Welcome

Jodi Harpstead
Commissioner
Department of Human Services

Jan Malcolm
Commissioner
Department of Health
<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00</td>
<td>Welcome &amp; introductions of new members</td>
</tr>
<tr>
<td>9:20</td>
<td>Minnesota statewide health care overview</td>
</tr>
<tr>
<td>10:05</td>
<td>Facilitated discussion</td>
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<tr>
<td>10:40</td>
<td>DHS budget trends</td>
</tr>
<tr>
<td>11:30</td>
<td>Facilitated discussion</td>
</tr>
<tr>
<td>11:55</td>
<td>Next meeting</td>
</tr>
</tbody>
</table>
Blue Ribbon Commission Members

Jennifer DeCubellis
Director of Human Services and Public Health
Hennepin County

Rich Draheim
Senator (20, R)
Senate

Jennifer DuPuis
Associate Director
Fond du Lac Nation Human Services

Nona Ferguson
Vice President of Economic Assistance and Aging Services
Wilder

Jodi Harpstead
Commissioner & BRC co-chair
MN Department of Human Services

Sheila Kiscaden
Commissioner
Olmsted County

Matt Klein
Senator (52, DFL)
Senate

Debra Krause
Vice President
Minnesota Health Action Group

Gayle Kvenvold
President and CEO
LeadingAge Minnesota

Tina Liebling
Representative (26A, DFL)
House of Representatives

Sida Ly-Xiong
National Program Manager
Nexus Community Partners

Jan Malcolm
Commissioner & BRC co-chair
MN Department of Health

Joe Schomacker
Representative (22A, R)
House of Representatives

Lisa Weed
Executive Vice President
SEIU Healthcare Minnesota

Shauna Reitmeier
Chief Executive Officer
Northwestern Mental Health Center

Sue Schettle
Chief Executive Officer
Association of Residential Resources in Minnesota (ARRM)
Overview

▪ Minnesota in the national context
▪ Health care spending and its impact
▪ Spending drivers
▪ Closing observations on equity & opportunity
In the National Comparison, Minnesota Is Very Successful

Consistently, Minnesota exhibits:

- High rates of health insurance coverage,
- The lowest rates of mortality amenable to health care, and
- The fewest physically unhealthy days.

*Sources: Uninsurance – Kaiser Family Foundation/U.S. Census Bureau American Community Survey, 2017; Health Care Amenable Mortality – Commonwealth Fund; Poor Physical Health Days – Center for Disease Control and Prevention, Behavioral Risk Factor Surveillance Survey, 2017*
▪ There are **severe and persistent inequities** across MN in the ability to access & achieve health

▪ Health care spending follows a trend that **may not** be sustainable without shifting policy priorities

▪ There are a **range of challenges** that raise concern and pose opportunities
Health Care Spending and its Impact
Some Notes on Nomenclature

- **Health Care Spending**
- **Cost of Care/Production**
  - Labor
  - Equipment/Rent
  - Other Inputs
- **Profit/Revenue > Expenses**
  - Market Power
  - Cost of Innovation
  - Revenue Driving Investments
- **Number of Services**
  - Per Person
  - Across the System

= \(`\text{Price}\) + \(\times\text{Quantity}\)

**Change in**
- **Change in Underlying Cost of Care**
- **Change in Markup, Market Power**
- **Change in Mix of Services** (Rx Therapy in Place of Surgery, Outpatient vs Inpatient Care, etc.)
- **Change in Number of Services**

Change in the Level or the Rate of Growth Across the Board Affecting Whose Budget to What End?
Health care spending is high in absolute and relative terms
- 14.3 percent of the economy
- $9,004 per person

It rises persistently

Even when rising moderately, growth outpaces inflation

Minnesota health care spending is expected to double over the next ten years.

