

Change Item Title: PMAP MERC Investment

Fiscal Impact (\$000s)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund				
Expenditures	6,404	6,404	6,404	6,404
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,404	6,404	6,404	6,404

Recommendation:

The Governor recommends increasing the portion of Medical Education Research Cost funding attributable to managed care (prepaid medical assistance or PMAP) enrollees effective July 1, 2013. The funding being increased is a portion of the amount reserved for general distribution to eligible hospital and clinic training sites. This proposal increases the PMAP portion of MERC funding to \$49.5 million in FY14-15 at a cost of \$12.8 million dollars to the general fund for the 2014-15 biennium. The PMAP MERC payments dedicated to the University of Minnesota and Hennepin County Medical Center (HCMC) and fee-for-service MERC payments are not affected by this proposal.

Rationale/Background:

The Medical Education and Research Costs (MERC) fund compensates hospitals and clinics for a portion of the costs of clinical medical training. These funds support clinical training in Minnesota's teaching hospitals, which are vital activities affecting not only the health care community but also the health of every citizen and the economy of the entire state.

Proposal:

The governor's budget proposes, effective July 1, 2013:

- Increasing MERC funding from the Prepaid Medical Assistance Program to a total of \$49.5 million for the FY 2014-15 biennium
- Targeting the additional funding to eligible hospital and clinical training sites
- Modifying the MERC distribution formula to support primary care training and other critical health care workforce needs.

Performance Measures:

The Medical Education and Research Costs funds that are distributed offset lost patient care revenue for teaching institutions engaged in clinical training key to the health and economic well-being of Minnesotans.

Statutory Change: 256B.69

2014-15 Biennial Budget

Human Services

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			6,404	6,404	12,808	6,404	6,404	12,808
Health Care Access Fund (HCAF)								
Other Fund								
Federal TANF								
Total All Funds			6,404	6,404	12,808	6,404	6,404	12,808
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
GF	33	MA-FC	6,404	6,404	12,808	6,404	6,404	12,808
Requested FTE's								
GF								