



December 7, 2021

Senator Jim Abeler, Chair
Senate Human Services Reform Finance & Policy Cttee.
3215 Minnesota Senate Building
St. Paul, MN 55155

Representative Tina Liebling, Chair
House Health Finance and Policy Cttee.
477 State Office Building
St. Paul, MN 55155

Senator Michelle Benson, Chair
Senate Health & Human Services Finance & Policy Cttee.
3109 Minnesota Senate Building
St. Paul, MN 55155

Representative Joe Schomacker, Ranking Member
House Health Finance and Policy Cttee.
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St. Paul, MN 55155

Senator John Hoffman, Ranking Minority Member
Senate Human Services Reform Finance & Policy Cttee.
2235 Minnesota Senate Building
St. Paul, MN 55155-1206

Representative Jennifer Schultz, Chair
House Human Services Finance and Policy Cttee.
473 Rev. Dr. Martin Luther King Jr. Blvd.
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Senator Melissa Wiklund, Ranking Minority Member
Senate Health & Human Services Finance & Policy Cttee.
2227 Minnesota Senate Building
St. Paul, MN 55155

Representative Tony Albright, Ranking Member
House Human Services Finance and Policy Cttee.
473 Rev. Dr. Martin Luther King Jr. Blvd.
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Re: November 2021 Forecast Administrative Adjustments


Dear Health & Human Services Chairs:

In the fall of 2019, Senator Benson requested that we highlight certain forecast adjustments in conjunction with the release of our November and February *Budget and Economic Forecasts*. In her letter, Senator Benson requested information regarding administrative errors and corrections. We have developed a list of noteworthy adjustments to the forecast that are not driven by program use, underlying economic change, or external factors such as federal approvals. The list includes items beyond errors and corrections. Additional detail on each item is provided in the attached document.

In addition, as we do with all forecasts, we have identified significant forecast changes in narrative documents, which are posted on MMB's and DHS's websites. The MMB forecast narrative is posted here: <https://mn.gov/mmb/forecast/>. The DHS forecast narrative, which is more detailed, is posted here: <https://mn.gov/dhs/general-public/publications-forms-resources/reports/financial-reports-and-forecasts.jsp>.

If you have questions about this, please contact Dave Greeman (DHS) at dave.greeman@state.mn.us or Josh Riesen (MMB) at joshua.riesen@state.mn.us

Sincerely,



Jodi Harpstead
Commissioner, Department of Human Services



Jim Schowalter
Commissioner, Management and Budget

November 2021 Forecast Administrative Adjustments

The following is a list of administrative adjustments in the November 2021 forecast. Administrative adjustments are defined as changes to the forecast that are not driven by updated base data, econometric and/or statistical modelling, the economy or any other external factors. The state share value of these adjustments include all fiscal years in the forecast horizon.

	State Share (\$ millions)			Budget Activity	Fund
	FY2020-21	FY2022-23	FY2024-25		
CFSS Implementation Delay					
Implementation of Community First Services and Supports (CFSS) is delayed from October 1, 2021 to June 1, 2022. The delay is due to the need for additional time to receive approvals on waiver and state plan amendments from the federal Centers for Medicare & Medicaid Services (CMS).	0.0	37.2	8.1	BACT 33	General Fund
Nursing Facility Federal Funds Not Offset During PHE					
Operating rates allowed for nursing facilities are based on reportable costs, offset for funds received from other sources. A decision was made to not offset federal funds received through the Provider Relief Funds (PRF) or Paycheck Protection Program (PPP) during the Public Health Emergency. This is expected to affect rates paid in Calendar Years 2022 and 2023.	0.0	9.9	4.3	BACT 33	General Fund
Pooled Trust/Irrevocable Trust Policy Changes					
Department policy with respect to the treatment of irrevocable and pooled trusts in determining assets for MA eligibility for those over age 65 has been changed to conform with recent court rulings. This is expected to primarily affect elderly persons who are applying for long-term care.	0.0	3.7	7.4	BACT 33	General Fund
Fix Legislative Tracking Error in MA					
Legislative tracking for the 2021 Special Session erroneously booked costs for PCA rate changes assuming an implementation date of January 1, 2022. This forecast adjusted the costs for the correct implementation date of October 1, 2021.	0.0	15.3	0.0	BACT 33	General Fund
METS Data Mart Impact on Federal BHP Reconciliation					
The creation and implementation of the METS Data Mart allows DHS to identify and include more eligible enrollees in the federal BHP reconciliation process. Federal BHP reconciliation is a final settle-up of our prospective quarterly federal awards based on the demographics of actual enrollment. Prior to the METS Data Mart, DHS was only able to generate a full reconciliation record for about 95% of the eligible BHP population due to mismatches between METS and MMIS. This missing 5% results in lower federal BHP funding through the reconciliation process and a corresponding HCAF cost. The METS Data Mart was implemented in February 2021 and has immediately increased the average match rate by 3 percentage points (95% to 98%). In some historical quarters, the match rate using the METS Data Mart approaches 100%. DHS' ability to include more eligible BHP enrollees in the settle-up process provides the state with additional federal BHP funds which directly reduces the need for state HCAF funding.	0.0	(55.6)	(43.7)	BACT 31	HCAF
Fix Legislative Tracking Error in Child Care Assistance (CCAP)					
Legislative tracking for the 2021 Special Session erroneously booked additional federal funding intended for MFIP/TY Child Care in the budget activity for Basic Sliding Fee (BSF) Child Care. MFIP/TY Child Care is forecasted while BSF Child Care is not. The November forecast fixes this tracking error by moving the federal funding into the MFIP/TY Child Care forecast, involving \$36.7 million in the 2022-2023 biennium and \$21.2 million in the 2024-2025 biennium. This forecast adjustment involved no state funds.	0.0	0.0	0.0	BACT 22	General Fund