The average annual rate of growth is expected to rise:

- From 3.7 percent over the past decade
- To approximately 7.0 percent through 2027

Spending Growth Affects Everyone’s Budgets & Priorities

Health Care Spending Paid by Government, Individuals and Businesses, 2017

- There isn’t a “right” amount of health care spending
- Spending is driven by society's preference for access, resource use, and attitudes about oversight
- But, health care spending levels & growth:
  - Are funded by Minnesota residents
  - Touch government, business & individuals
  - Trends in spending affect spending on other (policy) priorities

Over 40% of the State Budget is for Health and Human Services spending and it has been rising as a share.

Source: Minnesota Management and Budget; does not include spending for health care services by the state as an employer or health care services through the Department of Corrections.
Employer Costs of Health Care Benefits

As the underlying cost of health care rises, so does the cost of offering benefits. How do employers adjust?

- Balance health benefits against other compensation
- Raise employee responsibility/ change health benefits
- Discontinue offering coverage
- All of the above

Employer Coverage: Change in the Contribution to Cost

Change in the Composition of Household Expenditures

- Growth in the underlying cost of care has already reorganized the budgets of Minnesotans:
  - The cost of health insurance has risen at three times the rate than other expenses
  - Out-of-pocket spending growth adds additional pain

Source: MDH/Health Economics Program analysis of U.S Census Bureau, Consumer Expenditure Survey, Midwest Region.
How Are Minnesotans Impacted by Rising Costs?
Minnesotans Have Trouble Paying Bills & Skip Needed Care

Source: MDH Health Economics Program analysis of 2017 Minnesota Health Access Surveys
Note: High Deductible Health Plan rates are based only on those enrolled in Group or Individual coverage.
* Indicates a significant difference from statewide rate at the 95% level; ^ Indicates a significant difference from the statewide rate at the 90% level.
Changes in Coverage, 2001 to 2017

- The percentage of Minnesotans covered by Group coverage has steadily declined
  - Fewer people connected to employer offering coverage
  - Fewer people who take up coverage
- The percentage covered by Public coverage has steadily increased, but not offset private losses
- There has been some volatility over time

Source: MDH Health Economics Program analysis of 2001 and 2017 Minnesota Health Access Surveys
Impact of Cost on Uninsurance

Reasons for Not Signing up for Health Insurance (Uninsured)

- Too expensive: 36.1%
- Will get it soon: 10.3%
- Logistical barriers: 9.5%
- Don't need health insurance: 5.6%
- Never looked into it: 3.7%
- Not eligible: 2.3%
- Unemployed: 2.2%
- Don't want government involved: 1.4%
- Don't like benefits: 0.7%
- Indian Health Service: 0.2%
- Other/Don’t know: 28.0%

Source: MDH Health Economics Program analysis of 2017 Minnesota Health Access Surveys

- The most common reason for not getting health insurance coverage was that it was too expensive.
- There was also a lot of confusion about the circumstances related to the ACA, and.
- There are considerable challenges with health insurance literacy.
- Very few people feel they do not need health insurance.
The degree to which Minnesotans are impacted by high cost is affected by:

- Their coverage
- Whether they have access to subsidies
- Their health care needs

### Payments Made by Individuals and Sponsors of Coverage

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>Personal Premium Cost</th>
<th>Subsidized Premium Cost</th>
<th>Personal Out-of-Pocket Spending</th>
<th>Average Annual Health Care Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Sponsored Coverage (AV 87%)</td>
<td>$1,077</td>
<td>$5,540</td>
<td>$5,000</td>
<td>$8,284</td>
</tr>
<tr>
<td>Individual/ no APTC ($52,000 income)40-year old (AV 70%)</td>
<td>$1,968</td>
<td>$4,591</td>
<td>$10,000</td>
<td>$6,559</td>
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<tr>
<td>Individual/ APTC ($31,000 Income) 40-year old (AV 70%)</td>
<td>$1,968</td>
<td>$1,971</td>
<td>$5,603</td>
<td>$6,559</td>
</tr>
<tr>
<td>Medical Assistance (AV 100%)</td>
<td>$5,603</td>
<td>$5,656</td>
<td>$5,603</td>
<td>$6,559</td>
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<tr>
<td>MinnesotaCare (AV 94%)</td>
<td>$4,877</td>
<td>$440</td>
<td>$5,603</td>
<td>$6,559</td>
</tr>
<tr>
<td>High Risk Pool Coverage (projected) (AV 80%)</td>
<td>$4,361</td>
<td>$11,079</td>
<td>$9,467</td>
<td>$11,079</td>
</tr>
<tr>
<td>Medicare (AV 80%)</td>
<td>$1,806</td>
<td>$14,091</td>
<td>$2,818</td>
<td>$14,091</td>
</tr>
</tbody>
</table>

