DHS-7814F-ENG 02-21

February 2021 Forecast

Executive Summary and Trend Data

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Feb. 26, 2021

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Executive summary

The Minnesota Department of Human Services prepares a forecast of its expenditures in major programs twice annually. Forecasted programs include Medical Assistance (MA), MinnesotaCare, Minnesota Family Investment Program (MFIP), Child Care Assistance and others as described in the pages that follow. Projected expenditures are used in statewide budget forecasts that Minnesota Management and Budget releases in November and February each year. These forecasts are used to update fund balances and provide financial information to the Governor and the legislature as they work together to set budgets.

All February 2021 forecast highlights in this document represent changes from the November 2020 forecast.

Who it serves

- Over 1.4 million people a year are served through DHS forecasted programs

How much it costs

- $15.0 billion total spending in DHS forecasted programs
- $6.0 billion state spending in DHS forecasted programs

Data for FY2020

February 2021 forecast highlights

General Fund (GF)

Changes from the November 2020 forecast

- Decrease of $53.8 million in 2020-2021 biennium (-0.5%)
- Decrease of $256.9 million in 2022-2023 biennium (-1.8%)
- Increase of $81.9 million in 2024-2025 biennium (+0.5%)
- Overall decrease of $228.8 million across the entire forecast horizon

Health Care Access Fund (HCAF)

Changes from the November 2020 forecast

- Increase of $2.0 million in 2020-2021 biennium (+0.2%)
- Increase of $16.4 million in 2022-2023 biennium (+1.0%)
- Decrease of $19.2 million in 2024-2025 biennium (-1.2%)
- Overall decrease of $0.8 million across the entire forecast horizon

Reasons: The February forecast produces a projected General Fund reduction in both the 2020-2021 and 2022-2023 biennia and a General Fund increase in the 2024-2025 biennium. The reductions in the 2020-2021 and 2022-2023 biennia are primarily due to lower child-care utilization and a six-month extension of the federal Public Health Emergency (PHE), respectively. The increase in the 2024-2025 biennium is the result of higher projected costs in the MA disability waivers and higher MA enrollment of families and childless adults.

The General Fund forecast reduction in the 2020-2021 biennium is primarily the result of two changes in the Child Care Assistance program. The first is an 18% caseload decline due to lower than expected utilization during the COVID pandemic, and the second is an upward technical adjustment in federal share providing corresponding General Fund savings. Together, these Child Care Assistance forecast changes explain about 65% of the overall General Fund reduction in the 2020-2021 biennium. The remaining forecast reductions in the 2020-2021 biennium are the result of lower-than-expected caseload and average cost for MA nursing facilities.

The General Fund forecast reduction in the 2022-2023 biennium is exclusively the result of an extension in the federal Public Health Emergency (PHE) from July through December 2021. The projected PHE extension is based on a recent letter from the Acting Secretary of Health and Human Services to Governors, which stated that the PHE "will likely remain in place for the entirety of 2021." This PHE extension provides additional federal funding through a 6.2 percentage point increase in the state's Federal Medical Assistance

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Percentage (FMAP), which directly replaces General Fund expenditures. These state savings are partially offset by the cost of continuous coverage policies, enacted through Executive Order authority, which are required to claim the additional federal funds. The enhanced federal share results in $474 million in projected General Fund savings for this six-month PHE extension period. The administrative changes to comply with this federal Maintenance of Effort (MOE) requirement have a projected cost of about $162 million, all accruing in the 2022-2023 biennium. Overall, the six-month PHE extension results in a projected net General Fund reduction of $312 million in the 2022-2023 biennium.

The General Fund forecast increase in the 2024-2025 biennium is the result of upward adjustments in MA disability waivers and MA enrollment. The February forecast includes average cost increases of about 2.5% in the MA disability waivers relative to the November forecast. Recent data shows average payments exceeding prior projections across all four of the disability waiver programs, with the lowest increase in the Developmental Disability (DD) waiver and the largest increase in the Community Access for Disability Inclusion (CADI) waiver. The February forecast also includes higher enrollment of MA Adults without Children and Families with Children. Actual enrollment data from the past three months are higher than prior projections resulting in an upward base adjustment for these two populations. Higher average cost in MA disability waivers results in a projected forecast increase of $109 million in the 2024-2025 biennium. Higher MA enrollment results in a projected forecast increase of $89 million in the 2024-2025 biennium.

The February forecast HCAF changes in the 2022-2023 and 2024-2025 biennia result from two offsetting changes within the Basic Health Program (BHP). The first is a case mix adjustment due to the identification of a systems defect, which produces HCAF savings in each year of the forecast. Conversely, a reduction in federal funding due to a timing adjustment for future federal BHP reconciliation leads to greater HCAF costs in each fiscal year through FY 2024. This loss of federal funding more than offsets savings from the case mix adjustment producing a net cost in the 2022-2023 biennium. However, given that there is no added BHP reconciliation cost in FY 2025, these two adjustments produce a net savings in the 2024-2025 biennium.

Summary of forecast changes

The following is a list of the large and/or noteworthy changes in this forecast. Further detail for each change can be found on the specific budget activity pages noted below.

Forecast Decreases:

- Extension of the Public Health Emergency (PHE) from July through December 2021. (All MA budget activity pages; Chemical Dependency Treatment Fund; Northstar Care)
- Low utilization of child-care services. (Child Care Assistance Program)
- Lower caseload and average cost in MA nursing facilities. (Medical Assistance Long-Term Care: Facilities)
- BHP case mix adjustment due to identifying a systems defect. (MinnesotaCare)

Forecast Increases:

- Disability waiver average cost increases. (MA Long-Term Care: Waivers and Home Care)
- Enrollment increases for MA families and MA adults without children. (MA Basic Care: Adults without Children; MA Basic Care: Families with Children)
- Updated timing for future federal BHP reconciliation. (MinnesotaCare)

FY2022 and FY2023 Forecasted Expenditures

	FY 2022		FY 2023	
Program	**Total Dollars**	**State Share**	**Total Dollars**	**State Share**
Medical Assistance (MA)	16,490,033,570	6,380,614,985	16,515,622,957	6,913,395,589
LTC Facilities	1,304,457,806	575,633,546	1,379,868,019	645,747,687
LTC Waivers	4,881,247,851	2,250,951,767	5,247,353,265	2,527,896,033
Elderly and Disabled Basic Care[1]	3,528,398,983	1,616,997,952	3,640,320,537	1,798,256,130
Adults without Children Basic Care	2,852,954,620	286,947,058	2,563,095,639	257,603,604
Families with Children Basic Care[2]	3,922,974,311	1,650,084,662	3,684,985,497	1,683,892,136
MinnesotaCare	614,585,402	207,379,948	597,847,561	187,159,124
Chemical Dependency Treatment Fund	185,552,384	96,214,496	235,416,300	119,849,386
Minnesota Family Investment Program (MFIP)[3]	329,891,071	96,987,716	303,871,680	93,702,923
MFIP/TY Child Care Assistance	205,898,238	103,588,719	212,330,395	110,618,876
Northstar Care for Children	267,871,251	107,034,421	289,540,592	121,246,304
General Assistance	53,599,952	53,599,952	52,819,271	52,819,271
Housing Support	185,167,793	183,167,793	191,621,895	189,621,895
Minnesota Supplemental Aid	51,800,878	51,800,878	52,515,278	52,515,278
Total	18,384,400,540	7,280,388,907	18,451,585,928	7,840,928,648

1 Includes Elderly Waiver managed care

2 Includes family planning, breast and cervical cancer coverage, pharmacy rebates, special funding items and adjustments

3 Includes cash and food assistance

Medical Assistance

Medical Assistance (MA), Minnesota's Medicaid program, provides preventive and primary health care coverage for low-income Minnesotans. MA has lower income eligibility guidelines and has no premiums, which differentiates it from the state's other health care program, MinnesotaCare. Additionally, MA can pay for nursing facility care for older adults and intermediate care facilities for people with developmental disabilities. It can also cover long-term care services and supports for people with disabilities and older adults so that they can continue living in the community.

Minnesota receives federal matching funds for MA. By accepting matching funds, states are subject to federal Medicaid regulations. States have some flexibility in determining what services are covered, what groups are covered and payment rates to providers. The Minnesota Department of Human Services partners with all 87 Minnesota counties to administer the MA program and contracts with health plans and health care providers across the state to deliver basic health care to MA enrollees.

Medical Assistance is forecasted in five segments: Long-Term Care Facilities, Long-Term Care Waivers, Elderly and Disabled Basic Care, Adults without Children Basic Care and Families with Children Basic Care. Each of these segments is discussed in the following pages.

Who it serves

- 1.1 million average monthly enrollees

How much it costs

- $13.4 billion total spending
- $5.3 billion state funds

Data for FY2020

February 2021 forecast highlights

General Fund

Changes from the November 2020 forecast

- Decrease of $28.6 million in 2020-2021 biennium (-0.3%)
- Decrease of $240.2 million in 2022-2023 biennium (-1.7%)
- Increase of $81.3 million in 2024-2025 biennium (+0.5%)

Health Care Access Fund

Changes from the November 2020 forecast

- There are no changes to the HCAF share of MA in the February forecast.

Reasons: The February forecast produces MA General Fund reductions in both the 2020-2021 and 2022-2023 biennia and an MA General Fund increase in the 2024-2025 biennium.

The MA forecast reduction in the 2020-2021 biennium is primarily due to lower caseload and average cost for nursing facilities. The main adjustment in the MA Nursing Facility forecast is a lower trend in the average payment projections. This lower trend is the result of forecast adjustments based on the state's Value Based Reimbursement (VBR) rate setting system. Under this system, most of the trend in nursing facility average payments is determined by increases in facilities' reported operating costs. The result of these forecast adjustments is a projected CY 2021 operating rate increase of 5.8%, down from 6.6% in the November forecast. Further decreases in the MA Nursing Facility forecast result from the recipient forecast, which is adjusted downward 1.0% due to updated actual data.

