

# ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS (REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$38,394,541
Add estimated revenues		
1998 government nursing facility funding pool payment	\$25,902,739	
1999 government nursing facility funding pool payment	17,340,685	
2000 government nursing facility funding pool payment		\$11,748,679
2001 government nursing facility funding pool payment		6,385,969
Repayment of state matching on government nursing facility funding pool payments		7,946,165
Investment earnings	1,949,798	2,989,065
Loan repayments - Principal and interest	<u>27,369</u>	<u>563,376</u>
Total estimated revenues	<u>\$45,220,591</u>	<u>\$29,633,254</u>
Total available	\$45,220,591	\$68,027,795
Less estimated expenditures		
Department of Human Services		
Grants and loans	\$2,501,573	\$4,020,226
Service payments for elderly and disabled (SPED)	4,262,410	4,262,410
Medical assistance - State matching		25,000,000
Health Insurance Portability and Accountability Act (HIPAA) project - State matching		3,870,794
State Hospital landfill closure		413,255
Statewide long-term care needs assessment		241,006
Administrative costs	60,382	71,158
State matching for government nursing facility funding pool payments		7,946,165
Bank of North Dakota administrative fee	<u>1,685</u>	<u>147,358</u>
Total estimated expenditures	<u>\$6,826,050</u>	<u>\$45,972,372</u>
Estimated ending balance	<u><u>\$38,394,541</u></u>	<u><u>\$22,055,423</u></u> <sup>1</sup>

**NOTE:** The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. Loans or grants are for capital or one-time expenditures to assist a nursing facility in converting to an alternative care facility. The share of an approved project that can be financed from the health care trust fund is limited to \$1 million or 80 percent of the project cost, whichever is less.

Moneys are generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVile and Dunseith. Payments are made based on the average amount Medicare rates exceed Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds are available for these payments and require a state match. Payments are made to the two government nursing facilities and are subsequently returned to the state, less a \$10,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share is returned to its source, and the federal funds are deposited in the health care trust fund. Interest earned is retained in the fund.

<sup>1</sup> Section 14 of House Bill No. 1179, introduced as part of the executive budget recommendation, requires that the health care trust fund retain a minimum balance of \$13 million until the director of the Department of Human Services certifies to the State Treasurer that the federal Health Care Financing Administration's claim for the return of \$13 million of the state's first-year payment has been resolved.