Notes: AV=Actuarial Value, the percent of health care costs the premiums are estimated to cover. Personal Out-of-Pocket spending is estimated based on the AV for each plan. Employer sponsored coverage based on average single premiums for Minnesota in 2018; premiums were estimated for 2019 using the average growth between 2016 and 2018. Individual Market is based on Benchmark Premiums for a 40-year old in Willmar, Minnesota, which is around the state average. High risk pool coverage is estimated by using 2012 monthly premiums and assessment amounts, and then using the average growth from 2010 through 2012 to estimate costs in 2019. Medical Assistance estimates are based on the cost of medical care for Families and Children and Adults with No Children – they do not include care for the elderly or people with disabilities; the cost for these populations averages $42,323 in 2019 because it includes Long Term Care services, such as home and community based waiver services and skilled nursing facilities.

Source: MDH Health Economics Program Analysis of Medical Expenditure Panel Survey – Insurance Component (MEPS-IC), Individual market premiums, and Minnesota Comprehensive Health Association (MCHA, Minnesota’s high risk pool that ended in 2014) Writing Carrier reports, CMS Medicare Reports and Minnesota Department of Human Services 2019 Forecast.
Spending Drivers: Level & Growth
Minnesota Health Care Spending is Concentrated (2014)

- Why is this important?
  - Changing the benefits of the lowest-cost individuals won’t affect spending
  - Many of the high-cost patients are patients w/persistently high need
  - Redesigning care for this population will be complex – they are not homogenous – and will require new models

Source: MDH Health Economics Program preliminary analysis of Minnesota All Payer Claims Database
Most health care spending is associated with hospital care.

There is a shift from inpatient to outpatient care.

Greatest concern:
- Trends in LTC
- Trends in Rx

Source: MDH/Health Economics Program, Minnesota Health Care Spending: 2017 Estimates and Ten-Year Projections, Forthcoming, data remains preliminary. May not total to 100% due to rounding.

1Includes home health care services; 2includes services provided by health practitioners who are not physicians or dentists; 3includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.
Health Care Is Labor Intensive: Jobs & Growth

Employment in Minnesota’s Health Care Sector (430,000) in 2018

- Hospitals, 30.0%
- Nursing and Residential Care Facilities, 25.9%
- Other Ambulatory Care, 10.5%
- Home Health Care Services, 6.0%
- Outpatient Care Centers, 2.7%
- Offices of Physicians, 17.1%
- Medical Equipment and Supplies Manufacturing, 3.7%

MN Growth in Employment: Health Care and All Other

Source: MDH/Health Economics Program analysis of DEED data.
Health Care Has Increasingly Become Capital Intensive

• U.S. health care is capital intensive:
  • Most projects are in urban areas
  • Two-thirds of spending commitments were for hospital renovation/replacement
  • Three projects were to upgrade/build birth centers
  • One project establishes a new cancer center

Source: MDH/Health Economics Program analysis of Capital Expenditure Reporting, as required under MN Statutes, Section 62J.17
Even in the comparatively competitive hospital market of the Twin Cities, there has been an increase in hospital market concentration nearing the 2,500 threshold experts observe enhanced market power.
Minnesota’s health insurance industry generated a cumulative $2.8 billion in net income over 13 years.

