

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS

	2007-09 Biennium Actual		2009-11 Biennium Estimated	
Beginning balance		\$2,392,943		\$1,299,379
Add revenues and general fund transfers				
Transfers to date from the tobacco settlement trust fund	\$6,149,540 ¹		\$2,081,687 ¹	
Projected remaining transfers from the tobacco settlement trust fund			2,194,059	
Contingent general fund transfer			807,125 ²	
Total revenues		6,149,540 ³		5,082,871 ³
Total available		\$8,542,483		\$6,382,250
Less expenditures and transfers				
State Department of Health (2007 HB 1004; 2009 SB 2004; 2009 SB 2227)				
Tobacco prevention and control	\$4,671,731 ⁴		\$864,000 ^{4,18}	
Dentists' loan program	356,896 ⁵		468,448 ⁵	
Community health grant programs	173,142 ⁶			
Community Health Grant Program Advisory Committee	66,302 ⁶			
Tobacco Quitline	1,090,097 ⁷		2,433,000 ^{7,18}	
Tobacco cessation coordinator and operating expenses	119,833 ⁸		130,000 ^{8,18}	
Physician and medical loan repayment program	39,570 ⁹		97,500 ⁹	
Veterinarian loan repayment program			295,000 ¹⁰	
Women's Way program			304,332 ¹¹	
Stroke registry and prevention program			472,700 ¹²	
Colorectal cancer screening initiative, including carryover authority pursuant to Section 9 of 2009 SB 2004	111,767 ¹³		338,233 ¹³	
Emergency medical services grants	300,000 ¹⁴		300,000 ¹⁴	
Dental grant program (2007 SB 2152)			10,000 ¹⁵	
Governor's office				
Governor's Prevention and Advisory Council (2007 SB 2276)	99,862 ¹⁶			
Department of Human Services				
Breast and cervical cancer assistance (2007 SB 2012; 2009 HB 1012)	213,904 ¹⁷		669,037 ¹⁷	
Total expenditures and transfers		7,243,104		6,382,250
Ending balance		\$1,299,379		\$0

¹For the 2009-11 biennium, two transfers totaling \$2,081,687 have been made from the tobacco settlement trust fund as of May 2010. Total transfers of \$27,898,754 have been made from the tobacco settlement trust fund to the community health trust fund.

²Contingent general fund transfer - Section 4 of 2007 Senate Bill No. 2004 provides for a general fund transfer of up to \$2,405,371 to the community health trust fund if money in the community health trust fund is not sufficient to provide for legislative appropriations for the biennium beginning July 1, 2009, and ending June 30, 2011. The department anticipates expenditures in loan repayment programs and breast and cervical cancer assistance payments will be lower than amounts appropriated and expects to use all funding available, including the balance from the 2007-09 biennium of \$1,299,379, prior to transferring funding from the general fund. As a result, the department anticipates general fund transfers necessary to meet anticipated expenditures will total \$807,125.

³Revenues - Interest earned on the community health trust fund is deposited in the state general fund.

In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota 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 full payment. Due to the uncertainty of the lawsuit, the Office of Management and Budget has reduced the estimated tobacco settlement revenues for the 2009-11 biennium by 3 percent. The community health trust fund share of the 3 percent reduction is \$221,062 for the 2009-11 biennium.

Initiated measure No. 3, approved by voters in the November 2008 general election, amends North Dakota Century Code Section 54-27-25 to provide that a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, will be deposited beginning in 2009 in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729. Remaining community health trust fund revenues have been estimated based on the Office of Management and Budget revised estimated collections less anticipated strategic contribution payments of \$13,797,729 per year, which was the actual amount of the 2008 strategic contribution payment. The measure provides that at least 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control.

