

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2005-07 BIENNIUM AS OF MAY 2006

Beginning balance		\$19,583,138
Add estimated revenues		
Investment earnings	\$1,410,662	
Loan repayments - Principal and interest	1,061,185	
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Total estimated revenues		<hr/> 2,471,847
Total available		\$22,054,985
Less estimated expenditures		
State Department of Health		
Quick response unit pilot project	\$125,000	
Department of Human Services inflationary increases and developmental disabilities services	3,200,000	
Bank of North Dakota administrative fee on outstanding loans	98,000	
Transfer to the general fund	16,900,000	
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Total estimated expenditures and transfers		<hr/> 20,323,000
Estimated ending balance - June 30, 2007		<hr/> <hr/> \$1,731,985

NOTE: The estimated June 30, 2007, balance made at the end of the 2005 Legislative Assembly was \$1,321,937. The increase of \$410,048 is due primarily to an increase in 2005-07 estimated investment earnings.

FUND HISTORY

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 eliminated this intergovernmental transfer program. **As a result, North Dakota's final intergovernmental transfer payment was received in July 2004.**