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.

PRIMARY REVENUE SOURCES Revenues to the fund come from a two percent tax on providers, which will sunset on December 31, 2019, a one percent gross premium tax, MinnesotaCare enrollee premiums, investment income earned on the balance of the fund, and federal match on administrative costs. Federal Basic Health Program (BHP) funding supports MinnesotaCare and is deposited in the federal fund in the state treasury. The BHP is a provision of the Affordable Care Act and is expected to provide $786 million in revenue for MinnesotaCare in FY 2018-19.

PRIMARY EXPENDITURES AND USES Historically, the provision of subsidized health care through MinnesotaCare has been the primary expenditure in the HCAF. After reductions in the cost of the program over recent years, MinnesotaCare is now expected to be 6.0 percent of HCAF spending in FY 2018-19.

Medical Assistance (MA) is forecast to make up 46.9 percent of HCAF spending in FY 2018-19. The portion of MA funded within the HCAF is determined by the legislature and offsets General Fund spending for the program. In FY 2018-19, the HCAF is expected to pay for 7.7 percent of MA.

In FY 2018-19, the legislature transferred $401 million out of the fund to pay for a state-based reinsurance program. In addition, $244 million per biennium is statutorily transferred to the General Fund. Other expenditures in the fund support health care access, quality improvement initiatives, and administration.

FORECAST AND FUND BALANCE CHANGES The HCAF is projected to have a balance of $667 million in FY 2019. This is $63 million above end of session 2018 estimates and is the result of higher revenue estimates. The FY 2021 forecast balance is $48 million, which is slightly lower ($13 million) than end of session estimates. In FY 2020-21 higher medical assistance spending offsets higher anticipated revenue collections.

Tax Revenues Anticipated tax revenues are $22 million (12.3 percent) above end of session estimates for FY 2018-19 and $28 million (4.3 percent) higher in FY 2020-21. This change is driven by higher than expected premium tax collections in calendar year 2018, which increase expected revenues across the forecast horizon.

MinnesotaCare The state cost of MinnesotaCare fell by $11 million (25.0 percent) in FY 2018-19 and increased by $5 million (9.7 percent) in FY 2020-21 compared to end of session 2018 estimates.

Medical Assistance This forecast reflects a higher health care access fund share for MA in FY 2020-21 than previously forecast. The 2017 omnibus health and human services appropriations bill did not reduce the health care access fund share of MA from 2019 to 2020 and 2021 to conform to tracked impacts. As a result, the health care access fund share of MA is forecast to be $119 million (15.7 percent) higher than end of session estimates.

Planning Years This is the first forecast to include the FY 2022-23 biennium. In FY 2023, the fund is forecast to have a deficit of $969 million. Following the expiration of the provider tax, revenues in the fund fall from $819 million in FY 2020-21 to $363 million in FY 2022-23.

Expenditures in the fund are anticipated to decline from $1.438 billion in FY 2020-21 to $1.380 billion in FY 2022-23. This decline is driven by the lack of $244 million in transfers to the general fund due to an insufficient balance in the HCAF. Conversely, state spending in MinnesotaCare is forecast to jump from $56 million in FY 2020-21 to $237 million in FY 2022-23 as a result of lower federal revenue.
The Basic Health Program Trust Fund is an account in the state’s federal fund. Federal BHP payments are deposited in the account and used to fund eligibleMinnesotaCare expenses. BHP revenues vary based on a number of factors, including individual market premiums, enrollment, and the age and geographic distribution of program participants. In more recent forecasts, revenues have also fluctuated based on decisions made by the federal government.

The following table illustrates changes in forecast revenues and expenditures in the BHP Trust Fund from the February 2018 forecast.

