,697,619	2.32%
2021*	50,620,046	1.27%	46,449,220	9.63%	174,954,716	1.90%
2022*	51,231,117	1.21%	49,024,062	5.54%	183,987,016	5.16%
2023*	51,844,578	1.20%	49,971,344	1.93%	193,453,047	5.14%
Avg. Annual Increase 2010-2018		1.70%		2.02%		4.56%

**Projected*



February 2019 forecast changes: In a nutshell

Millions of dollars

	2018-2019 Biennium	2020-2021 Biennium	2022-2023 Biennium
General Fund Total Change	($31.3)	($29.9)	($96.4)
General Fund Percent Change	(0.3%)	(0.2%)	(0.7%)
MA LTC Facilities:	$2.5	$1.6	$1.2
MA LTC Waivers:	$6.3	$70.9	$30.6
DWRS banding ends after 6 years	$0.0	$49.8	$8.1
CADI recipients: 0.9% higher	$3.6	$10.3	$12.4
DD recipients: 0.5% higher	$4.0	$8.3	$9.0
PCA/CFSS recipients: 0.25% increase FY20-FY23	($3.4)	$1.8	$1.9
Other	$2.1	$0.7	($0.7)
MA Elderly and Disabled Basic:	($7.6)	($4.9)	($15.1)
Elderly basic: avg cost 0.7% higher	$1.1	$7.3	$8.4
Disabled basic: enroll 0.2% lower; avg cost 0.1% higher	($1.1)	($1.4)	($1.8)
IMD program: lower enrollment	($7.3)	($9.6)	($4.0)
CFSS technical correction	$0.0	$0.0	($16.5)
Other	($0.3)	($1.2)	($1.2)
MA Adults with No Children	($2.5)	($10.8)	($13.5)
Enrollment 3% lower	($2.8)	($10.9)	($13.2)
Other	$0.3	$0.1	($0.3)
MA Families with Children Basic:	($19.3)	($44.0)	($61.0)
Enrollment 1.5% to 2% lower	($26.3)	($62.5)	($80.1)
Average cost 0.1% higher	$2.3	$3.2	$2.0
Pharmacy rebates: 4% lower	$4.3	$14.3	$15.1
Other	$0.3	$1.0	$2.0

Note: Represents the change from the November 2018 forecast.

Continued on next page

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	2018-2019 Biennium	2020-2021 Biennium	2022-2023 Biennium
February 2019 Forecast Changes			
Chemical Dependency Fund	($6.3)	($31.6)	($7.0)
FFS residential treatment costs	$3.1	$14.9	$9.6
Federal MA revenue increase	($2.1)	($16.2)	($15.9)
Technical data correction	$0.0	($21.0)	$0.0
Other service costs	($7.3)	($9.3)	($0.6)
Minnesota Family Investment Program	($1.5)	($2.4)	($19.7)
Avg caseload 1% lower; avg payment 1% lower	($1.5)	($2.4)	($2.5)
GF MOE for TANF Shortfall: 17% lower	$0.0	$0.0	($17.3)
Child Care Assistance	($0.9)	($2.6)	($2.7)
Avg payment: 1% lower			
Northstar Care for Children	($0.2)	($0.9)	($0.9)
KA caseload: 0.6%-0.9% lower			
General Assistance	($0.3)	($1.2)	($1.2)
Avg caseload: 1% lower			
Housing Support	($1.8)	($5.3)	($8.5)
Avg caseload: 1.2%-2.3% lower			
Minnesota Supplemental Aid	$0.5	$1.1	$1.2
Avg caseload: 1.3% higher			
Health Care Access Fund Total Change	($1.0)	($3.0)	($36.4)
Health Care Access Fund Percent Change	(0.1%)	(3.0%)	(3.3%)
MinnesotaCare	($1.0)	($3.0)	($36.4)
MA Funding	$0.0	$0.0	$0.0
TANF	($2.8)	($5.1)	$12.2
Lower MFIP forecast			
TANF Percent Change	(1.9%)	(3.3%)	8.5%

Contacts and additional resources

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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/

DEPARTMENT OF HUMAN SERVICES