## Health Care Access Fund

May 2020 Interim Budget Projection

PURPOSE OF FUND. The health care access fund (HCAF) was created to increase access to health care, contain health care costs, and improve the quality of health care services for Minnesotans. The largest source of funding to the HCAF is a 1.8 percent provider tax. Prior to January 1, 2020, the provider tax was two percent. In addition, revenue to the fund includes a one percent gross premium tax, MinnesotaCare enrollee premiums, investment income earned on the balance of the fund, and federal match on administrative costs.

The fund covers portions of the cost of both the Medical Assistance (MA) and MinnesotaCare/Basic Health Plan (BHP) programs. Both of these programs are funded by a combination of state and federal resources. The fund pays for various agency responsibilities including administering the MinnesotaCare/BHP program, and granting resources to partners to enhance public health activities.

Change in HCAF Balance				
(\$ millions)	lions) FY 2020-21			
Projected Balance – Feb 20	565			
Change in Sources	(127) (-7.4%)			
Change in Expenditures	35 (2.0%)			
Projected Balance – May 20	403			

MAY INTERIM BUDGET PROJECTIONS. Changes to the May interim budget projection updated HCAF revenues and expenditures with two additional months of actual experience, new economic data from IHS Global Insights April 2020 release, and impacts of executive orders and enacted legislation.

The projected balance in FY 2021 is now \$403 million, a \$162 million (28.7 percent) decrease from February forecast. This change is the primarily driven by a \$127 million (7.4 percent) decrease in projected revenues in the fund.

Change in sources. HCAF revenues are projected to be \$1.578 billion in FY 2020-21, a \$127 million (7.4 percent) decrease from February 2020 forecast. Provider tax collections are expected to decrease \$105 million (7.6 percent) in FY 2020-21 compared to previous forecast.

This budget projection updates forecast models used in February 2020 forecast with IHS Global Insights growth rates for health services and pharmacy/medical products based on the April 2020 release. The additional economic data, along with updated actual revenue collections for February and March (an increase of \$7 million, 10.1 percent above February 2020 estimates) accounts for the change in estimated provider tax revenue.

Recently the Minnesota Department of Revenue allowed first quarter tax payments to be delayed in June 2020. This forecast assumes that expected payments will still be collected within the fiscal year. The impact of postponing elective procedures on biennial revenues is uncertain.

Change in Expenditures. Expenditures from HCAF are projected to be \$1.818 billion in FY 2020-21, \$35 million (2.0 percent) higher compared to previous forecast.

Overall spending for MinnesotaCare is expected to increase \$126 million compared to February 2020 forecast. This spending increase includes a small enrollment increase (less than 1 percent) due to a policy instituted under Executive Order 20-12 that temporarily suspends disenrollment for nonpayment of premium for MinnesotaCare enrollees. However, the projected expenditure increase is primarily driven by higher MinnesotaCare enrollment (30.8 percent) in FY2021 due to worsening economic conditions.

Anticipated revenue in the federal BHP Trust Fund is expected to fund 72.5 percent of the increased spending in the current biennium with a state share of 27.5 percent, funded with enrollee premiums and HCAF expenditures.

## Expenditure Changes in MinnesotaCare

\$- millions

	FY 2020-21	%
MinnesotaCare/BHP spending increase	126	14.0
minus Available federal BHP funding	91	11.5
Remaining Obligation	35	1.5%
Enrollee premiums	9	13.4
HCAF share	26	26.1
Remaining Obligation Enrollee premiums	<b>35</b>	<b>1.5%</b> 13.4