The MA forecast reduction in the 2022-2023 biennium is due to a six-month extension of the PHE from July through December 2021. The projected PHE extension is based on a recent letter from the Acting Secretary of Health and Human Services to Governors, which stated that the PHE "will likely remain in place for the entirety of 2021." This PHE extension provides additional federal funding through a 6.2 percentage point increase in the state's FMAP, which directly replaces General Fund expenditures. These state savings

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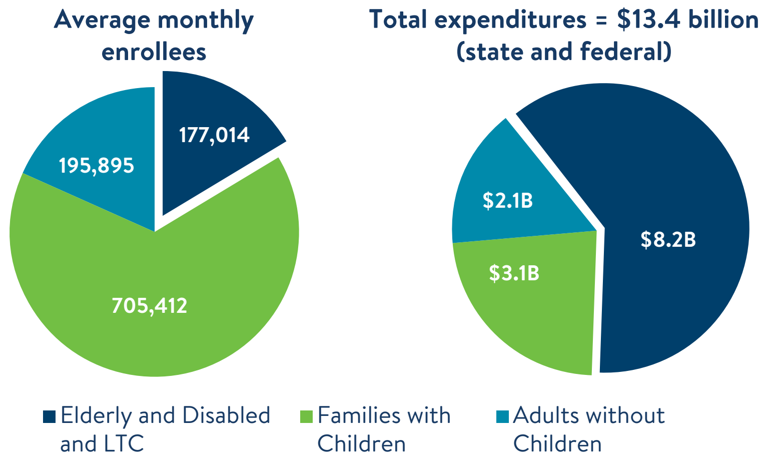
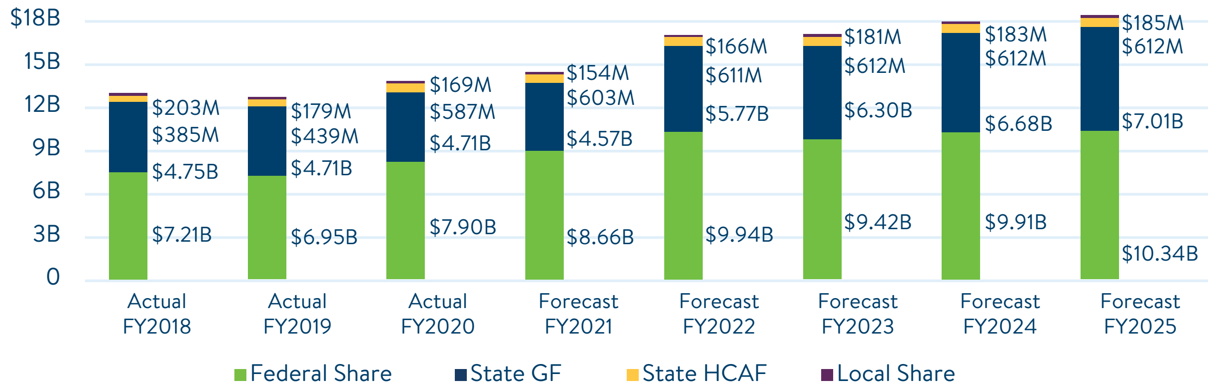
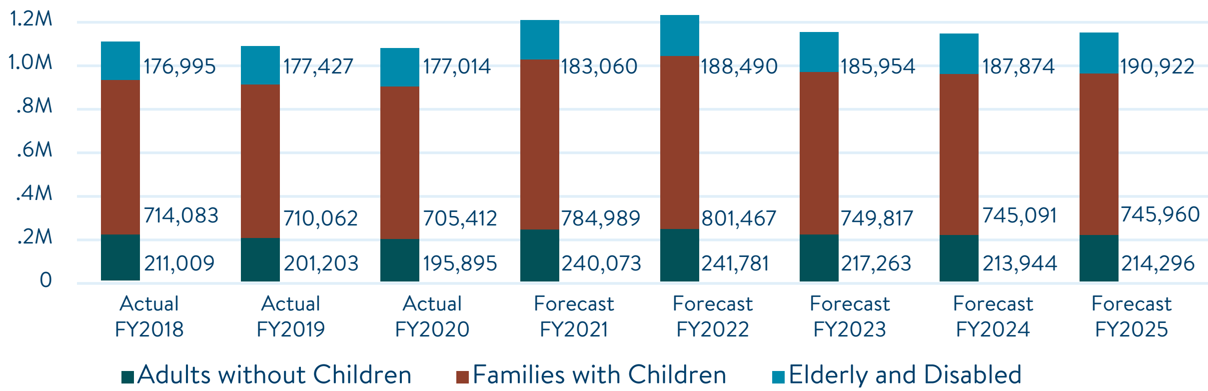
are partially offset by the cost of continuous coverage policies, enacted through Executive Order authority, which are required to claim the additional federal funds. The enhanced federal share results in about $467 million in projected MA savings for this six-month PHE extension period. The administrative changes to comply with this federal MOE requirement have a projected cost of about $162 million in the 2022-2023 biennium. In MA, then, the six-month PHE extension results in a net General Fund reduction of $305 million in the 2022-2023 biennium.

The MA forecast increase in the 2024-2025 biennium is the result of upward adjustments in disability waivers and enrollment. The February forecast includes projected average cost increases of about 2.5% in the MA disability waivers. This increase is based on updated recent data showing average payments exceeding prior projections across all four of the disability waiver programs, with the lowest increase in the Developmental Disability (DD) waiver and the largest increase in the Community Access for Disability Inclusion (CADI) waiver. The February forecast also includes higher enrollment of MA Adults without Children and Families with Children. Updated actual enrollment data from the past three months are higher than prior projections resulting in an upward base adjustment for these two populations. Higher average cost in MA disability waivers results in a projected forecast increase of $27 million in the 2020-2021 biennium, $92 million in the 2022-2023 biennium and $109 million in the 2024-2025 biennium. Higher MA enrollment results in a projected forecast increase of $20 million in the 2020-2021 biennium, $78 million in the 2022-2023 biennium and $89 million in the 2024-2025 biennium.




Total MA expenditures by fund
$18B
15B
12B
9B
6B
3B
0
$203M
$385M
$4.75B
$7.21B
$179M
$439M
$4.71B
$6.95B
$169M
$587M
$4.71B
$7.90B
$154M
$603M
$4.57B
$8.66B
$166M
$611M
$5.77B
$9.94B
$181M
$612M
$6.30B
$9.42B
$183M
$612M
$6.68B
$9.91B
$185M
$612M
$7.01B
$10.34B
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
Federal Share
State GF
State HCAF
Local Share


MA enrollment by eligibility category
1.2M
1.0M
.8M
.6M
.4M
.2M
0
176,995
714,083
211,009
177,427
710,062
201,203
177,014
705,412
195,895
183,060
784,989
240,073
188,490
801,467
241,781
185,954
749,817
217,263
187,874
745,091
213,944
190,922
745,960
214,296
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
Adults without Children
Families with Children
Elderly and Disabled

Historical Table

	Medical Assistance Program: Total Expenditures (All Funds)	
FY	Total $	% Change
2010	$7,235,667,652	
2011	7,530,059,117	4.07%
2012	8,241,120,196	9.44%
2013	8,045,603,494	(2.37%)
2014	9,265,114,945	15.16%
2015	10,584,571,411	14.24%
2016	11,225,214,682	6.05%
2017	10,888,487,327	(3.00%)
2018	12,548,729,798	15.25%
2019	12,280,201,965	(2.14%)
2020	13,368,736,350	8.86%
2021*	13,981,775,122	4.59%
2022*	16,490,033,570	17.94%
2023*	16,515,622,957	0.16%
2024*	17,379,281,956	5.23%
2025*	18,143,323,124	4.40%
Avg. Annual Increase 2010-2020		6.04%

**Projected*

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Long-Term Care:

Facilities

Medical Assistance pays for long-term care services for people who live in facilities that provide 24-hour care and supervision. Nursing facilities across Minnesota provide all-inclusive packages of services including nursing care, help with activities of daily living, medication administration, meals and housing. Care provided under this segment of MA also includes intermediate care facilities and day training and habilitation for people with developmental disabilities.

Alternative Care

The Alternative Care (AC) waiver provides home and community based services for people age 65 and older at risk of Nursing Facility placement who do not currently meet financial eligibility requirements for MA, but would be expected to spend down to MA eligibility within 135 days after entering a Nursing Facility. The state share of AC is financed through a fixed appropriation with unspent funds canceling to MA.

Who it serves

- 15,000 average monthly recipients

How much it costs

- $1.2 billion total spending
- $528 million state funds

Data for FY2020

February 2021 forecast highlights

General Fund

Changes from the November 2020 forecast

- Decrease of $29.2 million in 2020-2021 biennium (-3.0%)
- Decrease of $87.3 million in 2022-2023 biennium (-6.9%)
- Decrease of $82.0 million in 2024-2025 biennium (-5.9%)

Reasons: The main adjustment in this segment of the forecast is a lower trend in the nursing facility average payment forecast. Under the state's Value Based Reimbursement (VBR) rate setting system, most of the trend in nursing facility average payments is determined by increases in facilities' reported operating costs. While costs are increasing, updated cost report information for the most recently submitted year shows that the statewide average rate of increase is lower than initially estimated. This directly reduces the statewide average CY 2021 operating rate increase. In addition, this forecast builds in a further decrease to estimate a final CY 2021 statewide average operating rate, recognizing that the past few years of rate setting under VBR has shown continued cost report downward adjustments made throughout the year. The result of these adjustments is a forecasted CY 2021 operating rate increase of 5.8%, down from 6.6% in the November forecast. Because under the VBR system current rate increases are expected to feed into cost increases which will result in future rate increases, this decrease in the expected CY2021 rate increase results in lower future rate increases as well, reducing the trend in the nursing facility average payment forecast. Compared to the previous forecast, there is a 2.7% average payment decrease in the 2022-2023 biennium and a 4.8% decrease in the 2024-2025 biennium.

Further decreases in the forecast result from the nursing facility recipient forecast, which is adjusted downward 1.0% due to recent data. Intermediate Care Facilities (ICF)'s caseloads are also adjusted downward about 2.8% due to recent data. Increased federal funding from enhanced FMAP during the PHE extension results in further decreases in the General Fund forecast in the 2022-2023 biennium. Extending the PHE accounts for $37 million (43%) of the overall MA facilities forecast reduction in the 2022-2023 biennium.

Medical Assistance Long-Term Care:
Waivers and Home Care

Medical Assistance also pays for people to receive long-term care waivers, long-term care services and supports, or home care services in their homes and communities. Long-Term Care waivers, also known as Home and Community-Based Services (HCBS) waivers, are an alternative for people who need long-term care services but who do not choose to live in a nursing facility, intermediate care facility or hospital. The federal government allows states to apply for long-term care waivers, which provide a variety of services that help people live in the community instead of in a facility or institution. Waivers include the Elderly Waiver (EW) and the four disability waivers: Developmental Disabilities (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC) and Brain Injury (BI). Care provided under this segment of MA also includes Personal Care Assistance (PCA), Home Care Nursing, Housing Stabilization Services and Home Health Agency.