<table>
<thead>
<tr>
<th>Basic Health Program Trust Fund</th>
<th>Change in Fund Balance ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2018-19</td>
</tr>
<tr>
<td>End of Session 2018 Balance</td>
<td>108</td>
</tr>
<tr>
<td>Change in Revenues</td>
<td>60</td>
</tr>
<tr>
<td>Change in Expenditures</td>
<td>(32)</td>
</tr>
<tr>
<td>November 2018 Balance</td>
<td>200</td>
</tr>
</tbody>
</table>

The BHP Trust Fund is forecast to have a surplus of $200 million in FY 2019. This is an 85.2 percent increase over end of session estimates. Anticipated revenues are $60 million higher than end of session. Expenditures are expected to be $32 million below previous estimates due to lower average costs.

The driver of the higher revenue forecast is $85 million in additional federal revenue resulting from a revised BHP payment methodology. In summer 2018, the federal government announced the change, which partially offsets previous revenue losses stemming from the federal government’s decision to stop paying cost sharing reduction subsidies. This change is limited to payments for federal fiscal year 2018.

In FY 2021, the BHP Trust Fund balance is forecast to be $4 million, a 95.3 percent decline from end of session estimates. Revenues for the FY 2020-21 biennium are forecast to be $100 million lower than previous estimates. BHP expenditures are $73 million higher than previous forecasts due to increased enrollment and a higher proportion of more expensive enrollees.

This lower revenue forecast is due to lower than expected premiums for individuals purchasing health insurance on MNsure. The previous forecast assumed that benchmark premiums would grow 5 percent from 2018 to 2019. In actuality, benchmark premiums fell about 13 percent from 2018 to 2019, which drives a reduction in anticipated revenue.

### Planning Years

In FY 2022-23, payments from the federal government will cover 79.0 percent ($954 million) of BHP expenditures. The remaining costs are shared by enrollees in the form of premiums ($85 million) and the health care access fund ($168 million).

The BHP Trust Fund is projected to have a zero balance in FY 2022 and FY 2023. Due to lower individual market premiums, anticipated federal revenues are expected to be lower across the forecast horizon. As a result, the Health Care Access Fund will cover costs for these enrollees that exceed the value of the federal award.
## Health Care Access Fund

### November 2018

### Sources

<table>
<thead>
<tr>
<th>FY 18</th>
<th>Projected FY 19</th>
<th>Projected FY 20</th>
<th>Projected FY 21</th>
<th>Projected FY 22</th>
<th>Projected FY 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Forward from Prior Year</td>
<td>712,964</td>
<td>690,957</td>
<td>666,888</td>
<td>591,263</td>
<td>48,052</td>
</tr>
<tr>
<td>Prior Year Adjustments</td>
<td>1,009</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted balance forward</td>
<td>713,973</td>
<td>690,957</td>
<td>666,888</td>
<td>591,263</td>
<td>48,052</td>
</tr>
</tbody>
</table>

### Revenues:

- **2% Provider Tax**: $658,371 in FY 18, $684,538 in FY 19, $472,506 in FY 20, $- in FY 21, $- in FY 22, $- in FY 23
- **1% Gross Premium Tax**: $101,180 in FY 18, $104,059 in FY 19, $108,235 in FY 20, $113,028 in FY 21, $118,130 in FY 22, $123,530 in FY 23
- **Provider and Premium Tax Refunds**: $13,684 in FY 18, $13,547 in FY 19, $14,520 in FY 20, $209 in FY 21, $219 in FY 22, $229 in FY 23
- **MinnesotaCare Enrollee Premiums**: $36,577 in FY 18, $37,825 in FY 19, $39,088 in FY 20, $40,400 in FY 21, $41,925 in FY 22, $43,323 in FY 23
- **Investment Income**: $15,591 in FY 18, $11,550 in FY 19, $11,040 in FY 20, $5,820 in FY 21, $- in FY 22, $- in FY 23

### Total Revenues:

- $816,246 in FY 18, $842,641 in FY 19, $634,571 in FY 20, $177,261 in FY 21, $178,058 in FY 22, $184,846 in FY 23

### Transfers In:

- **General Fund: Laws of MN 2015, Ch. 71, Chronic Disease Spending Report**: $50,000 in FY 18, $- in FY 19, $- in FY 20, $- in FY 21, $- in FY 22, $- in FY 23
- **General Fund: Laws of MN 2017, Special Session, Ch. 1**: $7,200 in FY 18, $- in FY 19, $- in FY 20, $- in FY 21, $- in FY 22, $- in FY 23

