Health Care Access Fund

November 2025 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 BHP revenue or enrollee-paid premiums, and the cost of state-only funded enrollees, who are not eligible for federal BHP funding. 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 closed the FY 2024-25 biennium with a balance of $578 million, a $96 million increase from end of session estimates. This change is primarily explained by stronger provider tax collections, which were $62 million (3.4 percent) above end-of-session estimates. In the current biennium, the HCAF has a projected negative balance of $48 million – $68 million lower than end-of-session estimates – driven by higher projected expenditures. By the end of FY 2028-29, the balance is expected to be negative $362 million, down $389 million from the prior estimate due to increases in expenditures relative to previous projections.

Change in HCAF Balance		
($ millions)	**FY 26-27**	**FY 28-29**
End of Session 2025 Projected Balance	**20**	**27**
Prior Year Changes	96	(68)
Increases in Revenue	130	85
Increases in Expenditures	294	407
November 2025 Projected Balance	**(48)**	**(362)**

Change in Sources. In FY 2026-27, total sources are now estimated to be $2.291 billion, an increase of $130 million (6.0 percent) compared with end-of-session estimates. These upward revisions stem mostly from stronger tax collections from health care providers, which increases forecast revenues by $201 million in the current biennium. Higher than projected collections during fiscal year 2025 increase forecast revenues through the forecast horizon. Partially offsetting this increase are lower projected collections from HMO gross premiums tax, which decrease revenue by $58 million in the current biennium. In FY 2028-29 biennium, total sources are projected to reach $2.485 billion, up $85 million (3.6 percent) from previous estimates. Similar to the current biennium, higher provider tax collections increase revenues by $203 million, but are partially offset by lower gross premium tax collections of $66 million.

Change in Uses. In FY 2026-27, total uses are now estimated at $2.917 billion, an increase of $294 million (11.2 percent) compared with end-of session estimates. Increased expenditures in the HCAF are explained by changes in the state share of MinnesotaCare. These changes are explained by two factors. Increases are primarily driven by federal changes from HR1, the federal reconciliation bill signed by President Trump on July 4, 2025, which are discussed in greater detail below. Additionally, midyear 2025 and 2026 managed care rates changes increase state expenditures $259 million this biennium. These increases are partially offset by higher Basic Health Program (BHP) funding due to higher premiums on the individual exchange, which decrease state obligations by $174 million this biennium.

In FY 2028-29, total uses are projected to be at $2.794 billion, an increase $401 million (16.8 percent) from previous estimates. HR1 increases state obligations by $375 million in the planning biennium, while the net impact of higher managed care costs and higher BHP funding increases due to marketplace rate changes increases state expenditures by $49 million. These changes are offset by some smaller changes, including changes in the ratios of parents to nonparents in the program which reduces expenditures.

HR1 Impact on HCAF

The November 2025 forecast is the first forecast to incorporate impacts of HR1. Prior to passage of the law, certain lawfully present noncitizens, including refugees and asylum seekers, were eligible for MA with a federal cost share. HR1 made these individuals ineligible for MA. However, as lawfully present noncitizens, these persons who have incomes equal to or less than 200 percent of the federal poverty level (FPL) are eligible under state law to enroll in MinnesotaCare without a federal cost share. This increases expenditures by $36 million this biennium and $103 million in the planning biennium.

HR1 creates additional growth in HCAF expenditures due to certain lawfully present noncitizens losing their eligibility for premium tax credits, which drives federal BHP funding. HR1 eliminates eligibility for all lawfully present noncitizens making less than 100 percent of the federal poverty guideline effective January 1, 2026, and certain noncitizens making between 100 and 200 percent of the poverty guideline on January 1, 2027.[1] This results in losses of federal of BHP payments of $161 million and $272 million in FY 2026-27 and FY 2028-29, respectively. These individuals remain eligible for MinnesotaCare, with the state covering costs formerly funded through BHP revenues.

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.

Fund Balance Changes. 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 and deplete the accumulated balance in the trust fund. The state began the FY 2026-27 biennium with a balance in the trust fund, but this forecast projects that by the end of this fiscal year 2026 and each thereafter, there is not a balance because cost increases exceed revenues increases relative to end of session estimates in both biennia.

Change in BHP Revenues. In FY 2026-27, BHP revenues are forecast to be $1.206 billion, a $79 million (7.0 percent) increase compared to end-of-session estimates. In FY 2028-29, payments are forecast to be $1.230 billion, a $37 million (3.1 percent) increase compared to prior estimates.