Who it serves

- 74,700 average monthly recipients

How much it costs

- $4.0 billion total spending
- $1.9 billion state funds

Data for FY2020

February 2021 forecast highlights

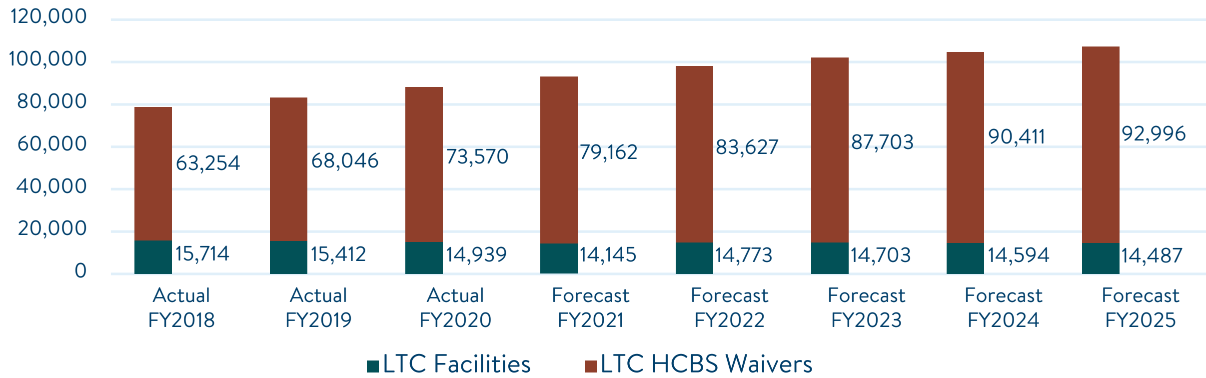
General Fund

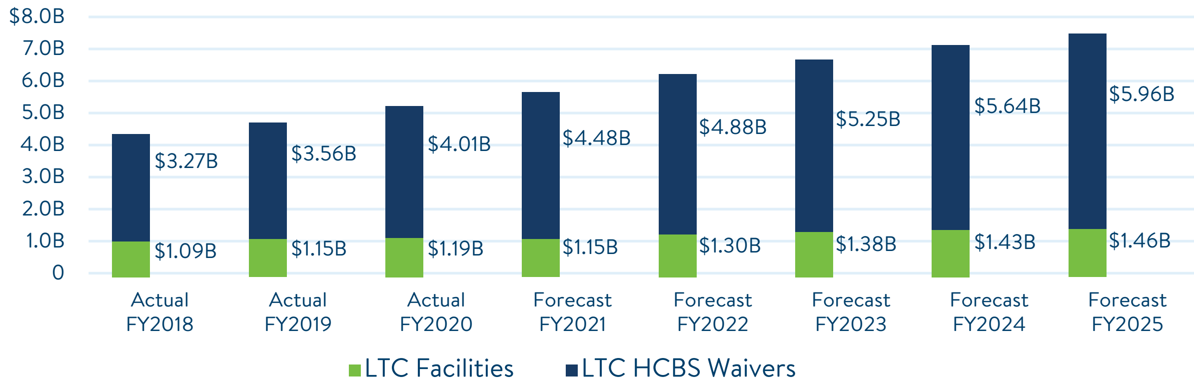
Changes from the November 2020 forecast

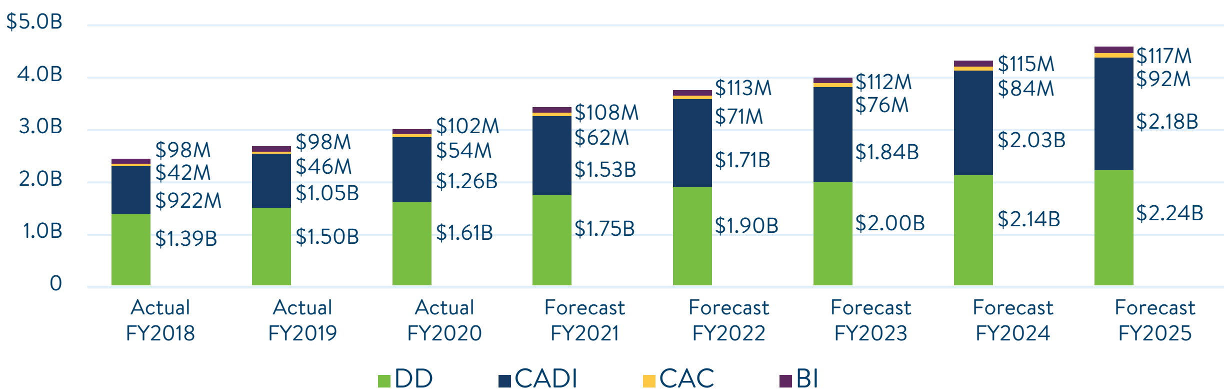
- Increase of $7.0 million in 2020-2021 biennium (+0.2%)
- Decrease of $33.1 million in 2022-2023 biennium (-0.7%)
- Increase of $80.8 million in 2024-2025 biennium (+1.5%)

Reasons: Extending the PHE results in a $114 million forecast reduction in MA Waivers and Home Care, driving the forecast decrease in the 2022-2023 biennium. This offsets a 1.7% increase to the base forecast in the 2022-2023 biennium and a 1.5% increase in the 2024-2025 biennium. Projected average payment increases of about 2.5% in the disability waivers drive the forecast increase. This increase is based on recent data showing average payments exceeding forecasts across all four of the disability waiver programs. Adjusting the average payment base for the data, the payment increase is lowest in the Developmental Disability (DD) waiver (1.3%) and highest in the Community Access for Disability Inclusion (CADI) waiver (3.8%).

Offsetting these increases, the Personal Care Assistance (PCA) forecast is decreased about 4.0% due to base adjustments in both the recipient and average payment forecasts based on recent data. Community First Services and Supports (CFSS) will replace PCA in the 2022-2023 biennium, which will allow for a large portion of these services to receive an additional 6% federal share. The February forecast recognizes an expected three-month delay in implementation, resulting in an estimated $16 million increase in state cost in the 2022-2023 biennium. Most of this cost ($10 million) is in the Long-Term Care: Waivers and Home Care budget activity, with the remainder in Basic Care: Elderly and Disabled.


Long-term care facilities and waivers: Average monthly recipients
120,000
100,000
80,000
60,000
40,000
20,000
0
63,254
68,046
73,570
79,162
83,627
87,703
90,411
92,996
15,714
15,412
14,939
14,145
14,773
14,703
14,594
14,487
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
LTC Facilities
LTC HCBS Waivers


Long-term care facilities and waivers expenditures — all funds
$8.0B
7.0B
6.0B
5.0B
4.0B
3.0B
2.0B
1.0B
0
$3.27B
$3.56B
$4.01B
$4.48B
$4.88B
$5.25B
$5.64B
$5.96B
$1.09B
$1.15B
$1.19B
$1.15B
$1.30B
$1.38B
$1.43B
$1.46B
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
LTC Facilities
LTC HCBS Waivers


Disability waivers expenditures — all funds
$5.0B
4.0B
3.0B
2.0B
1.0B
0
$98M
$42M
$922M
$1.39B
$98M
$46M
$1.05B
$1.50B
$102M
$54M
$1.26B
$1.61B
$108M
$62M
$1.53B
$1.75B
$113M
$71M
$1.71B
$1.90B
$112M
$76M
$1.84B
$2.00B
$115M
$84M
$2.03B
$2.14B
$117M
$92M
$2.18B
$2.24B
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
DD
CADI
CAC
BI

Historical table

	A: Long Term Care (LTC) Facilities		B: LTC Waivers (Home & Community Based Services)		A + B = Total LTC	
FY	Total $	% Change	Total $	% Change	Total $	% Change
2010	$1,000,836,209		$2,053,318,327		$3,054,154,537	
2011	964,666,727	(3.61%)	2,179,651,151	6.15%	3,144,317,878	2.95%
2012	945,566,280	(1.98%)	2,223,655,096	2.02%	3,169,221,376	0.79%
2013	920,580,121	(2.64%)	2,260,064,090	1.64%	3,180,644,211	0.36%
2014	928,436,824	0.85%	2,446,905,605	8.27%	3,375,342,429	6.12%
2015	924,087,037	(0.47%)	2,797,274,346	14.32%	3,721,361,383	10.25%
2016	974,634,622	5.47%	2,878,037,420	2.89%	3,852,672,043	3.53%
2017	1,078,833,590	10.69%	3,040,609,756	5.65%	4,119,443,345	6.92%
2018	1,087,985,308	0.85%	3,270,556,814	7.56%	4,358,542,122	5.80%
2019	1,154,228,650	6.09%	3,558,835,259	8.81%	4,713,063,909	8.13%
2020	1,190,569,963	3.15%	4,009,994,313	12.68%	5,200,564,275	10.34%
2021*	1,153,710,205	(3.10%)	4,476,950,895	11.64%	5,630,661,100	8.27%
2022*	1,304,457,806	13.07%	4,881,247,851	9.03%	6,185,705,657	9.86%
2023*	1,379,868,019	5.78%	5,247,353,265	7.50%	6,627,221,284	7.14%
2024*	1,433,003,022	3.85%	5,638,479,731	7.45%	7,071,482,753	6.70%
2025*	1,459,634,050	1.86%	5,956,825,279	5.65%	7,416,459,329	4.88%
Avg. Annual Increase 2010-2020		1.75%		6.92%		5.47%

*Projected

Medical Assistance Basic Care:
Elderly and Disabled

This program covers general medical care for elderly and disabled Medical Assistance enrollees. People eligible to receive basic care services are 65 years or older, blind or have a disability. Their income and assets must also fall below allowable limits. For almost all of the elderly and for about 50 percent of the disabled who have Medicare coverage, Medical Assistance acts as a Medicare supplement paying premiums and cost sharing. For those who are not eligible for Medicare, Medical Assistance pays for all their medical care. Also included in this segment are MA enrollees who are residents in an Institute for Mental Disease (IMD). Covered services for these individuals would be eligible for federally-matched MA if they did not reside in a facility which is designated by federal regulations as an IMD. Being a resident in an IMD makes covered services for these individuals ineligible for federal matching. Elderly Waiver managed care is also included in this section because it is paid as an add-on to the Elderly Basic Care capitation payment.