For Minnesota hospitals, net income for this period (not shown) was $12.9 billion.
• Despite the evidence about the importance of primary care, its share of total spending is vanishingly small

• Though primary care spending may not be a silver bullet, the focus on specialty care incentivizes higher-cost treatment

Specialty Care* Share of Commercial Spending, 2014

MDH/Health Economics Program preliminary analysis of the MN APCD, 2019; method adapted from Milbank Memorial Fund and RAND, using the most expansive set of provider specialties in the calculation of primary care spending estimates (PCP-C);
*includes spending for durable medical equipment, facility fees, prescription drugs and other "non-primary care" spending.
Drivers of Spending Growth, 2012 to 2014

• It is tempting to attribute spending growth with patients
• But: greater health care use plays a minor role in spending growth
• Three-quarter of spending increases are driven by prices

Source: MDH, Health Economics Program; Mathematica Policy Research, Cost Drivers Analysis for Privately Insured Health Care Services in Minnesota from 2012 to 2014. Excludes other professional and freestanding outpatient surgical centers.
Wasteful Health Care Spending

- Waste accounts for a substantial amount of spending (25 percent or greater)
- State of evidence to fully identifying and eliminating waste remains deficient
- Still ...

Closing Observations on Equity & Opportunities
What Makes Constraining Health Care Spending Difficult

Why the Resilience in the Face of Change?

• One person’s health expenditures are someone else’s income
• Savings are tough to earn/track – other payers, federal government, over the long-term
• Standard market principles don’t function well in health care – system is opaque
• Focus on medical care vs. health/ well-being – short-term vs. systemic/longer term

Considerations for Transformation (an Excerpt):

• No silver bullets appealing across the spectrum of perspectives
• Multiple initiatives aiming at “small targets” may be necessary
• Winners and losers
• Some upfront investments might be necessary
• Economy and other external factors may interfere and produce unintended consequences
• Some initiatives have worked

A focus on health care spending may not necessarily align or appear to conflict with other policy goals:

- Advancing health equity
- Addressing the increase in many chronic diseases across all age groups
- Ensuring access to timely, high quality of care

At the same time, we don’t have robust empirical evidence of relative contribution of the “drivers of health”

See also the RWJF funding project to improve the understanding of the role sociodemographic factors have in improving health. [https://driversofhealth.org/](https://driversofhealth.org/)
• Areas of Minnesota with high rates of diversity and poverty had two to three times the risk of health care amenable mortality than other regions

• Economic cost associated with the “additional lives lost” was $114 million per year

Source: Minnesota Department of Health analysis of Minnesota death records and US Census data from 2011 to 2015. Rates are directly standardized using the Minnesota statewide population.
Thank You!

Health Economics Program: [www.health.state.mn.us/healtheconomics](http://www.health.state.mn.us/healtheconomics)

MN All Payer Claims Data: [www.health.state.mn.us/data/apcd/publications.html](http://www.health.state.mn.us/data/apcd/publications.html)

Health Care Market Statistics: [www.health.state.mn.us/data/economics/chartbook/](http://www.health.state.mn.us/data/economics/chartbook/)

The Health Care Spending Dilemma (Video): [https://youtu.be/aitOKUtAgrs](https://youtu.be/aitOKUtAgrs)

Contact: Stefan.Gildemeister@state.mn.us/ 651.201.3550
Loss of hospital birth services in rural areas is related to increases in pre-term births and hospital births without obstetric services.

Between 2003 and 2018, nine more Minnesota counties lost hospital-based birth services.

Source: MDH/Health Economics Program analysis of Hospital Annual Reports
Overall Minnesota has the fewest physically unhealthy days across the United States – but this masks substantial disparities by income, education, and health insurance status.

* Indicates statistically significant differences at the 95% level from the statewide rate.

Note: For children, education refers to that of the parent. Source: Minnesota Health Access Surveys, 2017
Optimal Diabetes Care by Health Insurance Type, 2017

After years of measurement, reporting and clinical changes, the quality of care for many Minnesotans falls short of our expectations.

Minnesota’s ongoing discussions around the development of a “framework for better health” allows us to think beyond clinical care.

Source: MDH Health Economics Program analysis of Quality Reporting System data.
Chronic Disease Trends in Minnesota

- The pressure from chronic disease for MN is two-fold:
  - Demographic change means more people are at an age where they will have some chronic diseases
  - The rates of prevalence across all age groups is rising
- Increasing efficiency and effectiveness of clinical care alone will not be enough

Growth in Disease Prevalence, 2009 to 2015

Facilitated Discussion
• Medical Assistance (MA) is Minnesota’s Medicaid program for people with low income.