Driving the increase in federal BHP payments are higher premiums for benchmark silver plans in the individual market for plan year 2026, which drive the BHP funding formula. These changes result in higher federal BHP payments of $174 million in FY 2026-27 and $247 million in FY 2028-29. Offsetting this increase, the loss of federal BHP funding resulting from HR1 drives a revenue reduction of $161 million and $272 million in FY 2026-27 and in FY 2028-29, respectively.

Change BHP Expenditures. BHP expenditures are forecast to be $1.487 billion in FY 2026-27, a $269 million (22.1 percent) increase compared to end-of-session estimates. In FY 2028-29, federal BHP expenditures are forecast to be $1.591 billion, a $316 million (24.8 percent) increase compared to prior estimates. The largest increase in BHP expenditures is updates to managed care rates. Managed care rates increased expenditures in the BHP by $243 million in FY 2026-27 and $277 million in FY 2028-29.

[1] HR1 eliminates APTCs for certain noncitizens with incomes at or above 100% to 200% of the federal poverty level if they are not Lawful Permanent Residents, Cuban or Haitian entrants, or Compacts of Free Association migrants. This restricts people with specific immigration statuses from premium tax credits, including refugees, asylees, certain abused spouses and children, trafficking victims, and others granted protection under a humanitarian basis.

Health Care Access Fund

2025 November Forecast

Sources	Actuals FY 25	Projected FY 26	Projected FY 27	Projected FY 28	Projected FY 29
Balance Forward from Prior Year	868,652	578,416	143,201	(47,509)	(226,113)
Prior Year Adjustments	975				
Adjusted balance forward	869,627	578,416	143,201	(47,509)	(226,113)
Revenues:					
1.8% Provider Tax	913,146	977,200	1,020,600	1,067,500	1,115,600
1% Gross Premium Tax	120,963	123,600	128,000	133,400	139,000
Provider and Premium Tax Refunds	(25,547)	(29,310)	(29,340)	(22,880)	(22,920)
MinnesotaCare Enrollee Premiums	5,643	20,624	37,378	37,491	37,553
Investment Income	50,837	29,861	12,845	-	-
MinnesotaCare: Federal Basic Health Program [Non-Add][1]	[597,433]	[647,578]	[582,278]	[600,152]	[629,399]
Total Revenues	**1,065,042**	**1,121,975**	**1,169,483**	**1,215,511**	**1,269,233**
Transfers In:					
Returned Odyssey Project Funds	34	-	-	-	-
Total Transfers In	34	-	-	-	-
Total Sources	**1,934,703**	**1,700,391**	**1,312,684**	**1,168,003**	**1,043,120**
Uses					
Expenditures:					
MinnesotaCare: Direct Appropriation	60,351	173,286	278,066	310,548	321,366
MinnesotaCare: Federal Basic Health Program Expenditures [Non-Add]	[597,433]	[647,578]	[582,278]	[600,152]	[629,399]
MinnesotaCare: State Share of Enrollee Premiums	5,344	20,624	37,378	37,491	37,553
Medical Assistance	1,193,661	1,072,165	933,945	939,545	939,545
Department of Human Services [2]	43,471	55,743	55,509	42,877	42,877
Department of Health [2]	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 [2]	1,736	1,870	1,760	1,760	1,760
Emergency Medical Services Office	-	-	-	2,721	2,721
MNsure [2]	285	709	-	-	-
Board of Pharmacy	14	-	-	-	-
Interest on Tax Refunds	542	710	710	550	550
Department of Human Services Federal Reimbursement	(12,853)	(13,364)	(13,762)	(13,762)	(13,762)
Total Expenditures	**1,346,777**	**1,402,580**	**1,350,582**	**1,384,506**	**1,395,386**
Transfers Out:					
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	-	-	-
Total Transfers Out	**9,510**	**154,610**	**9,610**	**9,610**	**9,610**
Total Uses	**1,356,287**	**1,557,190**	**1,360,192**	**1,394,116**	**1,404,996**
Structural Balance	**(291,211)**	**(435,215)**	**(190,709)**	**(178,605)**	**(135,763)**
Balance	**578,416**	**143,201**	**(47,509)**	**(226,113)**	**(361,877)**

[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 2026 figure includes funding carried forward from previous years.

($ in thousands)