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 – Historically, the provision of subsidized health care through MinnesotaCare has been the primary expenditure in the HCAF. MinnesotaCare represents 24.0 percent and 35.3 percent of spending in FY 2016-17 and FY 2018-19, respectively. Following a significant reduction in the cost of MinnesotaCare in the November 2015 forecast, Medical Assistance became the largest expenditure in the fund. Medical Assistance makes up 53.5 and 40.0 percent of spending in FY2016-17 and FY 2018-19. 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 $610 million in FY 2017, and $1.166 billion in 2019. The balance of the fund has improved in each biennium compared to the November forecast due to lower expenditures.

Relative to November estimates, net tax revenues fell by $6 million (0.4 percent) in FY 2016-2017 and $7 million (0.5 percent) in FY 2018-19. These small changes are the result of changes in collections and forecast growth for health care spending.

The net state cost of MinnesotaCare fell by $29 million (9.1 percent) for FY 2016-17 and $1 million (0.3 percent) for FY 2018-19 compared to November estimates.

MinnesotaCare – MinnesotaCare provides health coverage to adults in households with income between 138 and 200 percent of the federal poverty guidelines. MinnesotaCare spending is largely unchanged from November 2015. As shown in the figure below, the largest changes occur in FY 2016.

The overall reduction in FY 2016 is approximately $28 million and is primarily the result of two one-time events. The first is fewer than expected capitation payments made for January coverage due in large part to the fee-for-service extensions for a portion of the MinnesotaCare population. The second event is a smaller than expected adjustment in payments to managed care organizations based on 2014 cost experience.

For FY 2017 through FY 2019, anticipated MinnesotaCare expenditures are in line with November estimates. During these years, MinnesotaCare enrollment is lower relative to November estimates. However, this reduction in enrollment also includes a change in case mix that increases the per enrollee state cost. The net result is a relatively small impact to projected state expenditures.
## Health Care Access Fund

### February 2016

Figures in $ Thousands

### Sources

<table>
<thead>
<tr>
<th></th>
<th>Closing FY 14</th>
<th>Closing FY 15</th>
<th>Projected FY 16</th>
<th>Projected FY 17</th>
<th>Projected FY 18</th>
<th>Projected FY 19</th>
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</thead>
<tbody>
<tr>
<td>Balance Forward from Prior Year</td>
<td>49,862</td>
<td>51,448</td>
<td>662,387</td>
<td>463,593</td>
<td>609,833</td>
<td>877,240</td>
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<tr>
<td>Prior Year Adjustments</td>
<td>1,908</td>
<td>4,926</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Adjusted balance forward</td>
<td>51,770</td>
<td>56,374</td>
<td>662,387</td>
<td>463,593</td>
<td>609,833</td>
<td>877,240</td>
</tr>
</tbody>
</table>

### Revenues:

- **2% Provider Tax**: $538,669, $573,178, $599,717, $630,654, $664,064, $698,249
- **1% Gross Premium Tax**: $73,934, $83,629, $90,130, $93,812, $97,432, $100,869
- **Provider and Premium Tax Refunds**: $13,427, $19,468, $16,056, $16,251, $17,075, $17,999
- **State Share of MnCare Enrollee Premiums**: $15,566, $15,547, $40,415, $40,587, $40,399, $40,684
- **Investment Income**: $762, $945, $3,180, $3,020, $4,170, $5,720
- **MinnesotaCare: Federal Basic Health Program** [Non-Add]: $91,249, $328,569, $410,752, $428,956, $454,750
- **MinnesotaCare: Federal Medicaid Waiver** [Non-Add]: $257,429, $127,822, $1,040, - , -
- **MinnesotaCare: State Share of Other Dedicated Revenues**: $111, $87, - , - , - , -
- **Federal Match on Administrative Costs**: $14,874, $13,601, $13,601, $13,601, $13,601, $13,601
- **DSH Claim for Legal Non-Citizens in MinnesotaCare**: - , - , - , - , - , -
- **Other**: - , - , - , - , - , -

### Total Revenues

$630,492, $667,519, $730,988, $765,423, $802,591, $841,123

### Transfers In:

- **General Fund: Laws of MN 2008, Ch 363, Art 17, Sec 1**: $50,000
- **Transfer from General Fund**: $455,000
- **General Fund: Medical Assistance**: $6,998

### Total Sources

$682,262, $1,235,891, $1,393,375, $1,229,016, $1,412,423, $1,718,363

### Uses

**Expenditures:**

- **MinnesotaCare: Direct Appropriation**: $246,899, $275,004, $133,293, $157,054, $150,144, $152,718
- **MinnesotaCare: Federal Basic Health Program** [Non-Add]: - , $91,249, $328,569, $410,752, $428,956, $454,750
- **MinnesotaCare: Federal Medicaid Waiver** [Non-Add]: $257,429, $127,822, $1,040, - , - , -
- **MinnesotaCare: State Share of Enrollee Premiums**: $15,566, $15,547, $40,415, $40,587, $40,399, $40,684
- **MinnesotaCare: State Share of Other Dedicated Revenues**: $111, $87, - , - , - , -
- **Medical Assistance: Laws of MN 2013 Ch 108, Art 14, Sec 2**: $175,744, $173,879, $588,190, $241,150, $210,233, $225,042
- **Healthy Minnesota Contribution Program**: $6,949, - , - , - , - , -
- **Department of Human Services**: $28,030, $31,051, $33,675, $35,280, $33,145, $33,252
- **Department of Health**: $25,866, $36,345, $36,484, $33,421, $34,031, $33,444
- **University of Minnesota: MN Laws 1sp 2011 Ch 5, Sec 5**: $2,157, $2,157, $2,157, $2,157, $2,157, $2,157
- **Legislature** [Non-Add]: $1,698, $1,698, - , - , - , -
- **Department of Revenue**: $1,569, $1,893, $1,749, $1,749, $1,749, $1,749
- **Interest on Tax Refunds**: $215, $159, $360, $215, $215, $215
- **Legislative Auditor: MN Laws 2011 Ch 247, Art 6, Sec 2**: - , - , - , - , - , -

### Total Expenditures

$503,277, $536,267, $836,722, $511,961, $472,443, $489,654

### Transfers Out:

- **To General Fund**: $96,000, $48,000, $48,000, $48,000, $48,000, $48,000
- **2013 MA Expansion: Laws of MN 2013 Ch 1**: $20,550, $25,332, $30,841, $44,481, - , -

### Total General Fund Transfers

$116,550, $73,352, $78,841, $92,481, $48,000, $48,000

### Special Revenue Fund: DHS Systems and Other

$9,987, $10,905, $14,219, $14,741, $14,741, $14,741

### Medical Education & Research Costs (MERC) Fund, M.S. 16A.724 Subd 2(c)

$1,000, $1,000, - , - , - , -

### Total Transfers Out

$127,537, $37,237, $93,060, $107,222, $62,741, $62,741

### Total Uses

$630,814, $573,504, $929,782, $619,183, $535,184, $552,395

### Balance

$51,448, $662,387, $463,593, $609,833, $877,240, $1,165,968

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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 2016 figure includes funding carried forward from previous years.