## **Health Care Access Fund**

May Interim Budget Projection 2020

Balance Forward from Pinor Year   712,964   690,957   636,130   621,043   Prior Year Adjusted balance forward   713,973   692,474   636,130   621,043   Revenues:	<u>Sources</u>	Actual FY 18	Actual FY 19	Projected FY 20	Projected FY 21
Adjusted balance forward   713,973   692,474   636,130   621,043     Revenues:		· ·	· ·	636,130	621,043
284,18% Provider Tax	•	· ·	· ·	636,130	621,043
19.6 Gross Premium Tax   10.1 180   10.0 0.64   98.151   91.875   Provider and Premium Tax Refunds   13.894   11.851   13.896   (13.190)   MinnesotaCare Enrollee Premiums   36.577   35.552   32.152   44.386   Investment Income   15.591   20.167   13.730   11.320   MinnesotaCare: Federal Basic Health Program¹ [Non-Add]   368.675   [369.885] [269.704   309.565   Federal Match on Administrative Costs   18.211   18,738   18,978   18,768   Total Revenues   816.246   849.905   840.455   737.315   Transfers In: General Fund: Laws of MN 2017, Special Session, Ch. 1     7,200      Total Sources   1,530,219   1,542,379   1,483,785   1,358,358   Uses   Use	Revenues:				
Provider and Premium Tax Refunds	2%/1.8% Provider Tax	658,371	687,235	691,404	584,156
MinnesotaCare Enrollee Premiums   36,577   35,552   32,152   44,386     Investment Income   15,591   20,167   13,730   11,320     MinnesotaCare. Federal Basic Health Program¹ [Non-Add]   368,675   [380,855]   [289,704]   309,565     Federal Match on Administrative Costs   18,211   18,738   18,978   18,768     Total Revenues   816,246   849,905   840,455   737,315     Transfers In: General Fund: Laws of MN 2017, Special Session, Ch. 1   -   -   -   7,200   -     Total Sources   1,530,219   1,542,379   1,483,785   1,358,358     Uses	1% Gross Premium Tax	101,180	100,064	98,151	91,875
Investment Income   15.591   20.167   13.730   11.320   MinnesotaCare: Federal Basic Health Program   Non-Add   18.211   18.738   18.978   18.978   18.7888   18.7888   18.788   18.788   18.788   18.788   18.7	Provider and Premium Tax Refunds	(13,684)	(11,851)	(13,960)	(13,190)
MinnesotaCare: Federal Basic Health Program   Non-Add   1368,875   1380,885   18,708   18,7	MinnesotaCare Enrollee Premiums	36,577	35,552	32,152	44,386
Total Revenues	Investment Income	15,591	20,167	13,730	11,320
Total Revenues   816,246   849,905   840,455   737,315     Transfers In: General Fund: Laws of MN 2017, Special Session, Ch. 1   -   -   7,200   -     Total Sources   1,530,219   1,542,379   1,483,785   1,358,358     Uses   Expenditures: MinnesotaCare: Direct Appropriation   8,889   21,887   26,516   96,720     MinnesotaCare: Ederal Basic Health Program Expenditures[Non-Add]   [368,675]   380,885]   [402,806]   [544,846]   MinnesotaCare: State Share of Enrollee Premiums   36,390   35,081   32,152   44,386   Medical Assistance   Basic Health Program Expenditures[Non-Add]   385,159   438,485   569,599   602,583   Department of Human Services   32,2699   32,489   33,497   34,855   Department of Human Services   31,707   37,246   40,807   36,832   University of Minnesota   2,157	MinnesotaCare: Federal Basic Health Program <sup>1</sup> [Non-Add]	[368,675]	[380,885]	[269,704]	[309,556]
Transfers In: General Fund: Laws of MN 2017, Special Session, Ch. 1	Federal Match on Administrative Costs	18,211	18,738	18,978	18,768
Total Sources	Total Revenues	816,246	849,905	840,455	737,315
		-	-	7,200	-
Expenditures:   MinnesotaCare: Direct Appropriation   8,989   21,887   26,516   96,720   MinnesotaCare: Federal Basic Health Program Expenditures[Non-Add]   368,675   [380,885]   [402,806]   [544,846]   MinnesotaCare: State Share of Enrollee Premiums   36,390   35,081   32,152   44,386   Medical Assistance   385,159   438,848   586,959   602,583   Medical Assistance   32,689   32,489   35,497   34,855   32,869   32,489   35,497   34,855   32,869   32,489   35,497   34,855   32,970   37,246   40,807   36,832   University of Minnesota   2,157	Total Sources	1,530,219	1,542,379	1,483,785	1,358,358
Expenditures:   MinnesotaCare: Direct Appropriation   8,989   21,887   26,516   96,720   MinnesotaCare: Federal Basic Health Program Expenditures[Non-Add]   368,675   [380,885]   [402,806]   [544,846]   MinnesotaCare: State Share of Enrollee Premiums   36,390   35,081   32,152   44,386   Medical Assistance   385,159   438,848   586,959   602,583   Medical Assistance   32,689   32,489   35,497   34,855   32,869   32,489   35,497   34,855   32,869   32,489   35,497   34,855   32,970   37,246   40,807   36,832   University of Minnesota   2,157	Lisas				