Who it serves

- 177,000 average monthly enrollees

How much it costs

- $3.0 billion total spending
- $1.4 billion state funds

Data for FY2020

February 2021 forecast highlights

General Fund

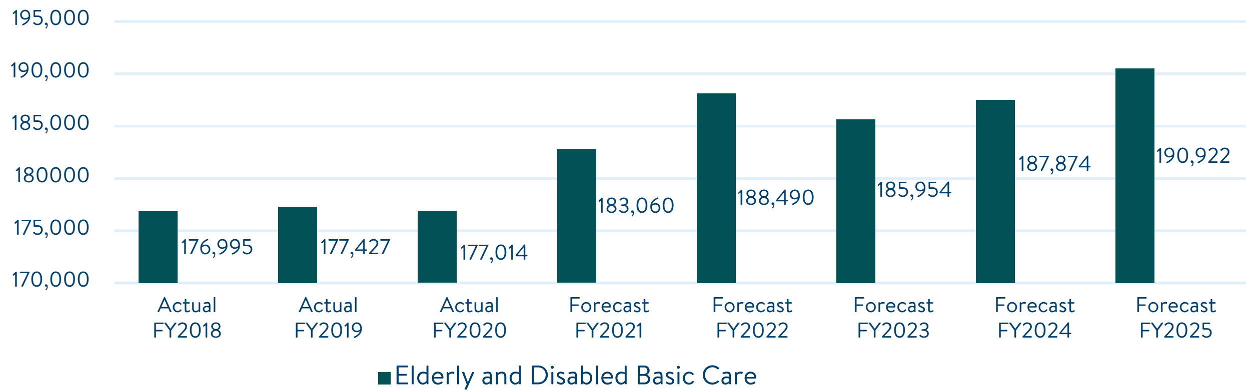
Changes from the November 2020 forecast

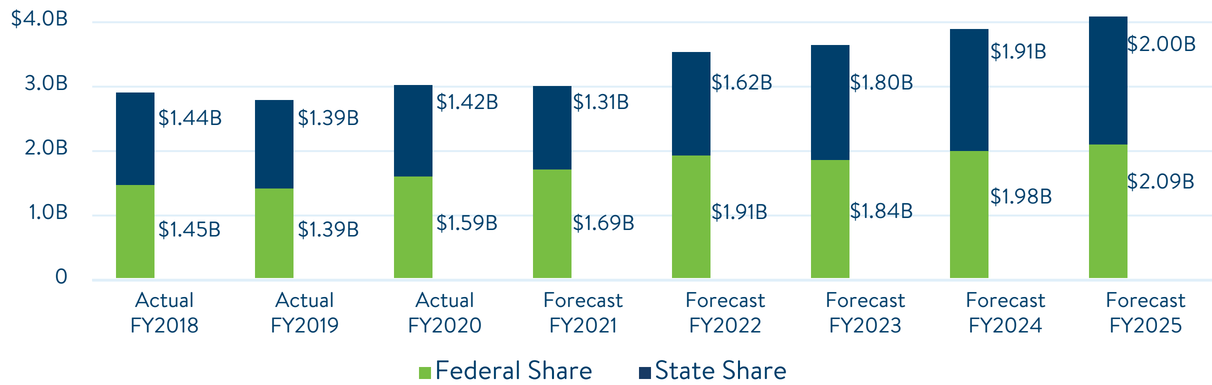
- Decrease of $18.8 million in 2020-2021 biennium (-0.6%)
- Decrease of $93.2 million in 2022-2023 biennium (-2.3%)
- Increase of $2.8 million in 2024-2025 biennium (+0.1%)

Reasons: The February forecast changes for MA Elderly and Disabled Basic Care are primarily the result of two downward adjustments due to the extension of the PHE from July through December 2021.

First, the six-month PHE extension provides additional federal funding through a 6.2 percentage point increase in the state's FMAP, which directly replaces General Fund expenditures. These state savings are partially offset by the cost of continuous coverage policies, enacted through Executive Order authority, which are required to claim the additional federal funds. Increased federal funding is projected to exceed the cost of continuous coverage and accounts for a net $84 million forecast reduction for MA Elderly and Disabled in the 2022-2023 biennium.

Second, the monthly per-person charge rate for federal Part D clawback payments is lower under the PHE. Beginning in 2006, the Medicare benefit set expanded to include prescription drug coverage. For dual eligibles (i.e. individuals enrolled in both Medicaid and Medicare), prescription drug coverage had previously been provided through Medicaid with federal and state shares. To help pay for this expanded Medicare coverage, the federal government bills each state an amount roughly equal to what the state would have paid if prescription drug coverage were still provided through Medicaid for dual eligibles. These payments from states to the federal government are known as Part D clawback payments. The six-month PHE extension provides additional quarters of enhanced FMAP, which reduces the per-person Part D clawback charge rate. This, in turn, results in a temporary reduction in federal clawback payments, which accounts for about a $16 million reduction in the 2022-2023 biennium. An additional $8 million forecast reduction in the 2020-2021 biennium is the result of recognizing the lower per-person charge rate for April through June 2021, which was erroneously omitted from the November forecast.


Elderly and Disabled Basic Care: Average monthly enrollees
195,000
190,000
185,000
180000
175,000
170,000
176,995
177,427
177,014
183,060
188,490
185,954
187,874
190,922
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
Elderly and Disabled Basic Care


Elderly and Disabled Basic Care expenditures
$4.0B
3.0B
2.0B
1.0B
0
$1.44B
$1.45B
$1.39B
$1.39B
$1.42B
$1.59B
$1.31B
$1.69B
$1.62B
$1.91B
$1.80B
$1.84B
$1.91B
$1.98B
$2.00B
$2.09B
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
Federal Share
State Share

Historical Table

	Elderly & Disabled Basic Care	
FY	Total $	% Change
2010	$2,002,677,746	
2011	2,010,217,822	0.38%
2012	2,118,181,376	5.37%
2013	2,087,793,116	(1.43%)
2014	2,500,339,126	19.76%
2015	2,343,980,418	(6.25%)
2016	2,580,811,749	10.10%
2017	2,525,666,619	(2.14%)
2018	2,894,549,433	14.61%
2019	2,780,093,762	(3.95%)
2020	3,011,306,799	8.32%
2021*	3,001,132,095	(0.34%)
2022*	3,528,398,983	17.57%
2023*	3,640,320,537	3.17%
2024*	3,888,623,884	6.82%
2025*	4,085,731,498	5.07%
Avg. Annual Increase 2010-2020		3.97%

**Projected*

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Basic Care:
Adults without Children

In March 2011, Minnesota elected to implement the early expansion of MA eligibility for Adults without Children with income up to 75% of the federal poverty level under the Affordable Care Act. In January 2014, Minnesota implemented full expansion of MA eligibility up to 138% of the federal poverty level for this population. Currently, at 138% federal poverty levels, the income eligibility limit for a single adult to be covered under this program is $17,609 per year.

As Minnesota's newly eligible expansion population under the Affordable Care Act, this segment of MA received 100% federal match from Calendar Year (CY) 2014 through CY2016. Beginning in CY2017, the federal match rate stepped down each year until it hit 90% in CY2020. This now becomes the ongoing fixed federal match rate for this expansion population.

Who it serves

- 196,000 average monthly enrollees

How much it costs

- $2.1 billion total spending
- $166 million state funds

Data for FY2020

February 2021 forecast highlights

General Fund

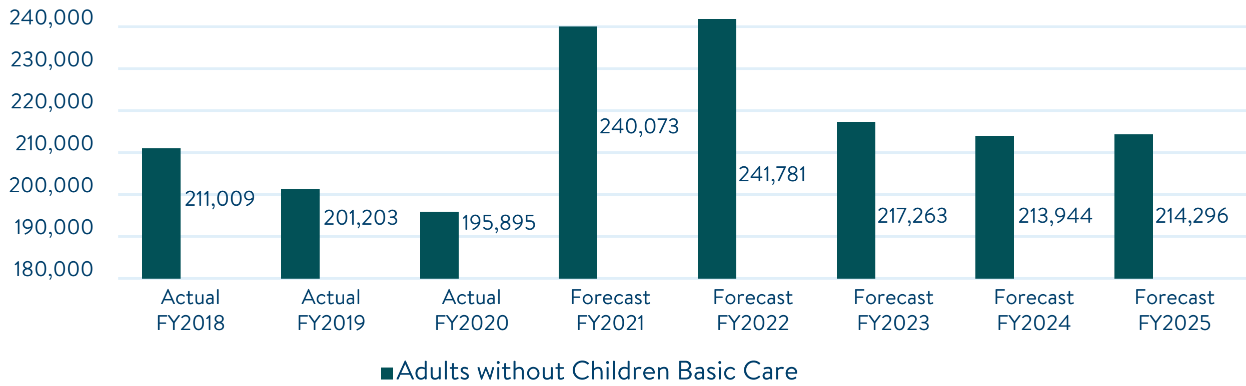
Changes from the November 2020 forecast

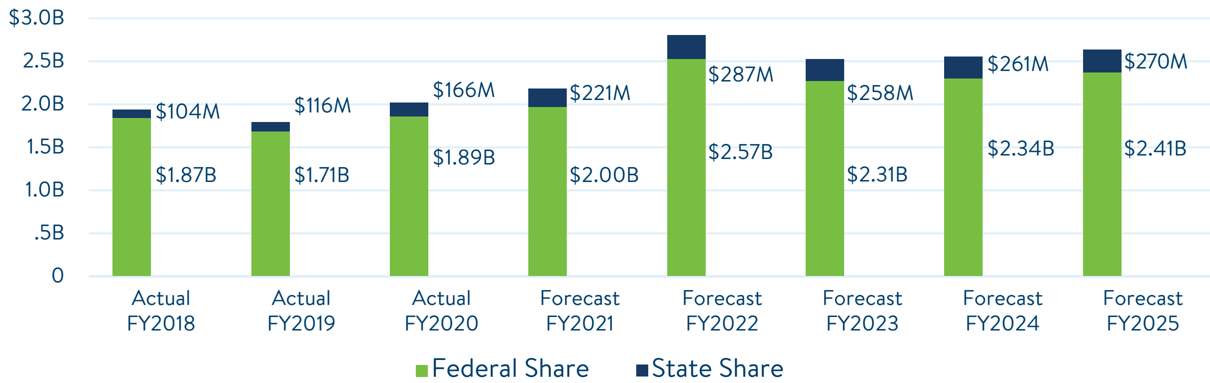
- Increase of $6.6 million in 2020-2021 biennium (+1.7%)
- Increase of $38.5 million in 2022-2023 biennium (+7.7%)
- Increase of $33.4 million in 2024-2025 biennium (+6.9%)

Reasons: The February forecast increases for MA Adults without Children Basic Care are primarily the result of two upward adjustments.

First, since federal funding for this expansion population is fixed at 90% of total costs, there is no additional federal funding due to the PHE. As a result, the PHE extension in the February forecast only results in relatively small costs of about $11 million for continuous coverage of Adults without Children in the 2022-2023 biennium.

Second, the February forecast includes higher enrollment of MA Adults without Children. The November forecast included large enrollment reductions as actual enrollment fell short of the COVID-related increases built into the May interim budget projections. However, actual enrollment data from the past three months are higher than the November forecast projections implying that the previous downward adjustments were too large. There are two possible contributing factors for the higher-than-expected actual enrollment. First, it can take up to a year for the impact of an economic shock, such as the COVID-related spike in unemployment last summer, to be fully reflected in MA enrollment changes. Despite improving economic projections, it is possible that the lagging impact of the initial unemployment spike on MA enrollment was underestimated in previous forecasts. Second, it is plausible that the typical enrollment churn in the MA program is relatively large at the end of the year. This could lead to an increase in the enrollment impact of continuous coverage provisions that was not fully recognized in previous projections. Higher enrollment of Adults without Children results in a projected $7 million forecast increase in the 2020-2021 biennium, $26 million in the 2022-2023 biennium and $35 million in the 2024-2025 biennium.