• Joint state and federal program: Federal Financial Participation

• Basic care services: Families with Children, Elderly and Disabled, and Adults without Children

• Long-Term Services & Supports (LTSS): Facilities, Waivers, & Home Care

• Managed care and Fee-for-Service delivery systems

• Covers federally-mandated services and many optional services

• Approximately 1.1 million enrollment; total cost of $12.3 billion (all funds) in FY 2019

• Average monthly cost per enrollee $939
• MinnesotaCare is a health care program for Minnesotans with low incomes

• Minnesota’s Basic Health Plan; federal subsidies equivalent to 95% of tax credits and subsidies in individual market. Covers 87% of expenditures

• Enrollee premiums cover 8% of expenditures

• State funded with Health Care Access Fund. Covers 5% of expenditures

• Total enrollment of 83,000; Total expenditures of $459 million in FY 2019

• Average monthly cost of $460 in FY 2019
The Minnesota Family Investment Program (MFIP) is the state's welfare reform program. It helps families and pregnant women who have low income go to work and move toward financial stability. The program provides employment services and income assistance.

- Funded with federal Temporary Assistance for Needy Families (TANF) block grant and state funds

- Served 30,000 families at a cost of $276 million (70% federal and 30% state) in FY 2019

- Average monthly payment per family is $771
• **General Assistance** is a state-funded economic assistance program. Maximum monthly benefit of $203. Average monthly enrollment of 23,000 and total expenditures of $49 million in FY 2019

• **Minnesota Supplemental Aid (MSA)** provides state-funded cash assistance to help adults who get Supplemental Security Income (SSI) (and some who do not get SSI because their incomes are too high) pay for their basic needs. Average monthly enrollment of 31,800 and monthly benefit of $108 in FY 2019. Total expenditures of $41 million in FY 2019.
• The **Housing Support** program pays for room and board for seniors and adults with disabilities who have low incomes. The program aims to reduce and prevent people from living in institutions or becoming homeless. Average of 20,500 recipients per month at an average cost of $681 per month. Total state expenditures of $168 million in FY 2019.

• **Chemical Dependency Treatment** services are funded in residential and non-residential settings, using state, federal and local funds. Total expenditures of $224 million in FY 2019.
• **Child Care Assistance Programs** can help families pay for child care while they look for work, go to work, or attend training or school to prepare for work. These are funded with state and federal dollars. Supported 16,000 families with total expenditures of $269 million in FY 2019.

• **NorthStar** care provides state, local and federally-funded financial support for children to eligible families in cases of foster care, adoption and kinship care. There were 18,600 children for which assistance was provided in FY 2019 at an average monthly cost of $948 and total expenditures of $212 million.
Who We Serve
Who we serve: by the numbers FY 2019

- **1,095,907** Medicaid average monthly eligible
- **83,250** MinnesotaCare average monthly enrollees
- **14,146** Nursing facilities average monthly recipients
- **69,577** Home and Community-Based Services (HCBS) waivers and home care average monthly recipients
- **85,424** MFIP average monthly persons
- **16,033** Child care (MFIP/BSF) average monthly families
- **350,000** Background studies conducted in calendar year
- **429,000** SNAP recipients (average monthly for FY2017)
MA Enrollment Distribution (FY 2018)

<table>
<thead>
<tr>
<th>Region</th>
<th>MA Participants</th>
<th>Percentage of Population on MA</th>
<th>Percentage of Total MA Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-County Metro</td>
<td>600,145</td>
<td>19.2%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Central</td>
<td>136,104</td>
<td>18.9%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Northeast</td>
<td>71,680</td>
<td>21.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Northwest</td>
<td>135,893</td>
<td>23.8%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Southeast</td>
<td>92,511</td>
<td>18.0%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Southwest</td>
<td>81,819</td>
<td>20.3%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1,118,152</td>
<td>19.8%</td>
<td>100.0%</td>
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Medical Assistance Enrollment

