

October 2002

DEPARTMENT OF HUMAN SERVICES - STATUS OF SELECT GRANT PROGRAM EXPENDITURES

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2001 Legislative Assembly appropriated \$25.6 million, \$4 million from the general fund for the temporary assistance for needy families (TANF) program for the 2001-03 biennium. Temporary assistance for needy families program expenditures through August 2002 were \$16.4 million, \$2 million more than estimated expenditures of \$14.4 million. Actual expenditures were more than estimated due to the number of cases exceeding estimates by up to 460 cases per month and average monthly payments have ranged from exceeding estimates by \$21 per month to being \$21 per month less than estimated (see Appendix A). For the biennium, the department anticipates actual expenditures will exceed the funds appropriated by \$3.1 million. The department has submitted an Emergency Commission request to increase the appropriation authority for the TANF program by \$3.1 million, of which \$2.2 million is from the federal TANF block grant and \$700,000 is from additional child support collections. The department anticipates carrying forward approximately \$5 million of federal TANF block grant funds into the 2003-05 biennium which is \$3.9 million less than the \$8.9 million anticipated to be carried forward during the 2001 legislative session.

MEDICAL ASSISTANCE

The 2001 Legislative Assembly appropriated \$796.1 million, \$219 million of which is from the general fund for medical assistance grants for the 2001-03 biennium. The department revised its projected Medicaid expenditures for the biennium in November 2001 and June 2002. Compared to the legislative appropriation, the June 2002 revised projections increase estimated expenditures by \$26.9 million, excluding intergovernmental transfer payments. Of the \$26.9 million increase, \$13.5 million is from the general fund.

Major factors causing the projected changes include:

1. An anticipated decrease in North Dakota's federal medical assistance percentage of 1.51 percent, from 69.87 percent in federal fiscal year 2002 to 68.36 percent in federal fiscal year 2003. The budget approved by the Legislative Assembly anticipated the federal medical assistance percentage to remain at 69.87 percent for federal fiscal year 2003. The revised projections reflect an

additional **\$4.7 million of general fund** costs for the final nine months of this biennium due to the federal medical assistance percentage change.

2. The number of persons anticipated to be eligible for medical assistance increasing by 5,456, from 42,510 to 47,966, a 12.8 percent increase.
3. The utilization of outpatient hospital services exceeding original estimates by 22.3 percent.
4. The actual net cost of drugs exceeding original estimates by 7.3 percent.
5. The utilization of physicians services increasing 15.6 percent more than anticipated.
6. A payment of \$1.1 million charged to the 2001-03 biennium for costs incurred during the 1999-2001 biennium; \$300,000 of the \$1.1 million is from the general fund. These amounts were charged to the 2001-03 biennium appropriation because inadequate appropriation authority remained in the medical assistance grants line item to charge these payments to the 1999-2001 biennium.

In addition to the factors discussed above, the department is projecting estate collections for the biennium to be \$3.7 million, \$500,000 less than the \$4.2 million anticipated to be collected. This also results in additional funding needed from the general fund.

Since July 2002, actual general fund expenditures have been \$3.1 million more than the June 2002 reprojections. As a result, the department currently anticipates the general fund share of Medicaid costs for the biennium to be \$14.3 million more than was appropriated by the Legislative Assembly.

See Appendix B for detailed expenditure information relating to medical assistance.

SERVICE PAYMENTS FOR THE ELDERLY AND DISABLED

The 2001 Legislative Assembly appropriated \$13.4 million, \$5.8 million of which is from the general fund for the service payments for the elderly and disabled (SPED) program for the 2001-03 biennium. Through August 2002, the department has spent \$8.2 million, \$1 million more than estimated expenditures of \$7.2 million. Actual expenditures have exceeded estimates due to caseloads exceeding estimates by up to 273 cases per month and average monthly payments ranging from exceeding estimates

by up to \$25 to being \$57 less than projected (see Appendix C). Because of computer system problems, the department has not released June and July 2002 caseload and average monthly payment information and anticipates corrections to be made to actual expenditure information; therefore, the department is awaiting these corrections before projecting anticipated expenditures for the biennium. Although awaiting computer system corrections to determine projected expenditures, the department is projecting a deficit for this program for the biennium. To address the anticipated shortfall, the department has instituted a number of changes affecting the SPED program, including limiting the number of people on the SPED program, reducing provider payments, and making programmatic changes affecting services available under the program.