Initiated measure No. 3 will result in the following estimated allocation of the revised estimated collections for tobacco settlement payments through 2025:

	Actual and Estimated Total Tobacco Settlement Proceeds	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Estimated 2009-11 biennium	68.8 million	26.1 million	19.2 million	19.2 million	4.3 million
Estimated 2011-13 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2013-15 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2015-17 biennium	73.7 million	27.6 million	20.8 million	20.8 million	4.5 million
Estimated 2017-19 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2019-21 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2021-23 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Estimated 2023-25 biennium	52.5 million	N/A	23.6 million	23.6 million	5.3 million
Total	\$575.5 million	\$123.0 million	\$203.7 million	\$203.7 million	\$45.1 million

⁴Section 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 an emphasis on preventing or reducing tobacco usage. The 2009 Legislative Assembly appropriated \$2.3 million, \$2.4 million less than the 2007-09 biennium appropriation, to the State Department of Health for tobacco prevention and control programs. The department does not anticipate using the entire appropriation for the 2009-11 biennium, as most tobacco prevention control grants will be provided directly by the Tobacco Prevention and Control Executive Committee.

⁵The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (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 repayment 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)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot
2007-09 biennium (6)	Park River Bismarck Grand Forks Cando/Devils Lake Rugby Wishek
2009-11 biennium (3 to date)	Bismarck Jamestown Larimore

In addition, the 2009 Legislative Assembly provided, in Senate Bill No. 2358, an appropriation of \$180,000 from the general fund for a loan repayment program for dentists in public health and nonprofit dental clinics. The bill created a new section to Chapter 43-28.1 and provides that if funds are appropriated, the Health Council is to select up to three dentists who provide or will provide dental services for three years in a public health clinic or nonprofit dental clinic that uses a sliding fee schedule to bill patients for loan repayment grants. The grant award is \$60,000 per recipient and is paid over a two-year period. The department has accepted two dentists into the program and it is anticipated that one additional dentist will be added during the 2009-11 biennium. The department anticipates the entire \$180,000 general fund appropriation will be expended.

⁶The community health grant program was established in 2001 Senate Bill No. 2380 (Section 23-38-01) with the intent to prevent or reduce tobacco usage. The Community Health Grant Program Advisory Committee is to advise the State Department of Health regarding the community health grant program. The 2007 Legislative Assembly authorized \$360,000 for tobacco cessation grants (\$260,000) and the Community Health Grant Program Advisory Committee (\$100,000). The grants to cities and counties for cessation programs are to be matched with \$1 of local funds for every \$3 of state funds. The 2009 Legislative Assembly did not include funding for the community health grant program.

⁷The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly appropriated \$1,069,000, an increase of \$185,000 from the 2005-07 biennium appropriation of \$884,000, to operate the quitline for the 2007-09 biennium. The 2007 Legislative Assembly increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The 2009 Legislative Assembly appropriated \$1,069,000 to fund the quitline for the 2009-11 biennium, the same as the 2007-09 biennium appropriation. The department anticipates spending \$2,433,000 for the quitline for the 2009-11 biennium. The department is using unexpended appropriation authority from the tobacco prevention and control programs for the additional expenditures

⁸The 2007 Legislative Assembly authorized 1 FTE tobacco prevention coordinator position and related funding for salaries and wages (\$117,101) and operating expenses (\$22,296) for the position. The 2009 Legislative Assembly appropriated \$139,397 for the tobacco prevention coordinator position, the same as the 2007-09 biennium appropriation.

⁹Chapter 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. The 2009 Legislative Assembly appropriated \$75,000 from the general fund and \$272,500 from the community health trust fund for the program, including \$67,500 provided in Senate Bill No. 2227 which removes the limit on the number of recipients and increases the limit on the maximum loan repayment from \$10,000 to \$30,000 for the medical personnel loan repayment program relating to mid-level practitioners. Physicians and mid-level practitioners accepted into the program per biennium include:

Biennium (Number of Physicians Accepted Into Program)	Communities Served
2007-09 biennium (4)	Dickinson (2) Devils Lake Wishek
2009-11 biennium (1 to date)	Wahpeton

Biennium (Number of Mid-Level Practitioners Accepted Into Program)	Communities Served
2007-09 biennium (3 to date)	Grafton Turtle Lake/McClusky Williston/Bowman
2009-11 biennium (none to date)	

¹⁰The 2009 Legislative Assembly appropriated \$350,000 from the community health trust fund for the veterinarian loan repayment program, \$250,000 more than the 2007-09 biennium appropriation from the general fund.

