

# Health Care Access Fund

February 2026 Forecast

**PURPOSE OF FUND** The health care access fund (HCAF) was created to increase access to health care, contain health care costs, and improve the quality of health care services for Minnesotans. The largest source of funding to the HCAF is a 1.8 percent provider tax. Prior to January 1, 2020, the provider tax was 2.0 percent. The tax was temporarily reduced to 1.6 percent for calendar year 2023 and returned to 1.8 percent on January 1, 2024. Revenue to the fund also includes a 1.0 percent gross premium tax, MinnesotaCare enrollee premiums, federal match on administrative costs, and investment income earned on the balance of the fund.

The fund covers portions of the cost of both the MinnesotaCare and Medical Assistance (MA) programs. Both programs are funded by a combination of state and federal resources. The portion of MinnesotaCare funded by the HCAF reflects the cost of the program not covered by federal Basic Health Plan (BHP) revenue and the balance of BHP Trust fund. The legislature appropriates the amount of MA expenditures funded by the HCAF, so this amount does not change with the forecast. The fund also pays for various agency responsibilities, including administering the MinnesotaCare program and granting resources to partners that enhance public health activities.

## FORECAST AND FUND BALANCE CHANGES

The HCAF is estimated to end the FY 2026-27 biennium with a balance of \$11 million, \$59 million above 2025 November forecast estimates. This change is explained by stronger provider tax revenues and lower than projected expenditures. By the end of FY 2028-29, the fund has a projected negative balance of \$260 million, improving by \$102 million from prior estimates due to prior year changes and stronger provide tax collections.

Change in HCAF Balance		
(\$ millions)	FY 26-27	FY 28-29
<b>End of Session 2025 Projected Balance</b>	<b>(48)</b>	<b>(362)</b>
Prior Year Changes	(0)	59
Changes in Revenue	31	61
Changes in Expenditures	(27)	18
<b>November 2025 Projected Balance</b>	<b>11</b>	<b>(260)</b>

**Change in Sources.** In FY 2026-27, total sources are now estimated to be \$2.323 billion, an increase of \$31 million (1.4 percent) compared with the November forecast. These upward revisions stem mostly from higher than projected actual tax collections from health care providers, which increases forecast revenues by \$27 million in the current biennium. Investment income is also \$11 million higher than the November forecast. Partially offsetting this increase are lower projected collections from the HMO gross premiums tax, which decrease revenue by \$11 million in the current biennium. In FY 2028-29 biennium, total sources are projected to reach \$2.546 billion, up \$61 million (2.5 percent) from previous estimates. Higher provider tax collections increase revenues by \$55 million, while gross premium tax collections are \$12 million below previous projections.

**Change in Uses.** In FY 2026-27, total uses are now estimated at \$2.890 billion, a decrease of \$27 million (0.9 percent) compared with the November forecast. This decrease is explained by two one-time events, including a technical correction of previous statements and a one-time \$11 million increase in federal funding for MinnesotaCare. Total uses in the FY 2028-29 biennium are forecast to be \$2.817 billion, an increase of \$18 million (0.6 percent) from previous estimates, driven by lower federal BHP funding and average costs increases for the state-only funded portion of MinnesotaCare.

## BASIC HEALTH PROGRAM TRUST FUND

BHP funding is based on federal BHP revenues that are deposited in the BHP Trust Fund. Federal BHP payments are not tied directly to changes in program expenditures but are determined by the aggregate value of premium tax credits enrollees would receive from the federal government if they were to enroll in the individual market.

The value of these subsidies is based on the age, income, geographic distribution, and other factors of program participants. When federal BHP revenues and enrollee premiums exceed eligible expenditures, a balance can accumulate in the fund. State funding from the HCAF is required when BHP costs exceed federal revenue and enrollee premiums to a point that depletes the accumulated balance in the trust fund.

**Fund Balance Changes.** The state began the FY 2026-27 biennium with a balance in the trust fund but is projected to have no balance by the end of fiscal year 2026 and each thereafter. This means that average cost increases in the BHP population thereafter will be a cost to the HCAF. In the current biennium, the share of funding from the HCAF is forecast to decrease by \$12 million (4.6 percent), but only temporarily and mostly due to a one-time payment increase from CMS to correct an underpayment made to the state in 2019. The share of funding from the HCAF in FY 2028-29 biennium is forecast to increase by \$10 million (2.6 percent) due to less federal BHP funding as a result of lower enrollment in the BHP.

**Change in Revenue.** Compared to November forecast estimates, federal BHP revenue is forecast to decrease by \$8 million (0.7 percent) to \$1.198 billion in FY 2026-27, and by \$30 million (2.5 percent) to \$1.199 billion in FY 2028-29. Driving the decrease in federal BHP payments is a downward adjustment to projected BHP enrollment. Because federal BHP funding equals 95% of what the federal government would otherwise spend on that enrolled population through Marketplace premium tax credits and cost-sharing reductions, lower enrollment reduces the total federal payment.

