

## ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2001-03 BIENNIUM

Beginning balance - July 1, 2001		\$39,147,532
Add estimated revenues		
2000 government nursing facility funding pool payment (July 2001)	\$15,398,174	
2001 government nursing facility funding pool payment (July 2002)	11,754,986	
Investment earnings	4,000,000	
Loan repayments - Principal and interest	539,747	
Total estimated revenues		<u>\$31,692,907</u>
Total available		\$70,840,439
Less estimated expenditures		
Department of Human Services		
Grants - 1999-2001 commitments (2001 HB 1196)	\$100,226	
Loans - 1999-2001 commitments (2001 HB 1196)	4,960,000	
Loans - 2001-03 biennium (2001 HB 1196)	7,040,000	
Service payments for elderly and disabled (SPED) (2001 HB 1196)	6,898,302	
Health Insurance Portability and Accountability Act (HIPAA) computer project - State matching and other technology projects (2001 HB 1196)	3,000,000	
Nursing home bed reduction incentive (2001 HB 1196)	4,000,000	
Nursing facility employee compensation enhancement (2001 HB 1196)	8,189,054	
Basic care employee compensation enhancement (2001 HB 1196)	202,080	
Nursing facility rate limit increases resulting from rebasing (2001 HB 1196)	681,846	
Nursing facility and intermediate care facility for the mentally retarded personal care allowance increase (2001 HB 1196)	309,600	
Basic care facility personal care allowance increase (2001 HB 1196)	180,000	
Qualified service provider training grants (2001 HB 1196)	140,000	
Senior citizen mill levy match (2001 HB 1196)	250,000	
Medical assistance - Targeted case management (2001 HB 1196)	338,530	
Independent living center grants (2001 HB 1196)	100,000	
Statewide long-term care needs assessment (2001 HB 1196)	241,006	
Administrative costs (2001 HB 1196)	71,158	

State Department of Health	
Quick response unit pilot project (2001 HB 1202)	225,000
Scholarship and nurses student loan repayment grant program (2001 HB 1196)	489,500
Bank of North Dakota administrative fee (continuing appropriation)	<u>79,615</u>
Total estimated expenditures	<u>\$37,495,917</u>
Estimated balance - June 30, 2003	<u>\$33,344,522<sup>1</sup></u>

<sup>1</sup> Section 39 of House Bill No. 1196 provides that the State Treasurer may not approve payments from the fund that would reduce the fund's unobligated balance below \$13 million except for payments to repay the federal government for disputed claims until 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 (FY 2000) payment has been resolved. The department has not yet received final assurances from the federal government that it will not require the state to return the \$13 million from the state's first-year claim.

**NOTE:** The estimated June 30, 2003, balance made at the close of the 2001 Legislative Assembly was \$35,633,108. The decrease of \$2,288,586 is due to lower than estimated investment income during the 2001-03 biennium.

The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. The 2001 Legislative Assembly in House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money is 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 \$50,000 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. Money in the fund is invested by the State Investment Board and any investment earnings are retained in the fund. The federal government has adopted rules to eliminate this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment is expected to be made in July 2004.