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.

PRIMARY REVENUE SOURCES - Revenues to the fund come from a two percent tax on providers; a one percent gross premium tax; MinnesotaCare enrollee premiums; investment income earned on the balance of the fund; and federal match on administrative costs. In the current biennium, the fund is supported by Medicaid and Children’s Health Insurance Program funds and federal Basic Health Program (BHP) funding. By fiscal year 2017, BHP funding will be the only federal revenue in the fund.

PRIMARY EXPENDITURES AND USES – The provision of subsidized health care through MinnesotaCare represents the largest expenditure in the HCAF. Other expenditures in the fund support medical assistance, health care access, quality improvement initiatives, and administration.

FORECAST AND FUND BALANCE CHANGES – The HCAF is projected to have a balance of $199 million in FY 2015, $13 million in FY 2017, and $0 in 2019. The balance of the fund has improved in each biennium compared to the November forecast due to greater revenues and lower expenditures.

Relative to November estimates, net tax revenues increased by $13 million (1.0 percent) in FY 2014-15, $35 million (2.6 percent) in FY 2016-2017, and $45 million (3.0 percent) in FY 2018-19. The greater collections are driven by faster growth of health care spending in future years.

The net state cost of MinnesotaCare fell by $16 million (3.0 percent) for FY 2014-15, $111 million (11.9 percent) for FY 2016-17, and $175 million (16.0 percent) for FY 2018-19 compared to November estimates.

The growth in revenue and decline in expenditures cause sources to exceed uses, triggering a statutory transfer to the general fund (M.S. 16A.724). This forecast projects an additional $96 million in FY 2016-17 and $72 million in FY 2018-19 in transfers to the general fund relative to the November forecast.

MinnesotaCare - MinnesotaCare provides health coverage to adults in households with income between 138 and 200 percent of the federal poverty guidelines. This forecast estimates that MinnesotaCare will have approximately 10,000 fewer enrollees than projected in November. Lower MinnesotaCare enrollment reduces spending by $17 million (3.2 percent) in 2014-15, $78 million (8.3 percent) in 2016-17, and $84 million (7.6 percent) in 2018-19.

This forecast reflects the December 2014 approval of a methodology to reflect differences in population health in federal BHP payments. As shown in Figure 1 above, per person payments are expected to be more than 10 percent higher than November estimates beginning in 2017. These anticipated federal funds lower projected state expenditures for MinnesotaCare. This results in $33 million (3.5 percent) lower spending in FY 16-17 and $89 million (8.1 percent) lower spending in FY 18-19.
## Health Care Access Fund

**Figures in $ Thousands**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Closing FY 14</th>
<th>Projected FY 15</th>
<th>Projected FY 16</th>
<th>Projected FY 17</th>
<th>Projected FY 18</th>
<th>Projected FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Forward from Prior Year</td>
<td>49,862</td>
<td>51,448</td>
<td>198,661</td>
<td>124,870</td>
<td>12,605</td>
<td>0</td>
</tr>
<tr>
<td>Prior Year Adjustments</td>
<td>1,908</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted balance forward</td>
<td>51,770</td>
<td>51,448</td>
<td>198,661</td>
<td>124,870</td>
<td>12,605</td>
<td>0</td>
</tr>
</tbody>
</table>

**Revenues:**

- 2% Provider Tax: 538,669
- 1% Gross Premium Tax: 73,934
- Provider and Premium Tax Refunds: (13,427)
- State Share of MnCare Enrollee Premiums: 15,566
- Investment Income: 762
- MinnesotaCare: Federal Basic Health Program [Non-Add]: 246,899
- MinnesotaCare: Federal Medicaid Waiver [Non-Add]: 257,429
- MinnesotaCare: State Share of Other Dedicated Revenues: 111
- Medical Assistance: Laws of MN 2013 Ch 108, Art 14, Sec 2: 175,744
- Healthy Minnesota Contribution Program: 6,949
- Department of Human Services: 28,030
- Department of Health: 25,866
- University of Minnesota: MN Laws 1sp 2011 Ch 5, Sec 5: 2,157
- Legislation: 1
- Department of Revenue: 1,569
- Interest on Tax Refunds: 353
- Legislative Auditor: MN Laws 2011 Ch 247, Art 6, Sec 2: 33

**Total Revenues:**

630,492

**Transfers In:**

- General Fund: Laws of MN 2008, Ch 363, Art 17, Sec 1: - 50,000

**Total Sources:**

682,262

**Uses:**

- MinnesotaCare: Direct Appropriation: 246,899
- MinnesotaCare: Federal Basic Health Program [Non-Add]: - 110,220
- MinnesotaCare: Federal Medicaid Waiver [Non-Add]: [257,429] 150,298
- MinnesotaCare: State Share of Other Dedicated Revenues: 111
- Medical Assistance: Laws of MN 2013 Ch 108, Art 14, Sec 2: 175,744
- Healthy Minnesota Contribution Program: 6,949
- Department of Human Services: 28,030
- Department of Health: 25,866
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- Legislation: 1
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- Interest on Tax Refunds: 353
- Legislative Auditor: MN Laws 2011 Ch 247, Art 6, Sec 2: 33

**Total Expenditures:**

503,277

**Transfers Out:**

- To General Fund: Medical Assistance: M.S. 16A.724 Subd 2(a): 96,000
- 2013 MA Expansion: Laws of MN 2013 Ch 1: 20,550

**Total General Fund Transfers:**

116,550

**Special Revenue Fund:**

- MAXIS/MMIS and Other: 9,987
- Medical Education & Research Costs (MERC) Fund, M.S. 16A.724 Subd 2(c): 1,000

**Total Special Revenue Fund:**

127,537

**Total Transfers Out:**

503,277

**Total Uses:**

630,492

**Balance:**

51,448

1 For services beginning January 1, 2015, 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 Amounts represent federal match on MinnesotaCare expenditures, which is accounted for in the state’s Federal Fund.

3 FY 2015 figure includes funding carried forward from previous years.