**Change BHP Expenditures.** Compared to November forecast estimates, federal BHP expenditures are forecast to decrease by \$20 million (1.4 percent) to \$1.466 billion in FY 2026-27, and by \$21 million (1.3 percent) to \$1.571 billion in FY 2028-29. This decrease is driven by the same adjustment to projected BHP enrollment that was applied to revenue, except that starting in FY 2027, the reduction in expenditures does not totally offset the corresponding decline in revenue in each fiscal year going forward, resulting in a net cost to HCAF

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2026 February Forecast

<b>Sources</b>	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>	<b>FY 29</b>
Balance Forward from Prior Year	868,652	578,416	184,711	11,078	(148,408)
Prior Year Adjustments	975				
Adjusted balance forward	869,627	578,416	184,711	11,078	(148,408)
<b>Revenues:</b>					
1.8% Provider Tax	913,146	986,500	1,038,200	1,092,300	1,145,300
1% Gross Premium Tax	120,963	118,300	122,500	127,800	133,100
Provider and Premium Tax Refunds	(25,547)	(22,770)	(30,300)	(22,840)	(22,880)
MinnesotaCare Enrollee Premiums	5,643	20,214	36,590	36,710	36,779
Investment Income	50,837	36,649	17,058	11,637	7,994
MinnesotaCare: Federal Basic Health Program [Non-Add] <sup>1</sup>	[589,391]	[653,961]	[567,651]	[585,258]	[613,960]
<b>Total Revenues</b>	<b>1,065,042</b>	<b>1,138,894</b>	<b>1,184,048</b>	<b>1,245,607</b>	<b>1,300,293</b>
<b>Transfers In:</b>					
Returned Odyssey Project Funds	34	-	-	-	-
<b>Total Transfers In</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>1,934,703</b>	<b>1,717,309</b>	<b>1,368,759</b>	<b>1,256,685</b>	<b>1,151,884</b>
<b>Uses</b>					
<b>Expenditures:</b>					
MinnesotaCare: Direct Appropriation	60,351	158,774	285,824	319,184	325,750
MinnesotaCare: Federal Basic Health Program Expenditures [Non-Add] <sup>1</sup>	[589,391]	[653,961]	[567,651]	[585,258]	[613,960]
MinnesotaCare: State Share of Enrollee Premiums	5,344	20,214	36,590	36,710	36,779
Medical Assistance	1,193,661	1,072,165	933,945	939,545	939,545
Department of Human Services <sup>2</sup>	43,471	46,233	45,999	45,999	45,999
Department of Health <sup>2</sup>	52,070	88,679	54,819	60,619	60,619
University of Minnesota	2,157	2,157	2,157	2,157	2,157
Department of Revenue <sup>2</sup>	1,736	1,870	1,760	1,760	1,760
Emergency Medical Services Office	-	-	-	2,721	2,721
MNSure <sup>2</sup>	285	709	-	-	-
Board of Pharmacy	14	-	-	-	-
Interest on Tax Refunds	542	550	740	550	550
Department of Human Services Federal Reimbursement	(12,853)	(13,364)	(13,762)	(13,762)	(13,762)
<b>Total Expenditures</b>	<b>1,346,777</b>	<b>1,377,989</b>	<b>1,348,072</b>	<b>1,395,483</b>	<b>1,402,118</b>
<b>Transfers Out:</b>					
Special Revenue Fund: DHS Systems and Other	9,510	9,510	9,510	9,510	9,510
Special Revenue Fund: Insulin Safety Net	-	100	100	100	100
Special Revenue Fund: Premium Security Plan	-	145,000	-	-	-
<b>Total Transfers Out</b>	<b>9,510</b>	<b>154,610</b>	<b>9,610</b>	<b>9,610</b>	<b>9,610</b>
<b>Total Uses</b>	<b>1,356,287</b>	<b>1,532,599</b>	<b>1,357,682</b>	<b>1,405,093</b>	<b>1,411,728</b>
<b>Structural Balance</b>	<b>(291,246)</b>	<b>(393,705)</b>	<b>(173,633)</b>	<b>(159,486)</b>	<b>(111,435)</b>
<b>Balance</b>	<b>578,416</b>	<b>184,711</b>	<b>11,078</b>	<b>(148,408)</b>	<b>(259,844)</b>

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

<sup>2</sup> FY 2026 figure includes funding carried forward from previous years.

<sup>3</sup> Laws 2024, Ch 115 clarified federal reimbursement for administrative costs should be an expenditure reduction, this statement makes this change.

<sup>4</sup> Laws 2021, Special Session 1, chapter 7, article 1, Sec. 40, paragraph (b) as amended by Laws 2022, Chapter 44, Sec. 6, repeals this transfer starting in FY 2025. Laws 2022, Chapter 44, Section 1 limits the amount to be transferred from the HCAF to the general fund at \$70.215 million in fiscal year 2024.