Adults without Children Basic Care: Average monthly enrollees
240,000
230,000
220,000
210,000
200,000
190,000
180,000
211,009
201,203
195,895
240,073
241,781
217,263
213,944
214,296
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
Adults without Children Basic Care


Adults without Children Basic Care expenditures
$3.0B
2.5B
2.0B
1.5B
1.0B
.5B
0
$104M
$1.87B
$116M
$1.71B
$166M
$1.89B
$221M
$2.00B
$287M
$2.57B
$258M
$2.31B
$261M
$2.34B
$270M
$2.41B
Actual FY2018
Actual FY2019
Actual FY2020
Forecast FY2021
Forecast FY2022
Forecast FY2023
Forecast FY2024
Forecast FY2025
Federal Share
State Share

Historical Table

	Adults without Children Basic Care	
FY	Total $	% Change
2011	$106,865,468	
2012	819,539,240	666.89%
2013	792,232,465	(3.33%)
2014[1]	1,063,752,126	34.27%
2015	1,694,519,567	59.30%
2016	1,658,897,539	(2.10%)
2017	1,756,135,556	5.86%
2018	1,970,490,317	12.21%
2019	1,823,780,554	(7.45%)
2020	2,060,499,313	12.98%
2021*	2,222,524,868	7.86%
2022*	2,852,954,620	28.37%
2023*	2,563,095,639	(10.16%)
2024*	2,599,638,990	1.43%
2025*	2,684,240,527	3.25%
Avg. Annual Increase 2012-2020		11.36%

**Projected*

1 2014 and 2015 reflect increases due to implementation of full expansion for this population

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Basic Care:

Families with Children

This activity funds general medical care for children, parents and pregnant women, including families receiving Minnesota Family Investment Program (MFIP) and those with transition coverage after exiting MFIP. This segment also includes funding for Family Planning Services and for Breast and Cervical Cancer coverage. This segment also includes non-citizens who are ineligible for federal Medicaid match, but almost all of whom are eligible for enhanced federal Children's Health Insurance Program (CHIP) funding.

Enhanced federal CHIP funding is also available for children with family income over 133% of the federal poverty level. This funding supplements the regular 50% Medicaid match with an additional enhanced federal match, within the limits of Minnesota's CHIP allocation from the federal government.

Who it serves

- 705,400 average monthly enrollees

How much it costs

- $3.1 billion total spending
- $1.3 billion state funds

Data for FY2020

February 2021 forecast highlights

General Fund

Changes from the November 2020 forecast

- Increase of $5.8 million in 2020-2021 biennium (+0.2%)
- Decrease of $65.1 million in 2022-2023 biennium (-2.0%)
- Increase of $46.2 million in 2024-2025 biennium (+1.4%)

Reasons: The February forecast changes for MA Families with Children Basic Care are primarily the result of extending the PHE and higher enrollment.

The February forecast recognizes an extension of the PHE from July through December 2021. This six-month PHE extension provides additional federal funding through a 6.2 percentage point increase in the state's FMAP, which directly replaces General Fund expenditures. These state savings are partially offset by the cost of continuous coverage policies, enacted through Executive Order authority, which are required to claim the additional federal funds. Increased federal funding is projected to exceed the cost of continuous coverage and accounts for a net $81 million forecast reduction for MA Families with Children in the 2022-2023 biennium. Further, enhanced federal funding under the Children's Health Insurance Program (CHIP) for certain MA children is also increased under the PHE. Higher federal CHIP funding in the February forecast results in a $17 million General Fund reduction in the 2022-2023 biennium

The February forecast also includes higher enrollment of MA Families with Children. The November forecast included large enrollment reductions as actual enrollment fell short of the COVID-related increases built into the May interim budget projections. However, actual enrollment data from the past three months are higher than the November forecast projections implying that the previous downward adjustments were too large. There are two possible contributing factors for the higher-than-expected actual enrollment. First, it can take up to a year for the impact of an economic shock, such as the COVID-related spike in unemployment last summer, to be fully reflected in MA enrollment changes. Despite improving economic projections, it is possible that the lagging impact of the initial unemployment spike on MA enrollment was underestimated in previous forecasts. Second, it is plausible that the typical enrollment churn in the MA program is relatively large at the end of the year. This could lead to an increase in the enrollment impact of continuous coverage provisions that was not fully recognized in previous projections. Higher enrollment of Families with Children results in a projected $13 million forecast increase in the 2020-2021 biennium, $52 million in the 2022-2023 biennium and $55 million in the 2024-2025 biennium.

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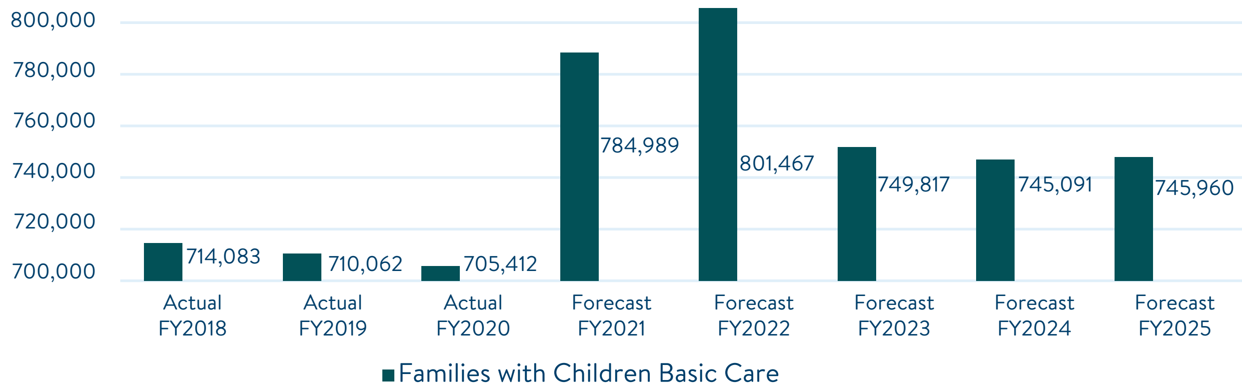
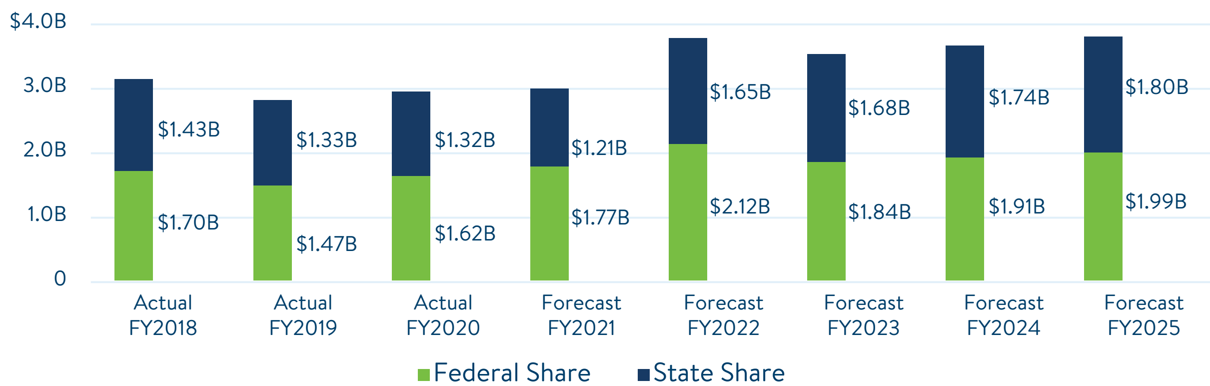
Partially offsetting the cost of additional MA enrollment is additional pharmacy rebates based on higher enrollment. Higher projected pharmacy rebate collections directly reduces the need for General Fund spending on program costs. The projected increase in pharmacy rebates result in forecast reductions of $5 million in the 2020-2021 biennium, $12 million in the 2022-2023 biennium and $6 million in the 2024-2025 biennium.





Historical Table

	Families with Children Basic Care	
FY	Total $	% Change
2010	$2,178,835,369	
2011	2,268,657,949	4.12%
2012	2,134,178,204	(5.93%)
2013	1,984,933,703	(6.99%)
2014	2,325,681,264	17.17%
2015	2,824,710,042	21.46%
2016	3,132,833,352	10.91%
2017	2,487,241,806	(20.61%)
2018	3,325,147,926	33.69%
2019	2,963,263,740	(10.88%)
2020	3,096,365,963	4.49%
2021*	3,127,457,060	1.00%
2022*	3,922,974,311	25.44%
2023*	3,684,985,497	(6.07%)
2024*	3,819,536,330	3.65%
2025*	3,956,891,770	3.60%
Avg. Annual Increase 2010-2020		2.94%

**Projected*

Includes family planning, breast and cervical cancer coverage, pharmacy rebates, special funding items and adjustments

Beginning in FY2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

MinnesotaCare

MinnesotaCare provides health care coverage for low-income parents and adults without children who have higher income than those served on the Medical Assistance program as well as legal noncitizens who are ineligible for MA. Unlike MA, MinnesotaCare requires enrollee premiums and does not include coverage for long-term care services or supports.

Effective January 2015, MinnesotaCare operates as the state's Basic Health Program (BHP). As a BHP, MinnesotaCare no longer receives federal funding in the form of a percentage expenditure match. Instead, the state receives a per person subsidy equal to 95% of the premium tax credits each BHP enrollee would have received through MNsure had the state opted against running a BHP.

MinnesotaCare also provides state-only funded coverage for people with Deferred Action for Childhood Arrivals (DACA) status and certain elderly individuals who do not qualify for Medicare and are not MA or BHP eligible. Overall, MinnesotaCare is funded with a mix of enrollee premiums, Health Care Access Fund (HCAF) appropriations, and federal BHP funds (for the BHP eligible population).

Who it serves

- 78,000 average monthly enrollees

How much it costs

- $453 million total spending
- $26 million state funds

Data for FY2020

February 2021 forecast highlights

Health Care Access Fund

Changes from the November 2020 forecast

- Increase of $2.0 million in 2020-2021 biennium (+0.2%)
- Increase of $16.4 million in 2022-2023 biennium (+1.0%)
- Decrease of $19.2 million in 2024-2025 biennium (-1.2%)

Reasons: The February forecast HCAF changes in the 2022-2023 and 2024-2025 biennia result from two offsetting changes within the Basic Health Program (BHP).

First, in March 2020, a defect was found in the interface between the eligibility system (METS) and the claims payment system (MMIS). This defect assigned incorrect eligibility categories for certain BHP enrollees. Specifically, some parents were being incorrectly identified as adults without children. Since the average capitation for adults is greater than the average capitation for parents, the defect resulted in an artificially high-cost case mix. A systems fix was implemented in September, but the incorrect case mix was erroneously built into the November forecast leading to inflated cost projections. Given three months of updated enrollment data since the systems fix, the February forecast reflects the appropriate (lower-cost) case mix in the current BHP enrollment projections. This case mix adjustment results in a projected $54 million HCAF reduction in the 2022-2023 biennium and a $51 million HCAF reduction in the 2024-2025 biennium.

