

# ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS



	2009-11 Biennium		2011-13 Biennium	
	Actual		Estimated	
Beginning balance		\$1,299,379		\$0
Add revenues and general fund transfers				
Transfers to date from the tobacco settlement trust fund	\$4,055,296		\$2,012,723 <sup>1</sup>	
Projected remaining transfers from the tobacco settlement trust fund			\$2,291,559	
Refund of physician loan repayment expenditure from prior biennium	22,500			
Refund of Governor's Prevention and Advisory Council expenditure from prior biennium	6,473			
Contingent general fund transfer	407,956 <sup>2</sup>			
Total revenues		4,492,225 <sup>3</sup>		4,304,282 <sup>3</sup>
Total available		\$5,791,604		\$4,304,282
Less expenditures and transfers				
State Department of Health (2009 SB 2004, 2009 SB 2227; 2011 HB 1004)				
Tobacco prevention and control	\$683,967 <sup>4</sup>		\$3,510,496 <sup>4</sup>	
Dentists' loan program	468,448 <sup>5</sup>		260,000 <sup>5</sup>	
Tobacco Quitline	2,342,593 <sup>6</sup>			
Tobacco cessation coordinator and operating expenses	60,744 <sup>7</sup>			
Physician and medical loan repayment program	105,000 <sup>8</sup>		75,000 <sup>8</sup>	
Veterinarian loan repayment program	230,776 <sup>9</sup>		310,000 <sup>9</sup>	
Women's Way program	304,332 <sup>10</sup>		400,500 <sup>10</sup>	
Stroke registry and prevention program	433,792 <sup>11</sup>			
Colorectal cancer screening initiative, including carryover authority pursuant to Section 9 of 2009 SB 2004	335,985 <sup>12</sup>			
Emergency medical services grants	300,000 <sup>13</sup>			
Dental grant program	10,000 <sup>14</sup>		10,000 <sup>14</sup>	
Department of Human Services				
Breast and cervical cancer assistance (2009 HB 1012)	515,967 <sup>15</sup>			
Estimated reduction in expenditures related to tobacco settlement trust fund transfers being less than anticipated			(261,714)	
Total expenditures and transfers		5,791,604		4,304,282
Ending balance		\$0		\$0

<sup>1</sup>As of April 2012, \$2,012,723 has been transferred from the tobacco settlement trust fund for the 2011-13 biennium. Total transfers of \$31,885,085 have been made from the tobacco settlement trust fund to the community health trust fund.

<sup>2</sup>Contingent general fund transfer - Section 4 of 2009 Senate Bill No. 2004 provided 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. Due to anticipated expenditures being lower than appropriated and the 2009-11 biennium beginning balance being more than projected, the department transferred a total of \$407,956.

<sup>3</sup>Revenues - 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.

Initiated measure No. 3 (2008) resulted 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
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Estimated 2011-13 biennium	66.7 million	23.6 million	19.4 million	19.4 million	4.3 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
<b>Total</b>	<b>\$563.7 million</b>	<b>\$116.4 million</b>	<b>\$201.3 million</b>	<b>\$201.3 million</b>	<b>\$44.7 million</b>

<sup>4</sup>North Dakota Century Code 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 an emphasis on preventing or reducing tobacco usage. The Legislative Assembly in 2009 appropriated \$2.3 million to the State Department of Health for tobacco prevention and control programs for the 2009-11 biennium. The 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved \$3,510,496 from the community health trust fund to the State Department of Health for tobacco prevention and control programs for the 2011-13 biennium.

<sup>5</sup>The 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. The Legislative Assembly in 2009 appropriated \$483,448 from the community health trust fund for the dentists' loan repayment program. Of this amount, \$468,448 was spent. The 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved \$440,000, of which \$180,000 is from the general fund and \$260,000 is from the community health trust fund, for the dentists' loan repayment program, \$43,448 less than the 2009-11 biennium. Through March 2012 no funds have been expended from the community health trust fund for the dentists' loan repayment program; however, \$120,000 has been provided from the general fund. 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 (6)	Bismarck Fargo Jamestown Larimore Valley City Williston
2011-13 biennium (3 to date)	Bowman Hazen Langdon/Walhalla

In addition, the Legislative Assembly provided in 2009 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 three dentists--one each from Bismarck, Fargo, and Grand Forks--into the program during the 2009-11 biennium. The department anticipates the entire \$180,000 general fund appropriation will be expended. The 2011-13 executive budget did not include and the Legislative Assembly in 2011 did not add funding for a loan repayment program for dentists in public health and nonprofit dental clinics.

<sup>6</sup>The Legislative Assembly in 2003 authorized the establishment of a telephone "Tobacco Quitline." The Legislative Assembly in 2007 increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The Legislative Assembly in 2009 appropriated \$1,069,000 to fund the quitline for the 2009-11 biennium. The 2011-13 executive budget did not include and the Legislative Assembly in 2011 did not approve direct funding for the quitline but included \$3,510,496 from the community health trust fund for tobacco prevention and control programs.

<sup>7</sup>The Legislative Assembly in 2007 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 Legislative Assembly in 2009 appropriated \$139,397 for the tobacco prevention coordinator position. Of this amount, \$60,744 was spent. The 2011-13 executive budget did not include and the 2011 Legislative Assembly did not approve direct funding for the tobacco prevention coordinator position but included \$3,510,496 from the community health trust fund for tobacco prevention and control programs.