Average Monthly Enrollment

- Older Adults & People with Disabilities
- Adults without Kids
- Families with Children

2019 End of Session Forecast
Minnesota Population Trends

Source: Minnesota State Demographic Center, December 2017
## Medical Assistance Demographics: Race/Ethnicity

<table>
<thead>
<tr>
<th>Overall Population</th>
<th>Race</th>
<th>MA Participants</th>
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<tbody>
<tr>
<td>6.6%</td>
<td>African American/Black</td>
<td>13.8%</td>
</tr>
<tr>
<td>1.1%</td>
<td>American Indian</td>
<td>2.8%</td>
</tr>
<tr>
<td>5.1%</td>
<td>Asian or Pacific Islander</td>
<td>5.4%</td>
</tr>
<tr>
<td>5.5%</td>
<td>Hispanic</td>
<td>4.2%</td>
</tr>
<tr>
<td>79.5%</td>
<td>White</td>
<td>43.1%</td>
</tr>
<tr>
<td>2.3%</td>
<td>Two or more races</td>
<td>3.2%</td>
</tr>
<tr>
<td>0.0%</td>
<td>Unknown</td>
<td>27.6%</td>
</tr>
</tbody>
</table>
2018-2019 biennium – All funds enacted budget

Data from MMB 2018 Enacted Budget (November 2018)

TOTAL STATE ESTIMATED EXPENDITURES: $84.1B
2018-2019 biennium – General Fund enacted budget

Data from MMB 2018 Enacted Budget (November, 2018)

TOTAL STATE ESTIMATED EXPENDITURES: $45.9B
DHS Expenditures by Activity

FY2019* SPENDING BY ACTIVITY
$18.277B – ALL FUNDS

- Forecasted programs: 77%
- Grant programs: 7%
- Technical activities: 5%
- Fiduciary activities: 4%
- Policy: 3%
- Direct Care and Treatment: 3%

*Budgeted
FY2019* SPENDING BY FUND (in thousands)

$18.277B – ALL FUNDS

Federal: $9,337,838
General Fund: $6,358,123
Special Revenue Funds: $793,596
Child Support Enf: $658,280
Health Care Access Fund: $514,846
Other: $357,017
Federal TANF: $257,609

* Budgeted

Minnesota Department of Human Services | mn.gov/dhs
Total DHS Expenditures Trends—All Funds

TOTAL EXPENDITURES OVER TIME (IN THOUSANDS)

FY 2013: $12,938,130
FY 2014: $13,995,444
FY 2015: $15,449,836
FY 2016: $16,149,254
FY 2017: $15,884,598
FY 2018: $17,817,008
FY 2019: $18,277,309

FY 2019 figure is budgeted
Expenditure Trends over Time, by Fund

TOTAL DHS EXPENDITURES
FEDERAL AND NON-FEDERAL FUNDS (IN THOUSANDS)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>General Fund</td>
<td>Total Federal Funds</td>
<td>Total Other Funds</td>
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<tr>
<td>$6,358,442</td>
<td>$1,559,197</td>
<td>$5,817,629</td>
<td>$1,744,329</td>
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<td>$5,020,491</td>
<td>$1,744,329</td>
<td>$5,450,031</td>
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<td>$8,167,960</td>
<td>$8,658,804</td>
<td>$8,350,626</td>
<td>$9,773,384</td>
<td>$2,571,348</td>
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<td>$8,000,000</td>
<td>$10,000,000</td>
<td>$12,000,000</td>
<td>$14,000,000</td>
<td>$16,000,000</td>
<td>$18,000,000</td>
<td>$20,000,000</td>
</tr>
</tbody>
</table>

* Budgeted

Minnesota Department of Human Services | mn.gov/dhs
DHS Grant Expenditures Over Time