Second, the February forecast includes a timing update for future federal BHP reconciliation to align with a recent agreement with the Centers for Medicare and Medicaid Services (CMS). Federal BHP reconciliation is a final settle-up of our prospective quarterly federal awards based on the demographics of actual enrollment in each quarter. We have currently reconciled federal BHP funding through CY 2017, and have been waiting for the rollout of a new METS Data Mart to submit 2018 reconciliation data. This METS Data Mart became operational in early February following a year of development. The new Data Mart configures BHP program data into a normalized relational model, which is expected to enable more complete and accurate reconciliation reporting. This should also make the federal BHP reconciliation

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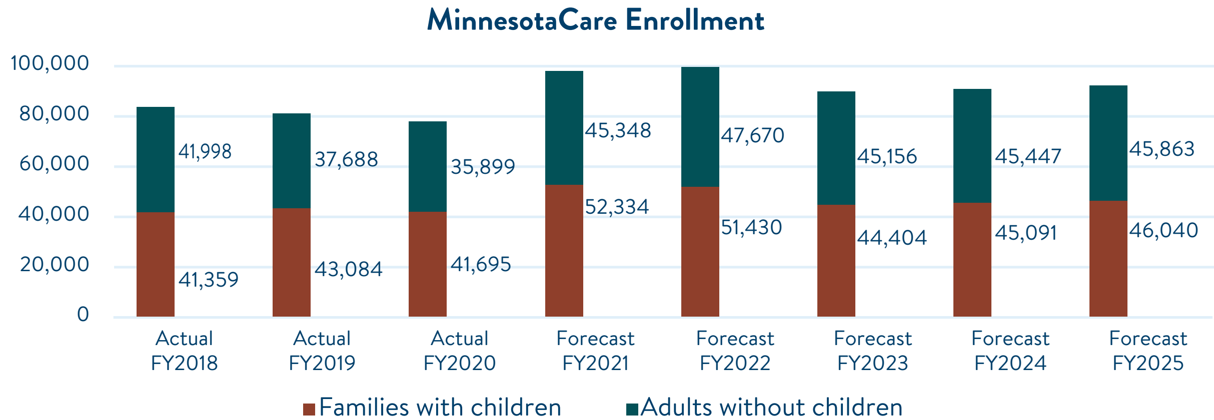
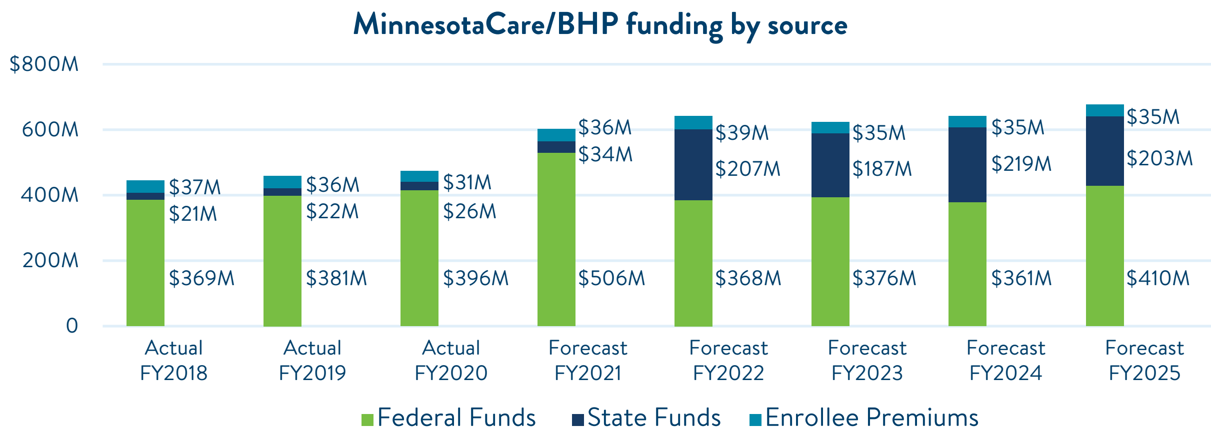
process more efficient, allowing the state to catch-up on historical quarters of reconciliation. The February forecast updates the schedule for future reconciliation such that the state is timely reconciling the most recently completed quarter by the end of FY 2024. This adjustment introduces additional quarters of historical reconciliation into the forecast horizon, and, with each additional quarter, projects a reduction in federal BHP funding. The reason is that, given current data sources and methods, we are only able to generate a full reconciliation record for about 95% of our eligible BHP population due to mismatches between the eligibility system (METS) and the claims payment system (MMIS). For each quarter of projected reconciliation, this missing 5% results in a reduction of future federal BHP funding and a corresponding HCAF cost. The February forecast reconciliation update results in a projected $66 million HCAF cost in the 2022-2023 biennium and a $27 million HCAF cost in the 2024-2025 biennium. We are cautiously optimistic that the new METS Data Mart will enable the state to improve on the current 95% match rate going forward. The impact of any improvement in the match rate would be reflected in future forecasts.

Finally, since federal BHP funding is a per-person amount based on the BHP Payment Methodology, there is no additional federal funding due to the PHE. As a result, the PHE extension in the February forecast only results in relatively small HCAF costs of about $8 million in the 2022-2023 biennium.





Historical table

	MinnesotaCare Total Expenditures	
FY	Total $	% Change
2010	$665,498,191	
2011	737,952,071	10.89%
2012	551,090,615	(25.32%)
2013	569,928,239	3.42%
2014	520,005,344	(8.76%)
2015	509,709,341	(1.98%)
2016	479,909,046	(5.85%)
2017	397,211,084	(17.23%)
2018	426,581,871	7.39%
2019	438,234,552	2.73%
2020	452,643,878	3.29%
2021*	575,860,704	27.22%
2022*	614,585,402	6.72%
2023*	597,847,561	(2.72%)
2024*	615,377,043	2.93%
2025*	647,402,231	5.20%
Avg. Annual Decrease 2010-2020		(3.78%)

**Projected*

Chemical Dependency Treatment Fund

The Chemical Dependency (CD) Treatment Fund pays for residential and outpatient substance use disorder treatment services for eligible low-income Minnesotans. To access treatment services paid by the fund, individuals must first be assessed for treatment need and meet financial eligibility guidelines similar to those for Medical Assistance. As part of substance use disorder reform efforts passed in the 2017 legislature, the State is currently transitioning from the previous system of counties and tribes providing "Rule 25" assessments and authorizing treatment, to offering "direct access to treatment," where qualified treatment providers provide comprehensive assessments to determine medical necessity.

Who it serves

- 7,100 average monthly recipients

How much it costs

- $184 million total spending
- $108 million state funds

Data for FY2020

February 2021 forecast highlights

General Fund

Changes from the November 2020 forecast

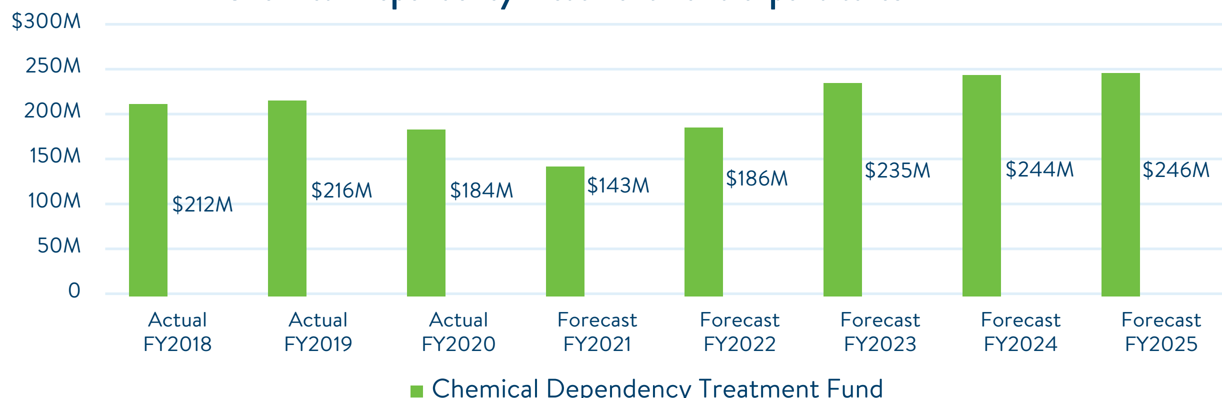
- Decrease of $7.3 million in 2020-2021 biennium (-3.9%)
- Decrease of $14.2 million in 2022-2023 biennium (-6.2%)
- Increase of $1.2 million in 2024-2025 biennium (+0.5%)

Reasons: The main reason for the forecast reductions in this program are changes related to the effects of COVID on utilization of services and recognition of a slower-than-expected start for Withdrawal Management. These changes account for 73% of the change in the 2020-2021 biennium and 90% in the 2022-2023 biennium.

Projected costs of residential and non-residential CD services are reduced in the near term because of lower utilization resulting from COVID. As a result, the projected phase-out of COVID effects is extended from the end of December 2021 to the end of June 2022. The resulting forecast reductions are $2.5 million for the 2020-2021 biennium and $7.7 million for the 2022-2023 biennium.

Coverage of Withdrawal Management was authorized in the 2017 Session. This new service was implemented early in CY 2020, but the growth of coverage has been much slower than originally expected. Accordingly, utilization projections for Withdrawal Management are reduced in the near term but are kept approximately the same by FY 2025. Early claims experience indicates an effective federal share for Withdrawal Management about 20% lower than earlier projections. Accounting for both of these changes, the February forecast produces reductions of $2.7 million in the 2020-2021 biennium and $5.0 million in the 2022-2023 biennium, and an increase of $1.6 million in the 2024-2025 biennium.

Finally, the additional federal matching made available due to the extension of the federal PHE provides an additional reduction of $0.3 million in the 2022-2023 biennium.



Historical table

	Chemical Dependency Treatment Fund Total Expenditures	
FY	Total $	% Change
2011	$143,499,246	
2012	132,221,922	(7.86%)
2013	138,539,414	4.78%
2014	138,744,237	0.15%
2015	169,583,060	22.23%
2016	159,611,752	(5.88%)
2017	186,287,061	16.71%
2018	211,925,848	13.76%
2019	215,706,572	1.78%
2020	184,310,877	(14.55%)
2021*	143,443,050	(22.17%)
2022*	185,552,384	29.36%
2023*	235,416,300	26.87%
2024*	243,644,419	3.50%
2025*	246,168,410	1.04%
Avg. Annual Increase 2011-2020		2.82%

**Projected*

Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) provides cash and food assistance for low-income families with children. MFIP operates as Minnesota's federal Temporary Assistance for Needy Families (TANF) program. As such, MFIP cash assistance is funded with a mixture of federal TANF Block Grant and state General Fund dollars determined primarily by the federally mandated Maintenance of Effort (MOE) requirement for state spending on its TANF program.

