Minnesota House of Representatives

Overview of Minnesota Health Care Access Fund

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Doug Berg, Fiscal Analyst

Minnesota House Fiscal Staff

(www.house.leg.state.mn.us/fiscal/fahome.asp)

Outline

- History of the health care access fund
- Revenues – fund sources
- Expenditures – fund uses
- Recent legislation
- "Structural balance" and the future of the fund
- Timeline – upcoming events
- Issues for decision makers
- Questions?

Health Care Access Fund Facts:

❑ Established in 1992

❑ Minnesota Statutes, Chapter 16A.724

❑ Established concurrently to the MinnesotaCare program

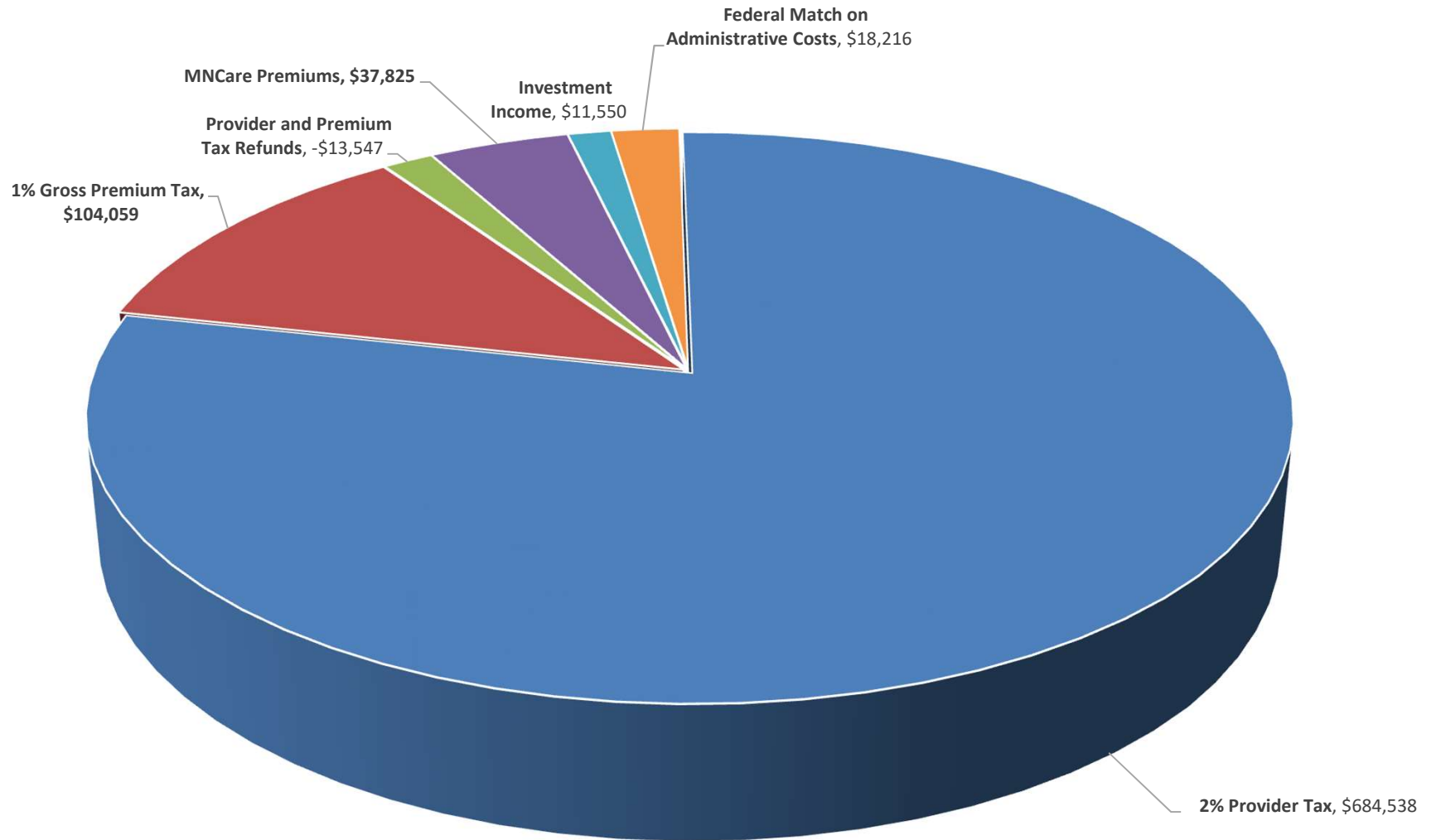❑ Few specific statutory purposes or requirements

