

MEDICAL SERVICES, LONG-TERM CARE SERVICES, AND HEALTHY STEPS

MEDICAL SERVICES FUNDING, EXCLUDING LONG-TERM CARE

The 2003-05 executive recommendation for medical services includes a total of \$509.7 million, excluding intergovernmental transfer funds. Of this total, \$144.8 million is from the general fund.

The executive budget projects that 48,314 individuals will be eligible for the medical assistance program during the 2003-05 biennium, 5,804 more than the 42,510 that were originally projected for the 2001-03 biennium. The actual number of eligible individuals in September 2002 was 52,670. The executive budget recommends a number of eligibility and policy changes that are anticipated to reduce the number of eligible individuals by 3,518 in the 2003-05 biennium.

The schedule below summarizes medical services funding, including funding for community-based developmental disabilities services but excluding funding for nursing facility care and other long-term care services, the Healthy Steps program, and intergovernmental transfer payments.

	1999-2001 Actual Expenditures	2001-03 Appropriation	2001-03 Projected Expenditures *	2003-05 Executive Budget	2003-05 Increase (Decrease) to 2001-03 Projected
Federal funds	\$289,617,451	\$307,299,670	\$333,000,932	\$352,323,436	\$19,322,504
General fund	120,644,887	121,735,059	121,735,059	144,756,171	23,021,112
Estate collections	3,249,179	4,251,632	3,852,006	1,818,408	(2,033,598)
Health care trust fund		27,000	15,164,099	27,000	(15,137,099)
Community health trust fund		114,755	98,020	114,755	16,735
Other funds		6,019,610	5,297,948	10,651,637	5,353,689
Total	<u>\$413,511,517</u>	<u>\$439,447,726</u>	<u>\$479,148,064</u>	<u>\$509,691,407</u>	<u>\$30,543,343</u>

*Based upon actual expenditures incurred through September 2002.

The federal medical assistance percentage (FMAP) for the medical assistance program is as follows:

Federal Fiscal Year	FMAP
1998	70.43%
1999	69.94%
2000	70.42%
2001	69.99%
2002	69.87%
2003	68.36%
2004	68.31%
2005	67.47% (Estimate)

The following schedule compares recent inflationary adjustments to the inflationary adjustments provided in the executive budget:

	Actual		Recommended	
	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment
Inpatient hospital	2.20%	0.00%	0.00%	0.00%
Outpatient hospital	2.20%	0.00%	0.00%	0.00%
Home health	2.20%	0.00%	0.00%	0.00%
Dental services	2.20%	0.00%	0.00%	0.00%
Drugs	Undeterminable	Undeterminable	7.00%	7.00%
Physician services	2.20%	0.00%	0.00%	0.00%
Community-based DD care	2.20%	0.00%	0.00%	0.00%

The following schedule compares the 1999-2001 biennium actual expenditures and 2001-03 biennium projected expenditures for medical assistance to the 2003-05 executive budget recommendation:

	1999-2001 Actual Expenditures	2001-03 Projected Expenditures*	Percentage of Total	2003-05 Executive Budget	Percentage of Total	2003-05 Executive Budget Increase (Decrease) to 2001-03	Percentage Increase (Decrease)
Inpatient hospital	\$61,211,914	\$65,077,668	13.58%	\$61,827,764	12.13%	(\$3,249,904)	(4.99%)
Outpatient hospital	28,119,056	40,021,833	8.35%	36,276,187	7.12%	(3,745,646)	(9.36%)
Home health	5,011,615	4,633,954	0.97%	4,863,872	0.95%	229,918	4.96%
Premiums	9,318,508	10,375,121	2.17%	11,913,270	2.34%	1,538,149	14.83%
Physicians' services	38,908,730	45,950,210	9.59%	48,348,440	9.49%	2,398,230	5.22%
Healthy senior Rx (net)	0	0	0.00%	9,304,421	1.83%	9,304,421	
Drugs (net)	65,348,434	81,431,676	17.00%	101,085,239	19.83%	19,653,563	24.14%
Durable medical equipment	3,966,460	3,932,110	0.82%	4,158,833	0.82%	226,723	5.77%
Treatment services for children	4,932,269	7,473,121	1.56%	10,778,832	2.11%	3,305,711	44.23%
Rural health clinics	3,676,456	3,790,103	0.79%	3,807,872	0.75%	17,769	0.47%
Indian health services	14,814,013	17,462,557	3.64%	18,041,293	3.54%	578,736	3.31%
Community-based developmental disabilities care	151,001,171	163,693,184	34.16%	173,460,455	34.03%	9,767,271	5.97%
Chiropractic services	373,324	404,761	0.08%	77,193	0.02%	(327,568)	(80.93%)
Dental	10,662,906	11,762,179	2.45%	4,816,297	0.94%	(6,945,882)	(59.05%)
Hospice services	1,385,649	1,515,789	0.32%	0	0.00%	(1,515,789)	(100.00%)
Private duty nursing	15,963	5,636	0.00%	2,429	0.00%	(3,207)	(56.90%)
Other, excluding Healthy Steps	14,765,049	21,618,162	4.52%	20,929,010	4.10%	(689,152)	(3.19%)
Total - Excluding intergovernmental transfer	<u>\$413,511,517</u>	<u>\$479,148,064</u>	<u>100.00%</u>	<u>\$509,691,407</u>	<u>100.00%</u>	<u>\$30,543,343</u>	6.37%
Federal funds	\$289,617,451	\$333,000,932	69.50%	\$352,323,436	69.12%	\$19,322,504	5.80%
General fund	120,644,887	121,735,059	25.41%	144,756,171	28.40%	23,021,112	18.91%
Other funds	3,249,179	24,412,073	5.10%	12,611,800	2.48%	(11,800,273)	(48.34%)
Total - Excluding intergovernmental transfer	<u>\$413,511,517</u>	<u>\$479,148,064</u>	<u>100.01%</u>	<u>\$509,691,407</u>	<u>100.00%</u>	<u>\$30,543,343</u>	6.37%
Intergovernmental transfer program	<u>\$61,464,675</u>	<u>\$50,298,973</u>		<u>\$27,495,655</u>		<u>(\$22,803,318)</u>	<u>(45.34%)</u>
Total - Including intergovernmental transfer	<u>\$474,976,192</u>	<u>\$529,447,037</u>		<u>\$537,187,062</u>		<u>\$7,740,025</u>	1.46%
Federal funds	\$332,900,875	\$368,171,396	69.54%	\$371,136,880	69.09%	\$2,965,484	0.81%
General fund	124,263,278	136,863,568	25.85%	153,438,382	28.56%	16,574,814	12.11%
Other funds	17,812,039	24,412,073	4.61%	12,611,800	2.35%	(11,800,273)	(48.34%)
Total - Including intergovernmental transfer	<u>\$474,976,192</u>	<u>\$529,447,037</u>	<u>100.00%</u>	<u>\$537,187,062</u>	<u>100.00%</u>	<u>\$7,740,025</u>	1.46%

*Based upon actual expenditures incurred through September 2002.

LONG-TERM CARE SERVICES FUNDING

The 2003-05 executive recommendation for the long-term care services totals \$348.4 million. Of this total, \$85.8 million is from the general fund.

The schedule below presents the total funding recommended for long-term care services.

	1999-2001 Actual Expenditures	2001-03 Appropriation	2001-03 Projected Expenditures *	2003-05 Executive Budget	2003-05 Increase (Decrease) to 2001-03 Projected
Federal funds	\$175,064,477	\$223,219,433	\$215,617,410	\$222,602,900	\$6,985,490
General fund	83,244,411	91,109,949	91,109,949	85,849,691	(5,260,258)
Health care trust fund		16,756,212	17,168,193	36,756,212	19,588,019
Other funds	10,818,410	3,083,143	3,087,011	3,226,314	139,303
Total	\$269,127,298	\$334,168,737	\$326,982,563	\$348,435,117	\$21,452,554

*Based upon actual expenditures incurred through September 2002.

The federal medical assistance percentage (FMAP) for long-term care services is the same as medical services programs.