Who it serves

- 79,800 average monthly recipients

How much it costs

- $278 million total spending
- $102 million state funds

Data for FY2020

February 2021 forecast highlights

General Fund

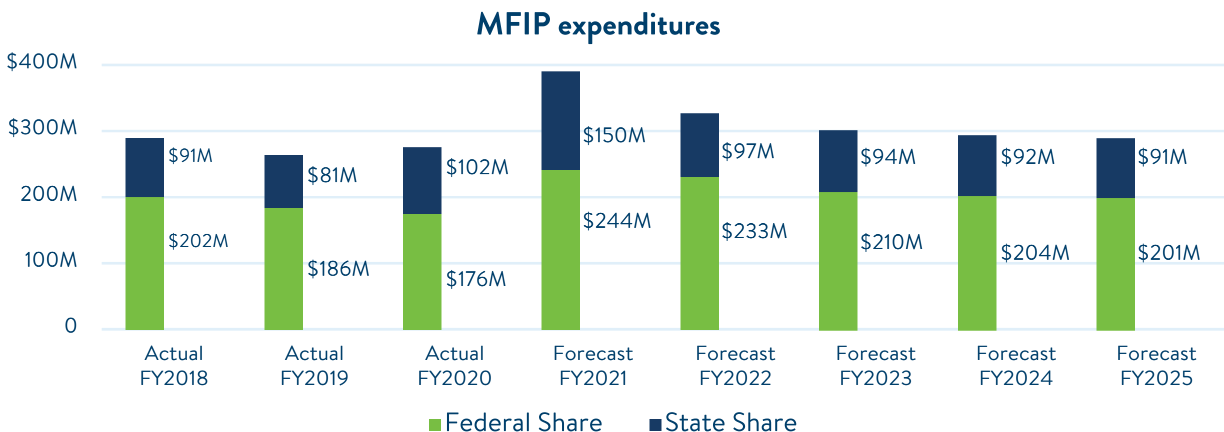
Changes from the November 2020 forecast

- Increase of $16.3 million in 2020-2021 biennium (+7.4%)
- Increase of $1.9 million in 2022-2023 biennium (+1.1%)
- No change in 2024-2025 biennium (+0.0%)

Reasons: Overall, the February MFIP forecast is up 1.5% in the 2020-2021 biennium and 1.4% in the 2022-2023 biennium, due primarily to higher recipient projections in the near-term. This is partially due to updated actual recipient caseloads above prior projections. In addition, DHS will extend a pandemic-related policy to suspend the renewal process for an additional three months, through May 2021. The renewal suspension results in higher caseloads in both FY 2021 and FY 2022 as some cases stay open longer than they would have otherwise.

While the higher MFIP recipient forecast contributes to the overall General Fund increase, most of the projected change in the 2020-2021 biennium is due to a $24 million increase in MOE resulting from lower state spending in the Child Care Assistance Program. This is partially offset by a $10 million reduction in the state-only funded part of MFIP resulting from the early migration of MFIP cases classified as Family Stabilization Services (FSS) back to regularly-funded MFIP.

This forecast continues to assume claiming of the Working Family Tax Credit for MOE despite the omission of the claiming authority in the 2019 session. It is anticipated that claiming authority will be re-established during the 2021 session.



Historical table

	Minnesota Family Investment Program (MFIP)	
FY	Total $	% Change
2010	$329,544,523	
2011	340,792,915	3.41%
2012	333,591,354	(2.11%)
2013	322,457,424	(3.34%)
2014	297,431,102	(7.76%)
2015	279,723,824	(5.95%)
2016	301,750,210	7.87%
2017	312,674,443	3.62%
2018	293,095,053	(6.26%)
2019	266,620,941	(9.03%)
2020	277,577,083	4.11%
2021*	393,942,846	41.92%
2022*	329,891,071	(16.26%)
2023*	303,871,680	(7.89%)
2024*	296,456,147	(2.44%)
2025*	291,614,124	(1.63%)
Avg. Annual Decrease 2010-2020		(1.70%)

**Projected*

Child Care Assistance

This program provides child care assistance to MFIP families who are employed or are engaged in other work activities or education as part of their MFIP employment plan. This activity also provides transition year (TY) child care assistance for former MFIP families. As with the MFIP grant program, child care assistance is funded with a mixture of federal and state General Fund dollars. The federal child care funding comes from the Child Care Development Fund (CCDF). The forecast does not include the Basic Sliding Fee child care program.

Who it serves

MFIP/TY Child Care

- 7,300 average monthly families served

How much it costs

MFIP/TY Child Care

- $147 million in total spending
- $73 million state funds

Data for FY2020

February 2021 forecast highlights

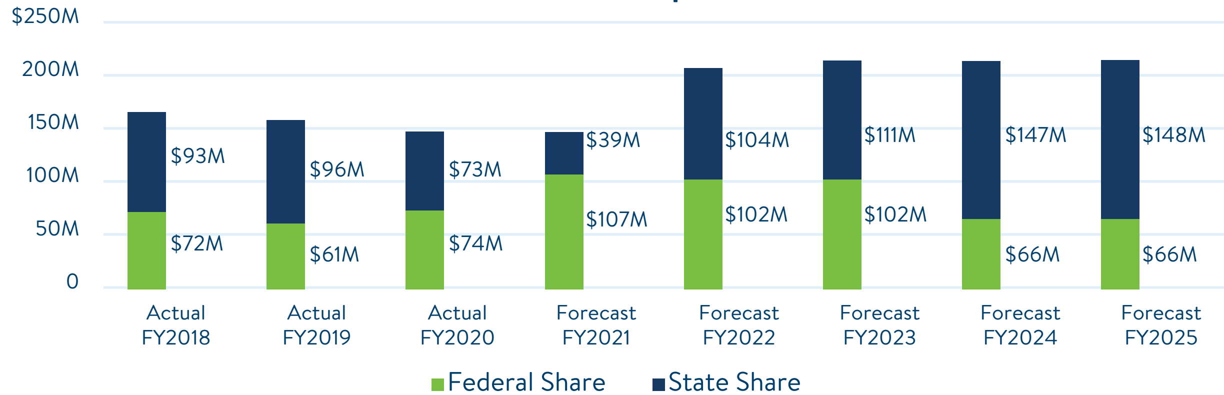
General Fund

Changes from the November 2020 forecast

- Decrease of $34.9 million in 2020-2021 biennium (-23.7%)
- No change in 2022-2023 biennium (+0.0%)
- No change in 2024-2025 biennium (+0.0%)

Reasons: The February forecast reduction in Child Care Assistance is primarily driven by an 18% caseload decline due to lower than expected utilization during the COVID pandemic. Utilization of child-care services is expected to revert back to normal levels in FY 2022. The utilization reduction in the 2020-2021 biennium results in a $27 million forecast reduction. Finally, the February forecast reflects an $8 million upward technical adjustment in federal share made up mostly of underspending from FY 2020. This results in a corresponding General Fund reduction in the 2020-2021 biennium.

MFIP/TY Child Care expenditures



Historical table

	MFIP/TY Child Care Assistance	
FY	Total $	% Change
2010	$113,435,302	
2011	118,621,823	4.57%
2012	116,728,218	(1.60%)
2013	118,035,920	1.12%
2014	128,982,296	9.27%
2015	141,994,040	10.09%
2016	150,602,122	6.06%
2017	161,122,098	6.99%
2018	165,175,205	2.52%
2019	157,475,004	(4.66%)
2020	146,909,847	(6.71%)
2021*	146,286,047	(0.42%)
2022*	205,898,238	40.75%
2023*	212,330,395	3.12%
2024*	212,579,060	0.12%
2025*	213,684,272	0.52%
Avg. Annual Increase 2010-2020		2.62%

**Projected*

Northstar Care for Children

Northstar Care for Children is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Financial support is provided to adoptive and foster parents to encourage permanent placement of children in safe homes. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance and Adoption Assistance.

Who it serves

- 18,900 average monthly recipients

How much it costs

- $224 million total spending
- $92 million state funds

Data for FY2020

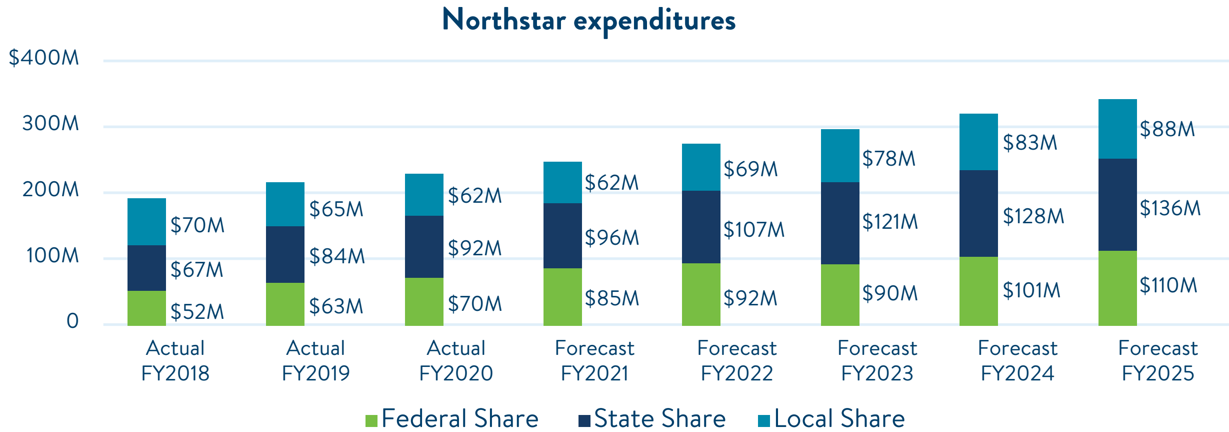
February 2021 Forecast Highlights

General Fund

Changes from the November 2020 forecast

- Decrease of $0.2 million in 2020-2021 biennium (-0.1%)
- Decrease of $5.9 million in 2022-2023 biennium (-2.5%)
- Increase of $0.5 million in 2024-2025 biennium (+0.2%)

Reasons: The extension of the federal PHE provides increased federal funding in the Northstar Care program, which drives a $6 million General Fund reduction in the 2022-2023 biennium. Reductions in the foster care caseload are offset by increases in the Kinship Assistance average payment, which results in small downward net adjustments in both the 2020-2021 and 2022-2023 biennia. Delays in implementing the transfer from Legacy to Northstar Adoption Assistance increases the relative state share in the 2024-2025 biennium.



Historical table

	Northstar Care for Children	
FY	Total $	% Change
2016	$132,201,226	
2017	155,510,705	17.63%
2018	187,750,651	20.73%
2019	211,165,176	12.47%
2020	223,705,208	5.94%
2021*	241,791,845	8.09%
2022*	267,871,251	10.79%
2023*	289,540,592	8.09%
2024*	312,074,447	7.78%
2025*	334,028,148	7.03%
Avg. Annual Increase 2016-2020		14.05%

**Projected*

The program began being forecasted in 2016.