Health Care Access Fund Finance Facts:

❑ Most funding direct appropriated

❑ Main sources of funds are the provider tax and gross premium tax

❑ Main expenditure historically was MinnesotaCare

❑ Main expenditure currently is Medical Assistance

❑ Projected and actual revenues and expenditures updated twice yearly

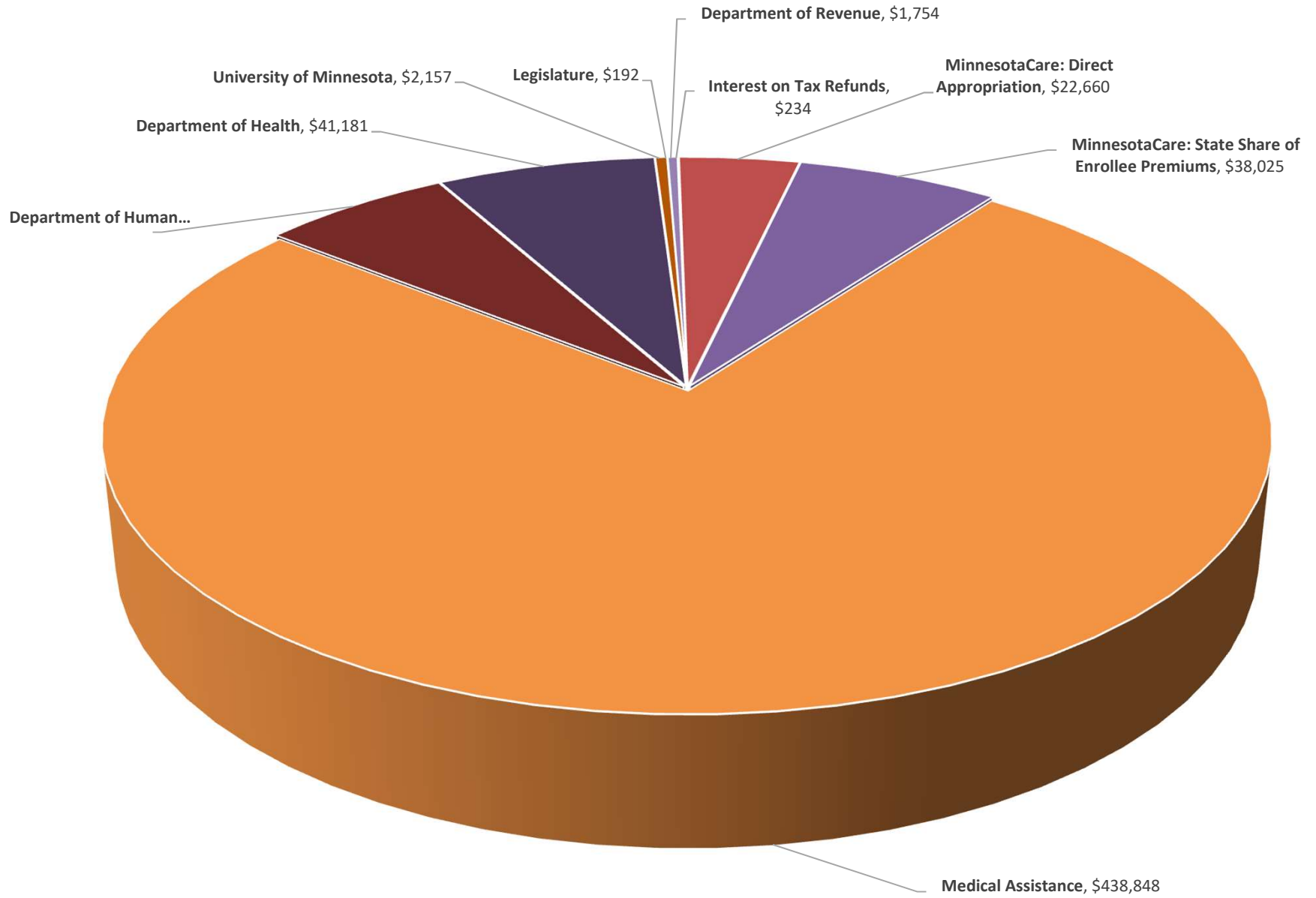❑ Several annual transfers to other state funds specified in statute

