

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

MEDICAL SERVICES FUNDING

The 2007-09 executive recommendation for medical services includes a total of \$382.2 million. Of this total, \$99.3 million is from the general fund.

The executive budget projects that 52,308 individuals will be eligible for the medical assistance program during the 2007-09 biennium, 601 less than the 52,909 originally budgeted by the department for the 2005-07 biennium. The actual number of eligible individuals in June 2006 was 51,706.

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

	2001-03 Actual Expenditures	2003-05 Actual Expenditures	2005-07 Appropriation	2005-07 Projected Expenditures*	2007-09 Executive Budget	2007-09 Increase (Decrease) to 2005-07 Projected
General fund	\$70,082,194	\$90,305,924	\$87,151,956	\$89,558,997	\$99,271,951	\$9,712,954
Federal funds	223,122,119	256,465,494	256,278,074	244,473,004	252,049,579	7,576,575
Other funds	22,182,191	14,728,998	26,276,803	26,287,037	30,910,210	4,623,173
Total	\$315,386,504	\$361,500,416	\$369,706,833	\$360,319,038	\$382,231,740	\$21,912,702

*Based upon actual expenditures incurred through June 2006.

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

Federal Fiscal Year	FMAP	Fiscal Relief FMAP	Federal Fiscal Year	FMAP
1998	70.43%		2005	67.49%
1999	69.94%		2006	65.85%
2000	70.42%		2007	64.72%
2001	69.99%		2008	63.75%
2002	69.87%		2009	64.08% estimate
2003	68.36%	72.82% ¹		
2004	68.31%	71.31% ¹		

¹The federal fiscal relief FMAP was in effect for five quarters--April 2003 through June 2004.

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

	Actual	Actual	Actual	Actual	Recommended	Recommended
	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment	July 2007 Inflationary Adjustment	July 2008 Inflationary Adjustment
Inpatient hospital	0.00%	2.70% ¹	2.65%	2.65%	3.00%	3.00%
Outpatient hospital	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Home health	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Dental services	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Drugs	7.00%	7.00%	5.50%	1.10% ²	6.50% ³	6.50% ³
Physician services	0.00%	1.83% ¹	2.65%	2.65%	3.00%	3.00%

¹ Effective April 2004.

² Due to implementation of Medicare Part D, the inflationary increase for state fiscal year 2006 is not comparable to past years as the patient and medication mix is completely different.

³ Inflation is based upon federal national health expenditure data.

The following schedule compares the 2003-05 biennium actual expenditures and 2005-07 biennium projected expenditures for medical services to the 2007-09 executive budget recommendation:

	2003-05 Actual Expenditures	2005-07 Projected Expenditures*	Percentage Change From Previous Biennium	2007-09 Executive Budget	Percentage of Total	2007-09 Executive Budget Increase (Decrease) to 2005-07	Percentage Increase (Decrease)
Inpatient hospital	\$77,833,386	\$92,580,648	18.95%	\$97,502,872	25.51%	\$4,922,224	5.32%
Outpatient hospital	42,785,097	45,852,067	7.17%	46,538,333	12.18%	686,266	1.50%
Home health	4,048,089	3,022,701	(25.33%)	3,069,736	0.80%	47,035	1.56%
Premiums	14,750,294	19,377,202	31.37%	23,681,997	6.20%	4,304,795	22.22%
Physicians' services	54,336,514	56,786,026	4.51%	56,372,775	14.75%	(413,251)	(73.00%)
Drugs (net)	93,006,523	57,547,306	(38.13%)	60,837,656	15.92%	3,290,350	5.72%
Durable medical equipment	4,667,592	5,014,679	7.44%	5,272,927	1.38%	258,248	5.15%
Treatment services for children	10,226,559	11,503,498	12.49%	19,917,653	5.21%	8,414,155	73.14%
Rural health clinics	3,768,854	3,904,373	3.60%	3,990,135	1.04%	85,762	2.20%
Indian health services	20,052,589	21,726,695	8.35%	20,815,623	5.45%	(911,072)	(4.19%)
Chiropractic services	382,745	343,224	(10.33%)	353,268	0.09%	10,044	2.93%
Dental	12,661,059	11,935,925	(5.73%)	12,005,428	3.14%	69,503	0.58%
Hospice services	5,859,859	717,234	(87.76%)	721,512	0.19%	4,278	0.60%
Private duty nursing	4,743	8,661	82.61%	11,112	0.00%	2,451	28.30%
Other, excluding Healthy Steps	17,116,513	29,998,799	75.26%	31,140,713	8.14%	1,141,914	3.81%
Total - Excluding intergovernmental transfer	<u>\$361,500,416</u>	<u>\$360,319,038</u>	(33.00%)	<u>\$382,231,740</u>	<u>100.00%</u>	<u>\$21,912,702</u>	6.08%
General fund	\$90,305,924	\$89,558,997	(83.00%)	\$99,271,951	25.97%	\$9,712,954	10.85%
Federal funds	256,465,494	244,473,004	(4.68%)	252,049,579	65.94%	7,576,575	3.10%
Other funds	14,728,998	26,287,037	78.47%	30,910,210	8.09%	4,623,173	17.59%
Total - Excluding intergovernmental transfer	<u>\$361,500,416</u>	<u>\$360,319,038</u>	(33.00%)	<u>\$382,231,740</u>	<u>100.00%</u>	<u>\$21,912,702</u>	6.08%
Intergovernmental transfer program	<u>\$28,318,634</u>	<u>\$0</u>	(100.00%)	<u>\$0</u>		<u>\$0</u>	
Total - Including intergovernmental transfer	<u>\$389,819,050</u>	<u>\$360,319,038</u>	(7.57%)	<u>\$382,231,740</u>		<u>\$21,912,702</u>	6.08%
General fund	\$98,428,736	\$89,558,997	(9.01%)	\$99,271,951	25.97%	\$9,712,954	10.85%
Federal funds	276,661,316	244,473,004	(11.63%)	252,049,579	65.94%	7,576,575	3.10%
Other funds	14,728,998	26,287,037	78.47%	30,910,210	8.09%	4,623,173	17.59%
Total - Including intergovernmental transfer	<u>\$389,819,050</u>	<u>\$360,319,038</u>	(7.57%)	<u>\$382,231,740</u>	<u>100.00%</u>	<u>\$21,912,702</u>	6.08%

*Based upon actual expenditures incurred through June 2006.

LONG-TERM CARE SERVICES FUNDING

The 2007-09 executive recommendation for long-term care services totals \$696.8 million. Of this total, \$258.5 million is from the general fund.

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

	2001-03 Actual Expenditures	2003-05 Actual Expenditures	2005-07 Appropriation	2005-07 Projected Expenditures *	2007-09 Executive Budget	2007-09 Increase (Decrease) to 2005-07 Projected
Federal funds	\$214,590,424	\$359,931,845	\$378,413,045	\$383,614,491	\$435,545,744	\$51,931,253
General fund	91,419,711	171,170,485	221,915,185	211,199,926	258,494,777	47,294,851
Other funds	<u>18,965,176</u>	<u>2,865,476</u>	<u>5,064,023</u>	<u>4,433,151</u>	<u>2,720,018</u>	<u>(1,713,133)</u>
Total	\$324,975,311	\$533,967,806	\$605,392,253	\$599,247,568	\$696,760,539	\$97,512,971

*Based upon actual expenditures incurred through September 2006.

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 provided to the inflationary adjustments recommended in the executive budget:

	Actual		Actual		Recommended	
	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment	July 2007 Inflationary Adjustment	July 2008 Inflationary Adjustment
Nursing facilities	3.66%	3.66%	2.65%	2.65%	3.00%	3.00%
Basic care	1.20%	1.20%	2.65%	2.65%	3.00%	3.00%
Service payments for elderly and disabled (SPEI)	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Expanded SPED	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Aged and disabled waiver	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Traumatic brain injury waiver	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Targeted case management	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%

The following schedule compares 2003-05 expenditures and 2005-07 projected expenditures for long-term care services to the 2007-09 executive budget recommendation:

	2003-05 Actual Expenditures	2005-07 Projected Expenditures*	Percentage Change From Previous Biennium	2007-09 Executive Budget	Percentage of Total	2007-09 Executive Budget Increase (Decrease) to 2005-07	2007-09 Increase (Decrease) to 2005-07 Projected
Nursing home care	\$308,262,033	\$337,357,777	9.44%	\$378,455,376	54.31%	\$41,097,599	12.18%
Basic care assistance	10,892,535	12,105,462	11.14%	14,401,246	2.07%	2,295,784	18.96%
Service payments for elderly and disabled (SPEI)	11,665,339	10,824,113	(7.21%)	9,101,518	1.31%	(1,722,595)	(15.91%)
Expanded SPED	1,041,091	563,265	(45.90%)	667,992	0.10%	104,727	18.59%
Aged and disabled waiver	11,150,411	2,568,749	(76.96%)	5,007,179	0.72%	2,438,430	94.93%
Traumatic brain injury waiver	1,633,486	1,972,671	20.76%	1,748,881	0.25%	(223,790)	(11.34%)
Targeted case management	604,516	821,316	35.86%	892,602	0.13%	71,286	8.68%
Personal care option	367,651	14,008,767	3710.34%	19,357,368	2.78%	5,348,601	38.18%
DD community-based care	<u>188,350,744</u>	<u>219,025,448</u>	<u>16.29%</u>	<u>267,128,377</u>	<u>38.33%</u>	<u>48,102,929</u>	<u>21.96%</u>
Total	<u>\$533,967,806</u>	<u>\$599,247,568</u>	<u>12.23%</u>	<u>\$696,760,539</u>	<u>100.00%</u>	<u>\$97,512,971</u>	<u>16.27%</u>
Federal funds	\$359,931,845	\$383,614,491	6.58%	\$435,545,744	62.51%	\$51,931,253	13.54%
General fund	171,170,485	211,199,926	23.39%	258,494,777	37.10%	47,294,851	22.39%
Other funds	<u>2,865,476</u>	<u>4,433,151</u>	<u>54.71%</u>	<u>2,720,018</u>	<u>0.39%</u>	<u>(1,713,133)</u>	<u>(38.64%)</u>
Total	<u>\$533,967,806</u>	<u>\$599,247,568</u>	<u>12.23%</u>	<u>\$696,760,539</u>	<u>100.00%</u>	<u>\$97,512,971</u>	<u>16.27%</u>

*Based upon actual expenditures incurred through September 2006.

The following schedule compares the 2007-09 executive recommendation to the 2005-07 biennium original appropriations for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Total Funds
Nursing home care						
2007-09 executive recommendation	\$242,094,724	\$136,360,652	\$0			\$378,455,376
2005-07 original appropriation	221,468,801	120,807,641	736,598			343,013,040
Increase (decrease)	<u>\$20,625,923</u>	<u>\$15,553,011</u>	<u>(\$736,598)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$35,442,336</u>
Basic care assistance						
2007-09 executive recommendation	\$5,793,512	\$6,323,372		\$2,284,362		\$14,401,246
2005-07 original appropriation	5,484,596	5,374,918	\$158,095	2,284,362		13,301,971
Increase (decrease)	<u>\$308,916</u>	<u>\$948,454</u>	<u>(\$158,095)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,099,275</u>
SPED						
2007-09 executive recommendation	\$19,417	\$8,646,445			\$435,656	\$9,101,518
2005-07 original appropriation	225,720	12,015,332	\$140,431		639,780	13,021,263
Increase (decrease)	<u>(\$206,303)</u>	<u>(\$3,368,887)</u>	<u>(\$140,431)</u>	<u>\$0</u>	<u>(\$204,124)</u>	<u>(\$3,919,745)</u>
Expanded SPED						
2007-09 executive recommendation		\$667,992				\$667,992
2005-07 original appropriation		823,837	\$14,200			838,037
Increase (decrease)	<u>\$0</u>	<u>(\$155,845)</u>	<u>(\$14,200)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$170,045)</u>
Aged and disabled waiver						
2007-09 executive recommendation	\$3,250,104	\$1,757,075				\$5,007,179
2005-07 original appropriation	2,192,688	1,161,726	\$45,489			3,399,903
Increase (decrease)	<u>\$1,057,416</u>	<u>\$595,349</u>	<u>(\$45,489)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,607,276</u>
Traumatic brain injury waiver						
2007-09 executive recommendation	\$1,118,714	\$630,167				\$1,748,881
2005-07 original appropriation	1,847,703	1,008,021	\$9,918			2,865,642
Increase (decrease)	<u>(\$728,989)</u>	<u>(\$377,854)</u>	<u>(\$9,918)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,116,761)</u>
Targeted case management						
2007-09 executive recommendation	\$570,970	\$321,632				\$892,602
2005-07 original appropriation	1,332,438	725,191	\$7,064			2,064,693
Increase (decrease)	<u>(\$761,468)</u>	<u>(\$403,559)</u>	<u>(\$7,064)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,172,091)</u>
Personal care option						
2007-09 executive recommendation	\$12,382,692	\$6,974,676				\$19,357,368
2005-07 original appropriation	10,009,348	5,446,358	\$52,678			15,508,384
Increase (decrease)	<u>\$2,373,344</u>	<u>\$1,528,318</u>	<u>(\$52,678)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,848,984</u>
DD community-based care						
2007-09 executive recommendation	\$170,315,611	\$96,812,766				\$267,128,377
2005-07 original appropriation	135,851,751	74,552,161	\$975,408			211,379,320
Increase (decrease)	<u>\$34,463,860</u>	<u>\$22,260,605</u>	<u>(\$975,408)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$55,749,057</u>
Total - Long-term care programs						
2007-09 executive recommendation	\$435,545,744	\$258,494,777	\$0	\$2,284,362	\$435,656	\$696,760,539
2005-07 original appropriation	378,413,045	221,915,185	2,139,881	2,284,362	639,780	605,392,253
Increase (decrease)	<u>\$57,132,699</u>	<u>\$36,579,592</u>	<u>(\$2,139,881)</u>	<u>\$0</u>	<u>(\$204,124)</u>	<u>\$91,368,286</u>

