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. Currently, federal Medicaid and Children’s Health Insurance Program funds are used to support eligible activities. Beginning in 2015, federal Basic Health Program funding will support health coverage through MinnesotaCare.

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

FORECAST AND FUND BALANCE CHANGES – Relative to end-of session estimates, net tax revenues decreased by $9 million (0.8%) in FY 2014-15 and by $29 million (2.1%) in FY 2016-2017. The lower collections are driven by slower growth of health care spending in future years.

The net state cost of MinnesotaCare fell by $70 million (11.6%) for FY 2014-15 and by $14 million (1.5%) for FY 2016-17, compared to end-of-session estimates.

The HCAF appropriation for Medical Assistance is also lower than end of session estimates. Analysis has shown that the costs of 2013 eligibility changes are less than originally estimated. As a result, the HCAF appropriation to MA is $45 million (11.3%) lower in FY 2014-15 and $39 million (8.9%) lower in 2016-17. The transfer to the General Fund has also been reduced by $13 million (22.2%) in FY 2014-15 and $15 million (12.7%) in FY 2016-17.

The HCAF is projected to have a balance of $176 million in FY 2015, and a deficit of $62 million in FY 2017.

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 30,000 fewer enrollees than projected at the end of session. Based on actual 2014 enrollment, it appears that more Minnesotans are enrolling in Medical Assistance and fewer are enrolling in MinnesotaCare than was previously expected. This lower MinnesotaCare enrollment reduces spending by $92 million (15.3%) in 2014-15 and $199 million (21.0%) in 2016-17.

Much of this reduction, however, is offset by higher than expected increases in managed care rates. Rates were anticipated to increase as many lower cost enrollees, primarily children, moved to Medical Assistance following 2014 eligibility changes. This left a relatively more expensive group of enrollees in MinnesotaCare and the updated cost experience for this remaining group was higher than expected. The impact of the higher rates is $15 million (2.5%) increase in 2014-15 and a $133 million (14.0%) increase in 2016-17 over end-of-session estimates.

CONTINGENT PROVIDER TAX REDUCTION – The provider tax will remain two percent for tax year 2015, because the ratio of resources to uses in the HCAF is less than 125 percent for the current biennium. If this projected ratio exceeded 125 percent, the provider tax rate would have been subject to downward revision (Minnesota Laws 2011, Special Session 1, Chapter 9, Article 6, Section 83).
## 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>56,991</td>
<td>175,761</td>
<td>96,680</td>
<td>(61,613)</td>
<td>(149,746)</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>56,991</td>
<td>175,761</td>
<td>96,680</td>
<td>(61,613)</td>
<td>(149,746)</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**: 15,677
- **Investment Income**: 762
- **MinnesotaCare: Federal Basic Health Program [Non-Add]**: 121,700
- **MinnesotaCare: Federal Medicaid Waiver [Non-Add]**: 257,429
- **Federal Match on Administrative Costs**: 14,874
- **DSH Claim for Legal Non-Citizens in MinnesotaCare**: 2,200

Total Revenues: 630,491

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

Total Sources: 682,261

Uses:

- **MinnesotaCare: Direct Appropriation**: 246,899
- **MinnesotaCare: Federal Basic Health Program [Non-Add]**: 121,700
- **MinnesotaCare: Federal Medicaid Waiver [Non-Add]**: 257,429
- **MinnesotaCare: State Share of Enrollee Premiums**: 15,677
- **Medical Assistance: Laws of MN 2013 Ch 108, Art 14, Sec 2**: 177,855
- **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
- **Legislature**: 1,569
- **Interest on Tax Refunds**: (353)

Total Expenditures: 497,699

Transfers Out:
- **To General Fund**: 96,000
- **2013 MA Expansion: Laws of MN 2013 Ch 1**: 20,550
- **Department of Revenue**: 1,569
- **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 Transfers Out: 127,570

Total Uses: 625,269

Balance: 56,991

---

1. For services beginning January 1, 2015, federal funding for MinnesotaCare will be received through the Basic Health Program and will be 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.