TOTAL EXPENDITURES BY FISCAL YEAR (IN THOUSANDS)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Fund</th>
<th>Federal and Other</th>
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<tbody>
<tr>
<td>FY 2013</td>
<td>$315,907</td>
<td>$937,888</td>
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<tr>
<td>FY 2014</td>
<td>$330,363</td>
<td>$910,112</td>
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<td>FY 2015</td>
<td>$319,786</td>
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<td>FY 2016</td>
<td>$365,852</td>
<td>$732,392</td>
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<td>FY 2017</td>
<td>$365,510</td>
<td>$782,074</td>
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<td>FY 2018</td>
<td>$375,892</td>
<td>$765,217</td>
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<tr>
<td>FY 2019*</td>
<td>$401,690</td>
<td>$946,984</td>
</tr>
</tbody>
</table>

* Budgeted

Minnesota Department of Human Services | mn.gov/dhs 66
DHS Non-Forecast Spending
Projected Grant Expenditures in FY 2019

GRANT EXPENDITURES BY PROGRAM AREA
TOTAL EXPENDITURES (ALL FUNDS): $1.35 BILLION

- Nutrition and Housing: $531,091
- Behavioral Health: $163,698
- Children and Community: $152,599
- Child Care: $130,638
- Employment Services: $114,226
- Health Care: $98,866
- Disabilities Grants: $84,706
- Aging and Long-Term Care: $66,210
- Refugee Services: $6,640

10/10/2019
Minnesota Department of Human Services | mn.gov/dhs
FORECASTED PROGRAMS
### DHS Forecasted Programs Projected Expenditures in FY19

#### PERCENT OF TOTAL FORECASTED PROGRAMS ($14.038B, ALL FUNDS)

<table>
<thead>
<tr>
<th>Program</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA - Long Term Care and HCBS Services</td>
<td>34.06%</td>
</tr>
<tr>
<td>MA - Families with Children</td>
<td>21.42%</td>
</tr>
<tr>
<td>MA - Elderly and Disabled Basic Care</td>
<td>20.02%</td>
</tr>
<tr>
<td>MA - Adults with No Children</td>
<td>13.03%</td>
</tr>
<tr>
<td>MinnesotaCare</td>
<td>3.29%</td>
</tr>
<tr>
<td>MFIP Grants and TY Child Care</td>
<td>3.18%</td>
</tr>
<tr>
<td>Chemical Dependency</td>
<td>1.61%</td>
</tr>
<tr>
<td>Northstar Care</td>
<td>1.52%</td>
</tr>
<tr>
<td>Housing Support</td>
<td>1.20%</td>
</tr>
<tr>
<td>Other General Fund</td>
<td>0.65%</td>
</tr>
</tbody>
</table>

10/10/2019  
Minnesota Department of Human Services | mn.gov/dhs
Average Federal Match – FY19

- **Adults without Kids**: 93%
- **Older Adults & People with Disabilities**: 50%
- **Families & Children**: 50%

Federal Match
Medical Assistance Spending in FY19—State Funds Only

- **Total expenditures (state) = $5.4 billion**
  - **$4.0B** (Adults w/o children)
  - **$1.3B** (Children & families)
  - **$0.1B** (Older Adults & People with Disabilities (incl. LTSS))

**Average monthly enrollees**
- **714,779**
  - **203,142**
  - **177,987**
  - **177,987**

10/10/2019

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Total Annual Cost for MA ($000’s)

Cost by Eligibility Category—All Funds


LTC Waivers

$924,087

$2,852,531

$3,795,952

$4,892,008

E&D Basic

$1,694,520

$2,343,980

$3,734,184

Adult Basic

$1,000,000

$2,797,274

$3,795,952

$2,263,296

Families Basic

$1,464,857

$2,343,980

$3,734,184

LTC Facilities

$1,464,857

$2,343,980

$3,734,184

10/10/2019

Minnesota Department of Human Services | mn.gov/dhs
### Average Monthly MA Enrollment

**Enrollment by Eligibility Category**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LTC Waivers</td>
<td>193,302</td>
<td>196,884</td>
<td>199,020</td>
<td>196,884</td>
<td>199,020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Families Basic</td>
<td>677,188</td>
<td>714,774</td>
<td>714,774</td>
<td>714,774</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E&amp;D Basic</td>
<td>179,329</td>
<td>16,761</td>
<td>19,302</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Basic</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTC Facilities</td>
<td>14,893</td>
<td>85,538</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FY 2019**

