

## ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	<u>2001-03 Biennium</u>	<u>2003-05 Biennium</u>
Beginning balance	\$39,147,532	\$27,044,587
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 February 2003)	(1,659,018)	
Loan repayments - Principal and interest	<u>252,000</u>	<u>1,064,504</u>
Total estimated revenues	<u>33,563,446</u>	<u>19,660,563</u>
Total available	\$72,710,978	\$46,705,150
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	
Health Insurance Portability and Accountability Act (HIPAA) computer project - State matching and other technology projects	3,000,000	
Basic care employee compensation enhancement	202,080	
Basic care facility personal care allowance increase	180,000	
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) (pending reduction from \$140,000)	50,000	
Senior citizen mill levy match	250,000	
Medical assistance - Targeted case management	338,530	
Independent living center grants (pending removal of \$100,000 in 2003-05)	100,000	
Statewide long-term care needs assessment (\$241,006 appropriated)	237,285	
Administrative costs	71,158	
Medical assistance deficiency appropriation (2003 SB 2025)	7,506,238	

Nursing facility deficiency appropriation (2003 HB 1200)	850,000		
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	79,615	79,615	
Transfer to general fund (2003 SB 2012)		<u>35,911,035</u>	
Total estimated expenditures and transfers		<u>45,666,391</u>	<u>36,705,150</u>
Ending balance		<u>\$27,044,587<sup>1</sup></u>	<u>\$10,000,000</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 certified to the State Treasurer that the federal government 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--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 received in July 2004.