MinnesotaCare: Direct Appropriation         8,989         21,887         26,516         96,720           MinnesotaCare: Federal Basic Health Program Expenditures[Non-Add]         [368,675]         [390,885]         [402,806]         [544,846]           MinnesotaCare: State Share of Enrollee Premiums         36,390         35,081         32,152         44,386           Medical Assistance         385,159         438,848         586,959         602,583           Department of Human Services 2         32,669         32,489         35,497         34,855           Department of Health 2         35,707         37,246         40,807         36,832           University of Minnesota         2,157 <td></td> <td></td> <td></td> <td></td> <td></td>					
MinnesotaCare: Federal Basic Health Program Expenditures[Non-Add]         [368,675]         [380,885]         [402,806]         [544,846]           MinnesotaCare: State Share of Enrollee Premiums         36,390         35,081         32,152         44,386           Medical Assistance         385,159         438,848         586,959         602,583           Department of Human Services ²         32,869         32,489         35,497         34,855           Department of Health ²         35,707         37,246         40,807         36,832           University of Minnesota         2,157	•	8.989	21.887	26.516	96.720
MinnesotaCare: State Share of Enrollee Premiums         36,390         35,081         32,152         44,386           Medical Assistance         385,159         438,848         586,959         602,583           Department of Human Services 2         32,869         32,489         35,497         34,855           Department of Health 2         35,707         37,246         40,807         36,832           University of Minnesota         2,157         2,157         2,157         2,157         2,157           Legislature 2         61         64         316         -         -         1,760 </td <td></td> <td>· ·</td> <td>· ·</td> <td></td> <td>*</td>		· ·	· ·		*
Medical Assistance         385,159         438,848         586,959         602,583           Department of Human Services 2         32,869         32,489         35,497         34,855           Department of Health 2         35,077         37,246         40,807         36,832           University of Minnesota         2,157         1,1760         1,760			= =	= =	
Department of Human Services 2         32,869         32,489         35,497         34,855           Department of Health 2         35,707         37,246         40,807         36,832           University of Minnesota         2,157 <td>Medical Assistance</td> <td></td> <td>· ·</td> <td>·</td> <td>•</td>	Medical Assistance		· ·	·	•
University of Minnesota         2,157         2,160         1,260         1,150         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,15         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,157         2,15         2,157         2,157         2,157         2,157<	Department of Human Services <sup>2</sup>		32,489	35,497	34,855
Legislature 2         61         64         316         -           Department of Revenue         1,749         1,754         1,760         1,760           Interest on Tax Refunds         165         142         133         48           Enacted Expenditure Changes:	Department of Health <sup>2</sup>	35,707	37,246	40,807	36,832
Department of Revenue Interest on Tax Refunds         1,749 1,749 1,754 1,760 1,76		2,157	2,157	2,157	2,157
Interest on Tax Refunds         165         142         133         48           Enacted Expenditure Changes:	Legislature <sup>2</sup>	61	64	316	-
Enacted Expenditure Changes:	Department of Revenue	1,749	1,754	1,760	1,760
Ch. 73 - Alec Smith Insulin Affordability Act         -         -         547         212           Total Expenditures         503,246         569,668         726,845         819,553           Transfers Out:         To General Fund           M.S. 16A.724 Subd 2(a)         122,000	Interest on Tax Refunds	165	142	133	48
Total Expenditures         503,246         569,668         726,845         819,553           Transfers Out:           To General Fund         M.S. 16A.724 Subd 2(a)         122,000	Enacted Expenditure Changes:				