- LTC Waivers: 193,302
- Families Basic: 677,188
- E&D Basic: 179,329
- Adult Basic: 0
- LTC Facilities: 14,893

**FY 2020**

- LTC Waivers: 196,884
- Families Basic: 714,774
- E&D Basic: 16,761
- Adult Basic: 0
- LTC Facilities: 85,538

**FY 2021**

- LTC Waivers: 199,020
- Families Basic: 714,774
- E&D Basic: 19,302
- Adult Basic: 0
- LTC Facilities: 100,000

**FY 2022**

- LTC Waivers: 196,884
- Families Basic: 714,774
- E&D Basic: 20,000
- Adult Basic: 0
- LTC Facilities: 100,000

**FY 2023**

- LTC Waivers: 199,020
- Families Basic: 714,774
- E&D Basic: 20,000
- Adult Basic: 0
- LTC Facilities: 100,000
MinnesotaCare Expenditure Trends

EXPENDITURES OVER TIME, ALL FUNDS (IN THOUSANDS)


* Projected

Premium Revenue
Federal Share
State Share

Minnesota Department of Human Services | mn.gov/dhs

$0 $100,000 $200,000 $300,000 $400,000 $500,000 $600,000 $700,000

$500,000 $400,000 $300,000 $200,000 $100,000
EXPENDITURES OVER TIME, BY PROGRAM
ALL FUNDS (IN THOUSANDS)

* Projected

MN.gov/DHS
Consolidated Chemical Dependency Treatment Fund
Expenditure Trends

EXPENDITURES OVER TIME, ALL FUNDS (IN THOUSANDS)

2015: $169,583
2016: $159,612
2017: $186,287
2018: $211,926
2019*: $224,384
2020*: $236,318
2021*: $272,316
2022*: $282,091
2023*: $279,987

10/10/2019 Minnesota Department of Human Services | mn.gov/dhs 78
Where is the growth?
MA LTSS Total Spending ($000’s): Facilities vs HCBS

Source: 2019 End of Session Forecast
MA Long-Term Services and Supports (LTSS) Average Monthly Enrollment: Facilities vs HCBS

Source: 2019 End of Session Forecast

2023, 85,538
2023, 14,893
1990, 8,452
1990, 33,328
MA LTSS Average Monthly Cost: Facilities vs HCBS

Source: 2019 End of Session Forecast
<table>
<thead>
<tr>
<th>Program</th>
<th>Average Monthly Enrollment</th>
<th>Average Monthly Cost</th>
<th>Total Spending</th>
<th>FY18-FY23 Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Facilities</td>
<td>14,146</td>
<td>$6,087</td>
<td>$1.0 billion</td>
<td>7.3%</td>
</tr>
<tr>
<td>DD Waiver</td>
<td>19,676</td>
<td>$6,432</td>
<td>$1.5 billion</td>
<td>6.4%</td>
</tr>
<tr>
<td>CADI Waiver</td>
<td>26,888</td>
<td>$3,235</td>
<td>$1.0 billion</td>
<td>9.6%</td>
</tr>
<tr>
<td>Elderly Waiver (FFS+MC)</td>
<td>26,205</td>
<td>$1,421</td>
<td>$447 million</td>
<td>7.0%</td>
</tr>
<tr>
<td>Personal Care Assistance (FFS+MC)</td>
<td>36,968</td>
<td>$2,336</td>
<td>$1.0 billion</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

Source: 2019 End of Session Forecast
Alex Kotze, CFO

Alexandra.Kotze@state.mn.us

Dave Greeman, Budget Director

Dave.Greeman@state.mn.us
Facilitated Discussion
Blue Ribbon Commission Meeting 3
Thursday, Oct. 24, 2019
1:00 pm – 4:00 pm
Spirit Mountain; Moosehead Room
9500 Spirit Mountain Place
Duluth, MN  55810