

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS (REFLECTING THE 2003-05 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2001-03 Biennium | 2003-05 Biennium |
|---|---------------------|---------------------|
| Beginning balance | \$39,147,532 | \$18,699,431 |
| Add estimated revenues | | |
| 2000 government nursing facility funding pool payment (July 2001) | \$15,398,174 | |
| 2001 government nursing facility funding pool payment (July 2002) | 19,572,290 | |
| 2002 government nursing facility funding pool payment (July 2003) | | \$12,430,686 |
| 2003 government nursing facility funding pool payment (July 2004) | | 6,165,373 |
| Investment earnings (market loss through October 2002) | (2,060,412) | 0 |
| Loan repayments - Principal and interest | <u>252,000</u> | <u>1,064,504</u> |
| Total estimated revenues | <u>\$33,162,052</u> | <u>\$19,660,563</u> |
| Total available | \$72,309,584 | \$38,359,994 |
| Less estimated expenditures | | |
| Department of Human Services | | |
| Grants - 1999-2001 commitments - Department estimate (\$100,226 appropriated) | \$8,183 | |
| Loans - 1999-2001 commitments | 2,696,435 | |
| Loans - 2001-03 biennium | 9,303,565 | |
| Service payments for elderly and disabled (SPED) | 6,898,302 | \$6,898,302 |
| Health Insurance Portability and Accountability Act (HIPAA) computer project - State matching and other technology projects | 3,000,000 | |
| Basic care assistance | | 382,080 |
| Basic care employee compensation enhancement | 202,080 | |
| Basic care facility personal care allowance increase | 180,000 | |
| Medical assistance - Nursing facility care | | 29,137,300 |
| Medical assistance - Developmental disability grants | | 27,000 |
| Nursing home bed reduction incentive | 4,000,000 | |
| Nursing facility employee compensation enhancement | 8,189,054 | |
| Nursing facility rate limit increases resulting from rebasing | 681,846 | |
| Nursing facility and intermediate care facility for the mentally retarded personal care allowance increase | 309,600 | |
| Qualified service provider training grants (\$140,000 appropriated) | 50,000 | 140,000 |
| Senior citizen mill levy match | 250,000 | 250,000 |
| Medical assistance - Targeted case management | 338,530 | 338,530 |
| Independent living center grants | 100,000 | 100,000 |
| Statewide long-term care needs assessment (\$241,006 appropriated) | 237,285 | |
| Administrative costs | 71,158 | 62,666 |
| Medical assistance deficiency appropriation (Senate Bill No. 2025) | 16,300,000 | |
| State Department of Health | | |
| Quick response unit pilot project | 225,000 | 225,000 |
| Scholarship and nurses' student loan repayment grant program | 489,500 | 489,500 |

| | | | |
|---|---------------|---------------------------------|---------------------|
| Bank of North Dakota administrative fee | <u>79,615</u> | <u>79,615</u> | |
| Total estimated expenditures | | <u>\$53,610,153</u> | <u>\$38,129,993</u> |
| Estimated ending balance | | <u>\$18,699,431¹</u> | <u>\$230,001</u> |

¹ 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.

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--McVille 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 received in July 2004.