General Assistance, Housing Support and Minnesota Supplemental Aid

General Assistance (GA) provides state-funded cash assistance for single adults and couples without children, provided they meet one of the specific GA eligibility criteria. The most common reason people are GA eligible is illness or incapacity. The program is the primary safety net for very low income people and helps meet some of their basic and emergency needs. Housing Support (HS) pays for housing and some services for individuals placed by the local agencies in a variety of residential settings. The program, formerly called Group Residential Housing, is a state-funded income supplement program that pays for room and board in approved locations. Two types of eligibility are distinguished: MSA-type recipients are elderly or disabled, with the same definitions as used for MA eligibility, while GA-type recipients include all other adults. Minnesota Supplemental Aid (MSA) supplements the incomes of Minnesotans who are eligible for the federal Supplemental Security Income program. MSA benefits cover basic daily or special needs.

February 2021 Forecast Highlights

General Assistance, General Fund

Changes from the November 2020 forecast

- Increase of $1.4 million in 2020-2021 biennium (+1.3%)
- Increase of $0.7 million in 2022-2023 biennium (+0.7%)
- No change in 2024-2025 biennium (+0.0%)

Reasons: The February forecast increase in General Assistance is driven by higher-than-expected actual enrollment and added caseload due to extending the suspension on renewals through May 2021.

Housing Support, General Fund

Changes from the November 2020 forecast

- Decrease of $0.7 million in 2020-2021 biennium (-0.2%)
- Increase of $0.6 million in 2022-2023 biennium (+0.2%)
- Decrease of $0.6 million in 2024-2025 biennium (-0.1%)

Reasons: The February forecast decrease in Housing Support in the 2020-2021 biennium is due to lower-than-expected caseload growth based on updated actual data. The forecast increase in the 2022-2023 biennium is due to extending the suspension on renewals through May 2021. The forecast decrease in the 2024-2025 biennium results from a downward technical adjustment.

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Who it serves

GA

- 23,400 average monthly cases

HS

- 21,000 average monthly recipients

MSA

- 32,400 average monthly recipients

How much it costs

GA

- $50 million total spending, all state funds

HS

- $185 million total spending
- $182 million state funds

MSA

- $44 million total spending, all state funds

Data for FY2020

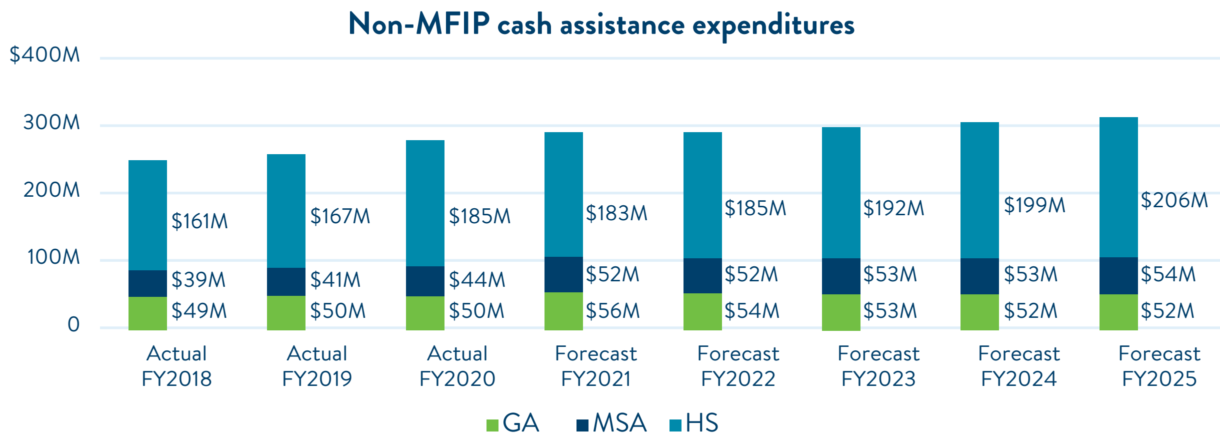
Continued from previous page

Minnesota Supplemental Aid, General Fund

Changes from the November 2020 forecast

- Increase of $0.2 million in 2020-2021 biennium (+0.2%)
- Increase of $0.2 million in 2022-2023 biennium (+0.2%)
- Decrease of $0.6 million in 2024-2025 biennium (-0.5%)

Reasons: The February forecast increases in MSA are driven by higher enrollment based on updated actual data and extending the suspension on renewals through May 2021. The projected decrease in the 2024-2025 biennium results from a downward technical adjustment.



Historical table

	General Assistance (GA)		Minnesota Supplemental Aid (MSA)		Housing Support (HS)	
FY	Total $	% Change	Total $	% Change	Total $	% Change
2010	$42,712,048		$33,296,630		$112,922,066	
2011	48,045,075	12.49%	35,748,140	7.36%	117,140,667	3.74%
2012	49,552,612	3.14%	35,767,568	0.05%	121,678,773	3.87%
2013	51,620,198	4.17%	36,038,980	0.76%	130,187,929	6.99%
2014	51,124,719	(0.96%)	36,478,561	1.22%	138,708,619	6.54%
2015	51,435,727	0.61%	37,066,951	1.61%	141,396,622	1.94%
2016	50,443,730	(1.93%)	37,735,036	1.80%	149,460,915	5.70%
2017	49,556,022	(1.76%)	38,309,226	1.52%	159,456,706	6.69%
2018	48,883,093	(1.36%)	39,065,624	1.97%	160,535,838	0.68%
2019	50,301,759	2.90%	41,128,443	5.28%	166,972,636	4.01%
2020	49,778,343	(1.04%)	43,502,787	5.77%	184,631,491	10.58%
2021*	55,651,655	11.80%	51,645,830	18.72%	183,232,438	(0.76%)
2022*	53,599,952	(3.69%)	51,800,878	0.30%	185,167,793	1.06%
2023*	52,819,271	(1.46%)	52,515,278	1.38%	191,621,895	3.49%
2024*	52,476,286	(0.65%)	53,431,015	1.74%	198,574,459	3.63%
2025*	52,215,339	(0.50%)	54,362,896	1.74%	205,975,355	3.73%
Avg. Annual Increase 2010-2020		1.54%		2.71%		5.04%

*Projected

February 2021 forecast changes: In a nutshell

Millions of dollars

	2020-2021 Biennium	2022-2023 Biennium	2024-2025 Biennium
General Fund Total Change	($53.8)	($256.9)	$81.9
General Fund Percent Change	(0.5%)	(1.8%)	0.5%
Summary Changes Across All Budget Activities			
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($312.2)	$0.0
Other changes	($53.8)	$55.3	$81.9
Detail Changes By Budget Activity			
MA LTC Facilities	($29.2)	($87.3)	($82.0)
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($37.2)	$0.0
Nursing Facilities: lower avg cost -2.7%, -4.8%	($12.0)	($33.1)	($64.8)
Nursing Facilities: lower recips -1.0%	($15.9)	($12.9)	($13.4)
ICF/DTH: caseload -2.8%	($0.9)	($3.2)	($3.1)
Other changes	($0.4)	($1.0)	($0.6)
MA LTC Waivers	$7.0	($33.1)	$80.8
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($113.6)	$0.0
COVID amended executive orders	$4.7	$8.9	$0.0
Disability waivers: higher avg cost +2.4%, +2.5%	$26.8	$91.8	$108.7
Disability waivers: lower caseload in data	($9.0)	$0.0	$0.0
PCA/CFSS: avg cost -2.0%, caseload -2.0%	($15.5)	($34.4)	($36.7)
PCA/CFSS: CFSS delay 3 months	$0.0	$10.4	$0.0
Moving Home Minnesota extension	$0.0	$2.3	$4.1
Other changes	($0.1)	$1.7	$4.7
MA Elderly and Disabled Basic	($18.8)	($93.2)	$2.8
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($84.3)	$0.0
Enrollment: +0.4%	($2.5)	$5.0	$5.9
Average cost	($8.6)	$1.5	($3.4)
Federal Part D clawback payments	($8.2)	($15.6)	$1.4
Other changes	$0.5	$0.2	($1.0)
MA Adults with No Children	$6.6	$38.5	$33.4
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	$10.8	$0.0
Enrollment: +5.0% to +7.0%	$6.9	$25.7	$35.0
Other changes	($0.3)	$2.0	($1.5)
MA Families with Children Basic	$5.8	($65.1)	$46.2
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($81.4)	$0.0
Enrollment: +1.4%	$12.8	$51.8	$54.5
CHIP enhanced match	($1.2)	($17.0)	($5.4)
Pharmacy rebates	($5.0)	($11.7)	($5.8)
Other changes	($0.8)	($6.9)	$2.9

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	2020-2021 Biennium	2022-2023 Biennium	2024-2025 Biennium
February 2021 Forecast Changes			
Chemical Dependency Fund	($7.3)	($14.2)	$1.2
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($0.3)	$0.0
COVID effects on utilization of resid. and non-resid. services	($2.5)	($7.7)	$0.0
Withdrawal Management	($2.7)	($5.0)	$1.7
Other changes	($2.1)	($1.2)	($0.5)
Minnesota Family Investment Program	$16.3	$1.9	$0.0
TANF MOE requirements	$24.4	$0.0	$0.0
FSS migration	($10.3)	$0.0	$0.0
Other changes	$2.1	$1.9	$0.0
Child Care Assistance	($34.9)	$0.0	$0.0
Reduced utilization due to COVID	($26.6)	$0.0	$0.0
Increased federal funds	($8.3)	$0.0	$0.0
Northstar Care for Children	($0.2)	($5.9)	$0.5
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	($6.2)	$0.0
Other changes	($0.2)	$0.2	$0.5
General Assistance	$1.4	$0.7	$0.0
Housing Support	($0.7)	$0.6	($0.6)
Minnesota Supplemental Aid	$0.2	$0.2	($0.6)
Health Care Access Fund Total Change	$2.0	$16.4	($19.2)
Health Care Access Fund Percent Change	0.2%	1.0%	(1.2%)
MinnesotaCare HCAF Funding	$2.0	$16.4	($19.2)
Extend Public Health Emergency (Jul thru Dec 2021)	$0.0	$8.0	$0.0
Case mix adjustment due to systems defect	$0.0	($54.2)	($50.9)
Update future federal BHP reconciliation	$0.0	$65.6	$27.3
Other changes	$2.0	($3.0)	$4.4
MA HCAF Funding	$0.0	$0.0	$0.0
TANF Total Change	($10.9)	$3.1	$0.0
TANF Percentage Change	(8.3%)	1.6%	0.0%
Minnesota Family Investment Program	($10.9)	$3.1	$0.0

Note: Represents the change from the November 2020 forecast.

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Resources

Minnesota Department of Human Services Reports and Forecasts Division
https://mn.gov/dhs/reports-and-forecasts/

Minnesota Department of Human Services current biennium budget activities
https://mn.gov/dhs/budget-activities/

State of Minnesota forecast
https://mn.gov/mmb/forecast/

DEPARTMENT OF
HUMAN SERVICES