Health Care Access Fund Overview

Ahna Minge, Senior Executive Budget Officer
September 13, 2018

Presentation Overview

• Sources
• Uses
• Fund Outlook
Health Care Access Fund Balance

Fund Balance ($ millions)

<table>
<thead>
<tr>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 18</th>
<th>FY 19</th>
<th>FY 20</th>
<th>FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>496</td>
<td>713</td>
<td>643</td>
<td>604</td>
<td>587</td>
<td>61</td>
</tr>
</tbody>
</table>

Source: Health Care Access Fund Statement, End of Session 2018, Minnesota Management and Budget

Health Care Access Fund Revenues
Current Biennium and Planning Years

- Provider Tax
- Premium Tax
- MinnesotaCare Premiums
- Transfer from General Fund
- Other

FY 2018-19

- $1,317 M, 80%
- $182 M, 11%
- $38 M, 2%
- $50 M, 3%
- $66 M, 4%

FY 2020-21

- $459 M, 61%
- $192 M, 25%
- $7 M, 1%
- $65 M, 9%
- $33 M, 4%

Source: Health Care Access Fund Statement, End of Session 2018, Minnesota Management and Budget
**Health Care Access Fund Tax Revenue Over Time**

*During the first half of FY 2004: (1) there was no 1% HMO gross premiums tax; (2) the provider tax rate was only 1.5%; and (3) state health programs were exempt from the provider tax.*

Source: SWIFT Actuals, Health Care Access Fund Statement, End of Session 2018, Minnesota Management and Budget

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**Provider Tax Rate Change Over Time**

- **One-time reduction** – Temporary 1.5 percent rate applied from 1998 through 2003
- **Contingent Reduction** – Provider tax may be reduced when sources exceed uses by 125% in the current biennium (effective 2011-2019). To date, no provider tax reduction has occurred.
Health Care Spending Changes and Tax Revenue Collection

Provider Tax Collections Mirror Health Care Spending Growth

HMO Premium Tax Collections Subject to Greater Volatility

Source: SWIFT Actuals, CMS National Health Expenditure Accounts State-Level Estimates by Residence

Health Care Access Fund Expenditures Current Biennium and Planning Years

Source: Health Care Access Fund Statement, End of Session 2018, Minnesota Management and Budget
Grant Programs and Agency Operations

<table>
<thead>
<tr>
<th>Agency</th>
<th>FY 2018-19 Spending ($ millions)</th>
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</thead>
<tbody>
<tr>
<td>Department of Human Services</td>
<td>$98</td>
</tr>
<tr>
<td>Minnesota Department of Health</td>
<td>$77</td>
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<tr>
<td>Department of Revenue</td>
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<td>University of Minnesota</td>
<td>$4</td>
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<td>Legislature</td>
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<td><strong>Total</strong></td>
<td><strong>$184</strong></td>
</tr>
</tbody>
</table>

Health Care Access Fund Outlook

- December 31, 2019
- Provider Tax Sunset

Expenditures

Revenues

- $530 million
Basic Health Program

- Basic Health Program established as alternative model for federal funding for MinnesotaCare
- Federal payments tied to individual market subsidies, rather than MinnesotaCare costs
- Federal revenues deposited in state federal fund and used to pay for expenses of eligible MinnesotaCare enrollees
- 2017 federal actions reduced anticipated federal revenues

Source: Basic Health Program Trust Fund Statement, February 2018 Forecast, Minnesota Department of Human Services

Questions

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