Transfers Out:         To General Fund M.S. 16A.724 Subd 2(a)       122,000	Ch. 73 - Alec Smith Insulin Affordability Act	-	-	547	212
To General Fund           M.S. 16A.724 Subd 2(a)         122,000	Total Expenditures	503,246	569,668	726,845	819,553
M.S. 16A.724 Subd 2(a)       122,000       122,000       122,000       122,000         Total General Fund Transfers       122,000       122,000       122,000       122,000         Special Revenue Fund: DHS Systems and Other       13,266       13,880       13,898       13,898         Premium Security Plan Account       200,750       200,000       -       -       -         Special Revenue Fund: MDH ITA Transfers       -       701       -       -         Total Transfers Out       336,016       336,581       135,898       135,898         Total Uses       839,262       906,249       862,743       955,451         Structural Balance       (23,016)       (56,344)       (15,087)       (218,136)	Transfers Out:				
Total General Fund Transfers         122,000         122,000         122,000         122,000           Special Revenue Fund: DHS Systems and Other Premium Security Plan Account Special Revenue Fund: MDH ITA Transfers         13,266         13,880         13,898         13,898           Premium Security Plan Account Special Revenue Fund: MDH ITA Transfers         200,750         200,000         -         -         -           Total Transfers Out         336,016         336,581         135,898         135,898           Total Uses         839,262         906,249         862,743         955,451           Structural Balance         (23,016)         (56,344)         (15,087)         (218,136)	To General Fund				
Special Revenue Fund: DHS Systems and Other       13,266       13,880       13,898       13,898         Premium Security Plan Account       200,750       200,000       -       -       -         Special Revenue Fund: MDH ITA Transfers       -       701       -       -       -         Total Transfers Out       336,016       336,581       135,898       135,898         Total Uses       839,262       906,249       862,743       955,451         Structural Balance       (23,016)       (56,344)       (15,087)       (218,136)	M.S. 16A.724 Subd 2(a)	122,000	122,000	122,000	122,000
Premium Security Plan Account         200,750         200,000         -         -           Special Revenue Fund: MDH ITA Transfers         -         701         -         -           Total Transfers Out         336,016         336,581         135,898         135,898           Total Uses         839,262         906,249         862,743         955,451           Structural Balance         (23,016)         (56,344)         (15,087)         (218,136)	Total General Fund Transfers	122,000	122,000	122,000	122,000
Special Revenue Fund: MDH ITA Transfers         -         701         -         -           Total Transfers Out         336,016         336,581         135,898         135,898           Total Uses         839,262         906,249         862,743         955,451           Structural Balance         (23,016)         (56,344)         (15,087)         (218,136)	Special Revenue Fund: DHS Systems and Other	13,266	13,880	13,898	13,898
Total Transfers Out       336,016       336,581       135,898       135,898         Total Uses       839,262       906,249       862,743       955,451         Structural Balance       (23,016)       (56,344)       (15,087)       (218,136)	Premium Security Plan Account	200,750	200,000	-	-
Total Uses         839,262         906,249         862,743         955,451           Structural Balance         (23,016)         (56,344)         (15,087)         (218,136)	Special Revenue Fund: MDH ITA Transfers	-	701	-	-
Structural Balance         (23,016)         (56,344)         (15,087)         (218,136)	Total Transfers Out	336,016	336,581	135,898	135,898
	Total Uses	839,262	906,249	862,743	955,451
Balance 690,957 636,130 621,043 402,907	Structural Balance	(23,016)	(56,344)	(15,087)	(218,136)
	Balance	690,957	636,130	621,043	402,907

<sup>&</sup>lt;sup>1</sup> Federal funding for MinnesotaCare is received through the Basic Health Program and is deposited in a Trust Fund within the state's Federal Fund for use for eligible expenditures.



 $<sup>^{\</sup>rm 2}\,{\rm FY}\,2020$  figure includes funding carried forward from previous years.