### Total Sources:

- $1,530,219 in FY 18, $1,583,598 in FY 19, $1,308,659 in FY 20, $768,524 in FY 21, $226,110 in FY 22, $271,580 in FY 23

### Uses

#### Expenditures:

- **MinnesotaCare: Direct Appropriation**: $8,989 in FY 18, $22,660 in FY 19, $26,772 in FY 20, $29,526 in FY 21, $111,465 in FY 22, $125,549 in FY 23
- **MinnesotaCare: Federal Basic Health Program Expenditures [Non-Add]**: $368,675 in FY 18, $417,391 in FY 19, $464,976 in FY 20, $497,594 in FY 21, $460,409 in FY 22, $493,186 in FY 23
- **MinnesotaCare: State Share of Enrollee Premiums**: $36,390 in FY 18, $38,025 in FY 19, $39,088 in FY 20, $40,400 in FY 21, $41,925 in FY 22, $43,323 in FY 23
- **Medical Assistance**: $385,159 in FY 18, $438,848 in FY 19, $438,848 in FY 20, $438,848 in FY 21, $438,848 in FY 22, $438,848 in FY 23
- **Department of Human Services**: $32,869 in FY 18, $35,779 in FY 19, $35,497 in FY 20, $35,497 in FY 21, $35,497 in FY 22, $35,497 in FY 23
- **Department of Health**: $35,707 in FY 18, $41,181 in FY 19, $36,858 in FY 20, $36,258 in FY 21, $36,858 in FY 22, $36,258 in FY 23
- **University of Minnesota**: $2,157 in FY 18, $2,157 in FY 19, $2,157 in FY 20, $2,157 in FY 21, $2,157 in FY 22, $2,157 in FY 23
- **Legislature**: $1,749 in FY 18, $1,754 in FY 19, $1,760 in FY 20, $1,760 in FY 21, $1,760 in FY 22, $1,760 in FY 23
- **Interest on Tax Refunds**: $165 in FY 18, $234 in FY 19, $390 in FY 20, $- in FY 21, $- in FY 22, $- in FY 23

### Total Expenditures:

- $503,246 in FY 18, $580,830 in FY 19, $581,498 in FY 20, $584,574 in FY 21, $668,638 in FY 22, $683,520 in FY 23

### Transfers Out:

#### To General Fund

- **M.S. 16A.724 Subd 2(a)**: $122,000 in FY 18, $122,000 in FY 19, $122,000 in FY 20, $122,000 in FY 21, $- in FY 22, $- in FY 23

### Total General Fund Transfers:

- $122,000 in FY 18, $122,000 in FY 19, $122,000 in FY 20, $122,000 in FY 21, $- in FY 22, $- in FY 23

### Special Revenue Fund: DHS Systems and Other:

- $13,266 in FY 18, $13,880 in FY 19, $13,898 in FY 20, $13,898 in FY 21, $13,898 in FY 22, $13,898 in FY 23

### Premium Security Plan Account:

- $200,750 in FY 18, $200,000 in FY 19, $- in FY 20, $- in FY 21, $- in FY 22, $- in FY 23

### Total Transfers Out:


### Total Uses:

- $839,262 in FY 18, $916,710 in FY 19, $717,396 in FY 20, $720,472 in FY 21, $682,536 in FY 22, $697,418 in FY 23

### Structural Balance:

- $(23,016) in FY 18, $(74,069) in FY 19, $(82,825) in FY 20, $(543,211) in FY 21, $(504,476) in FY 22, $(512,572) in FY 23

### Balance:

- $690,957 in FY 18, $666,888 in FY 19, $591,263 in FY 20, $48,052 in FY 21, $(456,426) in FY 22, $(968,998) in FY 23

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1. 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.
2. FY 2019 figure includes funding carried forward from previous years.