The following schedule compares recent inflationary adjustments to the inflationary adjustments provided in the executive budget:

	Actual		Recommended	
	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment
Nursing facilities	3.78%	3.70%	3.66%	3.66%
Basic care	2.80%	1.20%	1.20%	1.20%
Aged and disabled waiver	2.20%	0.00%	0.00%	0.00%
Traumatic brain injury waiver	2.20%	0.00%	0.00%	0.00%
Targeted case management	0.00%	0.00%	0.00%	0.00%

The following schedule compares the 2001-03 biennium projected expenditures for long-term care services to the 2003-05 executive budget recommendation:

	1999-2001 Actual Expenditures	2001-03 Projected Expenditures*	Percentage of Total	2003-05 Executive Budget	Percentage of Total	2003-05 Executive Budget Increase (Decrease) to 2001-03	Percentage Increase (Decrease)
Nursing home care	\$239,206,236	\$292,148,030	60.97%	\$306,559,827	60.15%	\$14,411,797	4.93%
Basic care assistance	7,248,416	8,737,930	1.82%	8,395,725	1.65%	(342,205)	(3.92%)
Service payments for elderly and disabled (SPI	12,464,868	13,720,449	2.86%	18,839,037	3.70%	5,118,588	37.31%
Expanded SPED	1,337,190	1,235,676	0.26%	1,780,594	0.35%	544,918	44.10%
Aged and disabled waiver	8,011,151	8,802,386	1.84%	9,478,112	1.86%	675,726	7.68%
Traumatic brain injury waiver	859,437	1,683,868	0.35%	2,274,072	0.45%	590,204	35.05%
Targeted case management	0	654,224	0.14%	1,107,750	0.22%	453,526	69.32%
Total	\$269,127,298	\$326,982,563	68.24%	\$348,435,117	68.38%	\$21,452,554	6.56%
Federal funds	\$175,064,477	\$215,617,410	45.00%	\$222,602,900	43.67%	\$6,985,490	3.24%
General fund	83,244,411	91,109,949	19.01%	85,849,691	16.84%	(5,260,258)	(5.77%)
Other funds	10,818,410	20,255,204	4.24%	39,982,526	7.84%	19,727,322	97.39%
Total	\$269,127,298	\$326,982,563	68.25%	\$348,435,117	68.35%	\$21,452,554	6.56%

*Based upon actual expenditures incurred through September 2002.

The following schedule compares the 2001-03 biennium original appropriations to the 2003-05 executive recommendation for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Total Funds
Nursing home care						
2003-05 executive recommendation	\$208,273,253	\$69,149,274	\$29,137,300			\$306,559,827
2001-03 original appropriation	206,218,232	79,696,081	9,137,300			295,051,613
Increase (Decrease)	<u>\$2,055,021</u>	<u>(\$10,546,807)</u>	<u>\$20,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,508,214</u>
Basic care assistance						
2003-05 executive recommendation	\$5,363,506	\$365,777	\$382,080	\$2,284,362		\$8,395,725
2001-03 original appropriation	6,081,186		382,080	2,400,992		8,864,258
Increase (Decrease)	<u>(\$717,680)</u>	<u>\$365,777</u>	<u>\$0</u>	<u>(\$116,630)</u>	<u>\$0</u>	<u>(\$468,533)</u>
SPED						
2003-05 executive recommendation	\$225,720	\$10,773,063	\$6,898,302		\$941,952	\$18,839,037
2001-03 original appropriation		5,835,142	6,898,302		682,151	13,415,595
Increase (Decrease)	<u>\$225,720</u>	<u>\$4,937,921</u>	<u>\$0</u>	<u>\$0</u>	<u>\$259,801</u>	<u>\$5,423,442</u>
Expanded SPED						
2003-05 executive recommendation		\$1,780,594				\$1,780,594
2001-03 original appropriation		1,203,280				1,203,280
Increase (Decrease)	<u>\$0</u>	<u>\$577,314</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$577,314</u>
Aged and disabled waiver						
2003-05 executive recommendation	\$6,441,991	\$3,036,121				\$9,478,112
2001-03 original appropriation	5,953,319	2,566,086				8,519,405
Increase (Decrease)	<u>\$488,672</u>	<u>\$470,035</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$958,707</u>
Traumatic brain injury waiver						
2003-05 executive recommendation	\$1,545,558	\$728,514				\$2,274,072
2001-03 original appropriation	1,270,758	547,742				1,818,500
Increase (Decrease)	<u>\$274,800</u>	<u>\$180,772</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$455,572</u>
Targeted case management						
2003-05 executive recommendation	\$752,872	\$16,348	\$338,530			\$1,107,750
2001-03 original appropriation	769,220		338,530			1,107,750
Increase (Decrease)	<u>(\$16,348)</u>	<u>\$16,348</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total - Long-term care programs						
2003-05 executive recommendation	\$222,602,900	\$85,849,691	\$36,756,212	\$2,284,362	\$941,952	\$348,435,117
2001-03 original appropriation	220,292,715	89,848,331	16,756,212	2,400,992	682,151	329,980,401
Increase (Decrease)	<u>\$2,310,185</u>	<u>(\$3,998,640)</u>	<u>\$20,000,000</u>	<u>(\$116,630)</u>	<u>\$259,801</u>	<u>\$18,454,716</u>

