

## ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	<u>1999-2001 Biennium</u>	<u>2001-03 Biennium</u>
Beginning balance	\$0	\$38,632,261
Add estimated revenues		
1998 government nursing facility funding pool payment (April 2000)	\$25,902,739	
1999 government nursing facility funding pool payment (September 2000)	17,340,685	
2000 government nursing facility funding pool payment (July 2001)		\$15,141,604
2001 government nursing facility funding pool payment (July 2002)		11,754,986
Investment earnings	1,949,798	6,758,207
Loan repayments - Principal and interest	<u>27,369</u>	<u>841,967</u>
Total estimated revenues	<u>45,220,591</u>	<u>34,496,764</u>
Total available	\$45,220,591	\$73,129,025
Less estimated expenditures		
Department of Human Services		
Grants and loans - 1999-2001 biennium (1999 SB 2168)	\$1,463,853	
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
Additional 1999-2001 biennium transaction fee - Dunseith and McVile (2001 HB 1196)	800,000	
Service payments for elderly and disabled (SPED) (1999 SB 2012, 2001 HB 1196)	4,262,410	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

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	
Statewide long-term care needs assessment (2001 HB 1196)		241,006	
Administrative costs (1999 SB 2012, 2001 HB 1196)	60,382	71,158	
Bank of North Dakota administrative fee (continuing appropriation)	<u>1,685</u>	<u>79,615</u>	
Total estimated expenditures		<u>\$6,588,330</u>	<u>\$37,495,917</u>
Estimated ending balance		<u>\$38,632,261</u>	<u>\$35,633,108<sup>1</sup></u>

**NOTE:** 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 moneys 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. 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 \$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. Moneys in the fund are 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 will be made in July 2004.

<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.