

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$4,502,525		\$2,003,664
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$4,365,495 ¹			
Projected remaining transfers from the tobacco settlement trust fund			\$7,000,290	
Total estimated revenues		4,365,495 ²		7,000,290 ²
Total available		\$8,868,020		\$9,003,954
Less estimated expenditures and transfers				
State Department of Health (2005 SB 2004; 2007 HB 1004)				
Tobacco prevention and control	\$4,700,000 ³		\$4,700,000 ³	
Dentists' loan program	420,000 ⁴		380,000 ⁴	
Community health grant programs	395,000 ⁵		260,000 ⁵	
Community Health Grant Program Advisory Committee	100,000 ⁶		100,000 ⁶	
Tobacco Quitline	884,000 ⁷		1,069,000 ⁷	
Tobacco cessation coordinator and operating expenses	111,000 ⁸		139,397 ⁸	
Physician loan repayment program			150,000 ⁹	
Colorectal cancer screening initiative			150,000 ¹⁰	
Emergency medical services grants			300,000 ¹¹	
Dental grant program (2007 SB 2152)			60,000 ¹²	
Governor's office				
Governor's Prevention and Advisory Council (2007 SB 2276)			100,000 ¹³	
Department of Human Services				
Breast and cervical cancer assistance (2005 HB 1012; 2007 SB 2012)	254,356 ¹²		213,904 ¹⁴	
Total estimated expenditures and transfers		6,864,356		7,622,301
Estimated ending balance		\$2,003,664		\$1,381,653

¹For the 2005-07 biennium, six transfers totaling \$4,365,495 have been made from the tobacco settlement trust fund as of May 1, 2007. Total transfers of \$19,650,211 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the state general fund. The tobacco settlement revenues for the community health trust fund were estimated to be \$5,127,121 for the 2005-07 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$761,626 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined.

In addition, two major tobacco companies reduced their total 2005-07 biennium payments to North Dakota by approximately \$5.2 million, of which \$520,000 would have been deposited in the community health trust fund. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total revenues of \$4,365,495 do not include the \$520,000 withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced remaining estimated tobacco settlement revenues for the 2007-09 biennium by 5 percent. The community health trust fund share of the 5 percent reduction represents \$368,436 for

2007-09. The revenues for the community health trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments and legal challenges are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$5,759,377	\$5,290,078
2001-03	6,114,358	5,363,637
2003-05	5,127,121	4,631,001
2005-07	5,127,121	4,365,495
2007-09	8,223,108	7,000,290
2009-11	8,223,108	7,368,727
2011-17 (\$8,223,108/\$7,368,727 per biennium)	24,669,324	22,106,181
2017-25 (\$5,859,149/\$5,250,383 per biennium)	23,436,596	21,001,532
Total	\$86,680,113	\$77,126,941

³North Dakota Century Code (NDCC) Section 54-27-25 provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage. The 2007 Legislative Assembly appropriated \$4.7 million, the same as the 2005-07 biennium appropriation, to the State Department of Health for tobacco prevention and control programs.

⁴The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (NDCC Chapter 43-28.1). Each year the Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds, not to exceed a total of \$80,000 per applicant, for the repayment of their educational loans. The funds are payable over a four-year period (\$20,000 per year). The dental loan repayment program is to provide the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. Senate Bill No. 2152 (2007) provides that a dentist practicing in Bismarck, Fargo, or Grand Forks must have received dental medical payments of at least \$20,000 in the form of medical assistance reimbursement or practiced at least two full workdays per week at a public health clinic or nonprofit dental clinic in order to qualify for the dentists' loan program. Dentists accepted into the program per biennium include:

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2001-03 biennium (3)	Minot (2) Larimore
2003-05 biennium (6)	Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck West Fargo
2005-07 biennium (4 to date)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot

⁵The community health grant program was established in 2001 Senate Bill No. 2380 (NDCC Section 23-38-01) with the intent to prevent or reduce tobacco usage. The grants to cities and counties for cessation programs are to be matched with \$1 of local funds for every \$3 of state funds.

⁶The Community Health Grant Program Advisory Committee is to advise the State Department of Health regarding the community health grant program.

⁷The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2005 Legislative Assembly appropriated \$884,000 to operate the "quitline" for the 2005-07 biennium. The 2007 Legislative Assembly increased the funding for the "quitline" to \$1,069,000 to provide nicotine replacement therapy and cessation counseling.

⁸The Legislative Assembly authorized 1 FTE tobacco prevention coordinator position and related funding for salaries and wages (\$95,666) and operating expenses (\$15,334). The 2007 Legislative Assembly authorized funding for salaries (\$117,101) and operating expenses (\$22,296) for the position.

⁹North Dakota Century Code Chapter 43-17.2 provides for the state community matching physician loan repayment program. A qualifying physician may receive up to \$22,500 per year for up to two years for a total of \$45,000. Section 43-12.2-01 provides for mid-level practitioners to receive up to \$2,500 per year for up to four years for a total of \$10,000. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund for this program. The total 2007-09 biennium funding for this program is \$75,000 from the general fund and \$150,000 from the community health trust fund.

¹⁰The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund and \$50,000 from the general fund for a grant to the North Dakota Cancer Coalition to provide for a colorectal cancer screening initiative.

¹¹The 2007 Legislative Assembly appropriated \$300,000 from the community health trust fund for emergency medical services training grants.

¹²Senate Bill No. 2152 (2007) provides for a dental grant program. A dentist who has graduated from an accredited dental school within the previous five years and is licensed to practice in North Dakota may submit an application to the Health Council for a grant for the purpose of establishing a dental practice in North Dakota cities with a population of 7,500 or less. The Health Council may award a maximum of two grants per year with a maximum grant award of \$50,000 per applicant to be used for buildings, equipment, and operating expenses. The community in which the dentist is locating must provide a 50 percent match. The grant must be distributed in equal amounts over a five-year period and the dentist must commit to practice in the community for five years.

¹³Senate Bill No. 2276 (2007) provides an appropriation from the community health trust fund to the Governor for the Governor's Prevention and Advisory Council.

¹⁴The 2007 Legislative Assembly appropriated \$213,904, a decrease of \$40,452 from the 2005-07 biennium appropriation of \$254,356, to the Department of Human Services for providing the state matching funds for medical assistance coverage for women screened and found to have breast and cervical cancer.

NOTE: Senate Bill No. 2152 (2007) provides for a Legislative Council study of the historic and anticipated uses of funds from the community health trust fund, including a cost-benefit evaluation of past expenditures from the fund, the feasibility and desirability of establishing a strategic plan for future use of the fund, and the sustainability of the fund.

FUND HISTORY

The community health trust fund was created by the 1999 Legislative Assembly through passage of House Bill No. 1475. This bill creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.