**HEALTHY STEPS FUNDING
(CHILDREN'S HEALTH INSURANCE PROGRAM)**

The 2003-05 executive recommendation for the Healthy Steps program includes a total of \$9.5 million, \$2.1 million of which is from the general fund. Compared to the 2001-03 projected expenditures, the executive budget is recommending an increase of \$2.3 million, \$580,000 of which is from the general fund.

The executive budget recommends continuing eligibility requirements for the program at 140 percent of poverty based on net income and serving an average caseload of 2,563 children each month of the 2003-05 biennium. In September 2002, 2,324 children were covered by the program. The executive budget includes funding to provide an initial premium increase of 22 percent for the first year and no inflationary increase for the second year.

The schedule below compares the 2001-03 projected expenditures to the 2003-05 executive budget recommendation.

	1999-2001 Expenditures	2001-03 Projected Expenditures*	2003-05 Executive Budget	2003-05 Executive Budget Increase (Decrease) to 2001-03	Percentage Increase (Decrease)
Healthy Steps	<u>\$4,276,862</u>	<u>\$7,213,869</u>	<u>\$9,486,384</u>	<u>\$2,272,515</u>	23.96%
Federal funds	\$3,384,225	\$5,666,399	\$7,359,222	\$1,692,823	23.00%
General fund	892,637	1,547,470	2,127,162	579,692	27.25%
Other funds	0	0	0	0	
Total	<u>\$4,276,862</u>	<u>\$7,213,869</u>	<u>\$9,486,384</u>	<u>\$2,272,515</u>	23.96%

*Based upon actual expenditures incurred through September 2002.

The schedules below represent statistical information regarding the Healthy Steps program including the federal medical assistance percentage (FMAP) for the program, North Dakota's allocation of federal funds, the average number of children enrolled each year, and premium expenditures and premium rates in effect for the majority of the year for the majority of children covered.

Federal Fiscal Year Ending	FMAP	North Dakota Allocation \1
September 30, 1998	79.30%	\$5,041,000
September 30, 1999	78.96%	\$5,017,000
September 30, 2000	79.29%	\$5,656,000
September 30, 2001	78.99%	\$6,576,000
September 30, 2002	78.91%	\$5,333,000
September 30, 2003	77.85%	Not Available
September 30, 2004	77.82%	Not Available
September 30, 2005 Estimate	77.23%	

\1 The federal government allows states two years to spend their federal fund allocation.

State Fiscal Year Ending	Children Enrolled	Premium Expenditures	Premium Rates	
June 30, 2000	1,168	\$1,321,417	\$108.60	
June 30, 2001	2,092	\$2,955,445	\$108.60	
June 30, 2002	2,505	\$3,823,196	\$126.40	
June 30, 2003	2,282 \1	\$3,390,673 \1	\$126.40	
June 30, 2004	2,563 \1	\$4,743,192 \1	\$154.22	Executive recommendation
June 30, 2005	2,563 \1	\$4,743,192 \1	\$154.22	Executive recommendation

\1 This amount is projected.

NOTE: The Healthy Steps program began on October 1, 1999.