<sup>8</sup>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 qualifying mid-level practitioners to receive loan repayments totaling up to \$30,000 over two years. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The

Legislative Assembly in 2009 appropriated \$75,000 from the general fund and \$272,500 from the community health trust fund for the program, including \$67,500 provided in 2009 Senate Bill No. 2227 which removed the limit on the number of recipients and increased 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. The 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved \$420,000, of which \$345,000 is from the general fund and \$75,000 is from the community health trust fund, for the medical personnel loan repayment program, \$72,500 more than the 2009-11 biennium. Through March 2012 no funds have been expended from the community health trust fund for the medical personnel loan repayment program; however, \$60,000 has been provided from the general fund. Physicians and mid-level practitioners accepted into the program per biennium include:

<b>Biennium (Number of Physicians Accepted Into Program)</b>	<b>Communities Served</b>
2007-09 biennium (4)	Dickinson (2) Devils Lake Wishek
2009-11 biennium (5)	Dickinson (2) Jamestown Wahpeton Williston
2011-13 biennium (3 to date)	Williston Fargo Linton

<b>Biennium (Number of Mid-Level Practitioners Accepted Into Program)</b>	<b>Communities Served</b>
2007-09 biennium (3)	Grafton Turtle Lake/McClusky Williston/Bowman
2009-11 biennium (2)	Oakes (2)
2011-13 biennium (3 to date)	Oakes (2) Mayville

<sup>9</sup>The Legislative Assembly in 2009 appropriated \$350,000 from the community health trust fund for the veterinarian loan repayment program. Of this amount, \$230,776 was spent. The 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved \$445,000, of which \$135,000 is from the general fund and \$310,000 is from the community health trust fund, for the veterinarian loan repayment program, \$95,000 more than the 2009-11 biennium. In addition, 2011 Senate Bill No. 2341 removes the limit on the number of veterinarians that may be selected and provides if funding is available the Health Council may use the funding to increase the number of applicants selected. Through March 2012 no funds have been expended from the community health trust fund for the veterinary loan repayment program; however, \$110,000 has been provided from the general fund.

<sup>10</sup>The Legislative Assembly in 2009 provided \$404,332, of which \$304,332 is from the community health trust fund and \$100,000 is from the general fund, for the Women's Way program. The 2011-13 executive budget recommended \$400,500 from the general fund for Women's Way program maintenance, \$3,832 less than the 2009-11 biennium. The Legislative Assembly in 2011 changed the source of funding for Women's Way to provide \$400,500 from the community health trust fund.

<sup>11</sup>The Legislative Assembly in 2009 appropriated \$472,700 from the community health trust fund for a stroke registry and prevention program. Of this amount, \$433,792 was spent. The 2011-13 executive budget recommended \$473,324, of which \$250,700 is from the general fund and \$222,624 is from the community health trust fund, for a state stroke registry, \$624 more than the 2009-11 biennium. The Legislative Assembly in 2011 changed the source of funding for the stroke registry and prevention program to provide a total of \$473,324 from the general fund.

<sup>12</sup>The Legislative Assembly in 2007 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 Legislative Assembly provided in Section 9 of 2009 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 spent these carryover funds in addition to \$297,752 of the \$300,000 appropriated for the 2009-11 biennium. The 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved \$477,600 from the general fund for a colorectal cancer screening initiative.

<sup>13</sup>The Legislative Assembly in 2009 appropriated \$300,000 from the community health trust fund for emergency medical services training grants. The 2011-13 executive budget recommended \$300,000 from the general fund for emergency medical services training grants. The Legislative Assembly in 2011 removed \$523,900 from the general fund added in the executive budget to replace reduced federal funding available through the Department of Transportation for services provided to ambulances and for the statewide trauma program and replaced the funding with \$499,800, including \$75,000 from the general fund, a \$300,000 transfer from emergency medical services training grants funded from the general fund, and \$124,800 from the Department of Transportation.

<sup>14</sup>Senate Bill No. 2152 (2007) provided 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 Legislative Assembly in 2009 appropriated \$10,000 from the community health trust fund for the dental grant program. The State Department of Health has provided the funding to one dentist in Larimore. The 2011-13 executive budget recommended and the Legislative Assembly in 2011 approved \$30,000, of which \$20,000 is from the general fund and \$10,000 is from the community health trust fund, for the dental grant program, \$20,000 more than the 2009-11 biennium. Through March 2012 no funds have been expended from the community health trust fund for the dental grant program.

<sup>15</sup>The Legislative Assembly in 2009 appropriated \$790,015 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. Of this amount, \$515,967 was spent. The 2011-13 executive budget provided and the Legislative Assembly in 2011 approved \$790,015 from the general fund to the Department of Human Services for breast and cervical cancer assistance for the 2011-13 biennium.

**NOTE:** The estimated June 30, 2013, balance made at the end of the 2011 regular legislative session was \$17,122. The decrease of \$278,836 in the estimated balance is due to transfers from the tobacco settlement trust fund being less than estimated. The State Department of Health anticipates funding for programs will be adjusted to account for the shortfall.

#### FUND HISTORY

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 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.