Health Care Access Fund Fiscal Year 2019 Revenue = $843 million

(Chart labels in 1,000's) - in addition for FY 2019 there is a $50 million transfer into the fund

Federal Match on Administrative Costs, $18,216

MNCare Premiums, $37,825

Investment Income, $11,550

Provider and Premium Tax Refunds, -$13,547

1% Gross Premium Tax, $104,059

2% Provider Tax, $684,538

Health Care Access Fund Fiscal Year 2019 Expenditures = $581 million

(Chart labels in 1,000's)

Department of Revenue, $1,754

University of Minnesota, $2,157

Legislature, $192

Interest on Tax Refunds, $234

MinnesotaCare: Direct Appropriation, $22,660

Department of Health, $41,181

MinnesotaCare: State Share of Enrollee Premiums, $38,025

Department of Human...

Medical Assistance, $438,848

HCAF – Major Fund Transfers – in and out:

❑ Statutory annual transfer to Dept. of Human Services for IT costs (approximately $14 million)

❑ FY 2007 – Statutory annual transfer to General Fund of "up to $46 million" – 2003 rate increase

❑ FY 2014- 17 Transfers out to offset GF costs of MA expansion

❑ FY 2017 – Value of rate transfer increased to "up to $122 million annually" - reflects increased value of 2003 rate increase over time

❑ FY 2015 – $455 million from GF into HCAF increased expenditure for MA in FY 2016-17.

❑ FY 2018-19 – Legislature transfers $200 million each year (2 years) to "Premium Security Plan Account" for reinsurance program

❑ FY 2019 - $50 million transferred in to reflect savings in Chronic Disease Spending Report

HCAF – Important Legislation In Recent Years:

❑ 2011 Legislature passes sunset of provider tax (effective 12/31/19)

❑ 2013 Legislation implementing ACA

❑ FY 2014 first appropriation for Medical Assistance from HCAF

❑ 1/1/2015 - MinnesotaCare officially becomes a Basic Health Plan

❑ 2015 Legislation increases the value of annual transfer to general fund

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General Fund and Health Care Access Fund Combined

	FY 2018-19	FY 2020-21	FY 2022-23
HCAF Ending Balance	666,888	48,052	(968,998)
General Fund Ending Balance	719,707	1,543,855	1,905,521
Combined Fund Balance	**1,386,595**	**1,591,907**	**936,523**
Estimated Inflation (General Fund)		1,162,000	2,907,000

Events That Will Affect The Health Care Access Fund:

❑ Current Law - December 31, 2019 – provider tax is repealed

❑ November 2018 state revenue forecast issued including FY 22-23

❑ November 2018 forecast shows fund balances insufficient for projected expenditures beginning in FY 2022

❑ January 2019 – Legislative session starts – February - Governor proposes budget for FY 2020-21 biennium which will considers "tails" in FY 2022-23.

Policy Options for Governor and Legislature:

❑ Raise revenue, reduce expenditures or both

❑ Eliminate transfers, transfer funds or funding source in

❑ Restructure which fund pays certain costs (MA)

❑ Bigger restructuring of funds (fund elimination or merger)

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Questions – Resources

Issue Brief – Health Care Access Fund Overview and Forecast Changes – December 2018

www.house.leg.state.mn.us/fiscal/issuebriefs

Minnesota Management & Budget - Health Care Access Fund Balance Statement

www.mn.gov/mmb/operating-budget/current/

doug.berg@house.mn