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

The 2007-09 executive recommendation for the Healthy Steps program includes a total of \$19.7 million, \$5 million of which is from the general fund. Compared to the 2005-07 projected expenditures, the executive budget is recommending an increase of \$4.1 million, \$1.2 million 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 3,958 children each month of the 2007-09 biennium. In July 2006, 3,791 children were covered by the program. The executive budget includes funding for a monthly premium increase of \$25.45 or 13.99 percent.

The schedule below compares the 2007-09 executive budget recommendation to 2005-07 projected expenditures:

	2001-03 Expenditures	2003-05 Expenditures	2005-07 Projected Expenditures*	2007-09 Executive Budget	2007-09 Executive Budget Increase (Decrease) to 2005-07	2007-09 Increase (Decrease) to 2005-07 Projected
Healthy Steps	<u>\$7,036,901</u>	<u>\$8,569,769</u>	<u>\$15,552,345</u>	<u>\$19,690,305</u>	<u>\$4,137,960</u>	26.61%
General fund	\$1,478,454	\$1,902,113	\$3,744,460	\$4,965,555	\$1,221,095	32.61%
Federal funds	5,558,447	6,647,705	11,807,885	14,724,750	2,916,865	24.70%
Other funds	<u>0</u>	<u>19,951</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$7,036,901</u>	<u>\$8,569,769</u>	<u>\$15,552,345</u>	<u>\$19,690,305</u>	<u>\$4,137,960</u>	26.61%

*Based upon actual expenditures incurred through July 2006.

The schedules below provide 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 Allocation¹
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%	\$5,437,000
September 30, 2004	77.82%	\$5,437,000
September 30, 2005	77.24%	\$6,384,719
September 30, 2006	76.10%	\$6,346,156
September 30, 2007	75.30%	\$7,738,000
September 30, 2008	74.63%	\$7,738,000
September 30, 2009 estimate	74.86%	\$7,738,000

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

State Fiscal Year Ending	Monthly Average Children Enrolled	Premium Expenditures	Monthly Average Premium Rates
June 30, 2000	1,168	\$1,321,417	\$108.64
June 30, 2001	2,092	\$2,955,445	\$110.35
June 30, 2002	2,534	\$3,823,196	\$127.17
June 30, 2003	2,099	\$3,213,705	\$127.67
June 30, 2004	2,301	\$4,220,838	\$154.30
June 30, 2005	2,322	\$4,348,931	\$154.78
June 30, 2006	3,278	\$7,156,204	\$181.90
June 30, 2007	3,847 ¹	\$8,396,141 ¹	\$181.90
June 30, 2008	3,928 ¹	\$9,770,521 ¹	\$207.31 executive recommendation
June 30, 2009	3,988 ¹	\$9,919,784 ¹	\$207.31 executive recommendation

¹This amount is projected.

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