¹¹The 2009 Legislative Assembly provided \$404,332 for the Women's Way program, of which \$304,332 is from the community health trust fund and \$100,000 is from the general fund. The 2009-11 appropriation is \$304,332 more than the 2007-09 biennium appropriation of \$100,000 from the general fund.

¹²The 2009 Legislative Assembly appropriated \$472,700 from the community health trust fund for a stroke registry and prevention program.

¹³The 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. The 2009 Legislative Assembly provided in Section 9 of Senate Bill No. 2004 that any unexpended funds from the 2007-09 appropriation may be expended during the 2009-11 biennium and appropriated an additional \$300,000 from the community health trust fund for grants to continue the current program and to provide a colorectal cancer screening pilot initiative for low-income underinsured and uninsured men and women aged 50 to 64 living in counties with a population exceeding 15,000, including \$34,225 for the department to contract for program management, data management, and outreach oversight. Unexpended funds from the 2007-09 biennium appropriation totaled \$38,233, and the department anticipates spending these carryover funds in addition to the \$300,000 appropriated for the 2009-11 biennium.

¹⁴The 2007 Legislative Assembly appropriated \$300,000 from the community health trust fund for emergency medical services training grants. The 2009 Legislative Assembly appropriated \$300,000 for emergency medical services training grants, the same as the 2007-09 biennium appropriation.

¹⁵Senate 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 located 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. The 2007 Legislative Assembly appropriated \$60,000 for the dental grant program; however, none of the funds were expended for the program in the 2007-09 biennium. The 2009 Legislative Assembly appropriated \$10,000 from the community health trust fund for the dental grant program, \$50,000 less than the 2007-09 appropriation of \$60,000.

¹⁶Senate Bill No. 2276 (2007) provided an appropriation from the community health trust fund to the Governor for the Governor's Prevention and Advisory Council. The 2009-11 executive budget recommendation provided funding of \$200,000 from the general fund to the Department of Human Services (2009 House Bill No. 1012) for the Governor's Prevention and Advisory Council. The 2009 Legislative Assembly reduced this funding to \$100,000 from the general fund.

¹⁷The 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. The 2009 Legislative Assembly appropriated \$790,015 for breast and cervical cancer assistance for the 2009-11 biennium, \$576,111 more than the 2007-09 appropriation.

¹⁸Initiated measure No. 3 provides that at least 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. Based on the estimated 2009-11 biennium transfers to the community health trust fund from the tobacco settlement trust fund of \$4,275,746, a minimum of \$3,420,596 (80 percent) is to be provided for tobacco prevention and control. Using the anticipated expenditures of \$864,000 for tobacco prevention and control, \$2,433,000 for the Tobacco Quitline, and \$130,000 for the tobacco cessation coordinator and operating expenses, the anticipated expenditures for the 2009-11 total \$3,427,000 or 80.1 percent of the transfers to the community health trust fund from the tobacco settlement trust fund.

NOTE: The estimated June 30, 2011, balance made at the end of the 2009 legislative session was \$926,086. The decrease in the estimated balance of \$926,086 is due to transfers of funding from the general fund to the community health trust fund only to the extent necessary to cover expenditures after the balance from the 2007-09 biennium has been exhausted and current biennium revenues are not sufficient to provide for anticipated expenditures.

FUND HISTORY

North Dakota Century Code Section 54-27-25 created by 1999 House Bill No. 1475 established the community health trust fund. This section 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.

In the November 2008 general election voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement relating to strategic contribution payments, which began in 2008 and continues through 2017, will be deposited beginning in 2009 into the newly created tobacco prevention and control trust fund. The measure also provides that 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in NDCC Section 54-27-25 prior to amendment by the measure. Future tobacco settlement payments will be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25, as amended by the measure.