EXPANDED SPED

The 2001 Legislative Assembly appropriated \$1.2 million from the general fund for the expanded

SPED program for the 2001-03 biennium. Through August 2002 actual expenditures were \$772,000, \$128,000 more than estimated expenditures of \$644,000. Although the program's caseload has been near projections, average monthly payments have exceeded estimates by approximately \$44 per month. Computer system problems are also affecting information reported for the expanded SPED program; therefore, the department is awaiting computer corrections before projecting biennial expenditures. Although awaiting computer system corrections to determine projected expenditures, the department is projecting a deficit for this program for the biennium. To address the anticipated shortfall, the department has instituted a number of changes affecting the expanded SPED program, including limiting the number of people on the program, reducing provider payments, and making programmatic changes affecting services available under the program.

ATTACH:3

DEPARTMENT OF HUMAN SERVICES - SELECT GRANT PROGRAM EXPENDITURES

The following schedules compare the 2001-03 biennium original appropriation to actual expenditures to date for the TANF, medical assistance, including Healthy Steps, and the SPED and Expanded SPED programs:

Temporary Assistance for Needy Families

	Biennium to Date - Through August 2002					
	2001-03 Original Appropriation	Percentage	Original Appropriation Estimate ²	Actual Expenditures	Variance	Percentage Variance
Federal funds	\$11,150,551	43.51%		\$7,284,260		
General fund	3,950,382	15.42%		3,931,550		
Other funds	10,525,123 ¹	41.07%		5,227,003		
Total	<u>\$25,626,056</u>	<u>100.00%</u>	<u>\$14,438,337</u>	<u>\$16,442,813</u>	<u>(\$2,004,476)</u>	<u>(13.88%)</u>

1/ Other funds include \$8.3 million of "retained funds" and \$2.2 million of child support collections.

2/ Because federal funds for the TANF program are provided to the state as a block grant, the department does not allocate its estimated expenditures by funding source.

Medical Assistance, including Healthy Steps

	2001-03 Original Appropriation	Percentage	June 2002 Revised Projection	June 2002 Projection Compared to Appropriation	Actual Through August 2002 Compared to June 2002 Projection	Current Estimate of Appropriation Excess (Shortfall)	Percentage Variance
Federal share	\$557,053,164	69.97%	\$579,915,151	(\$22,861,987)	(\$2,153,682)	(\$25,015,669)	(4.49%)
State share	218,983,343	27.51%	235,923,167	(16,939,824)	(883,061)	(17,822,885)	(8.14%)
Other funds	20,088,827	2.52%	18,719,818	1,369,009	(41,792)	1,327,217	6.61%
Total	<u>\$796,125,334</u>	<u>100.00%</u>	<u>\$834,558,136</u>	<u>(\$38,432,802)</u>	<u>(\$3,078,535)</u>	<u>(\$41,511,337)</u>	<u>(5.21%)</u>

Medical Assistance, excluding intergovernmental transfer payments

	2001-03 Original Appropriation	Percentage	June 2002 Revised Projection	June 2002 Projection Compared to Appropriation	Actual Through August 2002 Compared to June 2002 Projection	Current Estimate of Appropriation Excess (Shortfall)	Percentage Variance
Federal share	\$529,953,164	66.57%	\$544,744,687	(\$14,791,523)	(\$2,153,682)	(\$16,945,205)	(3.20%)
State share	207,333,343	26.04%	220,794,658	(13,461,315)	(883,061)	(14,344,376)	(6.92%)
Other funds	20,088,827	2.52%	18,719,818	1,369,009	(41,792)	1,327,217	6.61%
Total	<u>\$757,375,334</u>	<u>95.13%</u>	<u>\$784,259,163</u>	<u>(\$26,883,829)</u>	<u>(\$3,078,535)</u>	<u>(\$29,962,364)</u>	<u>(3.96%)</u>

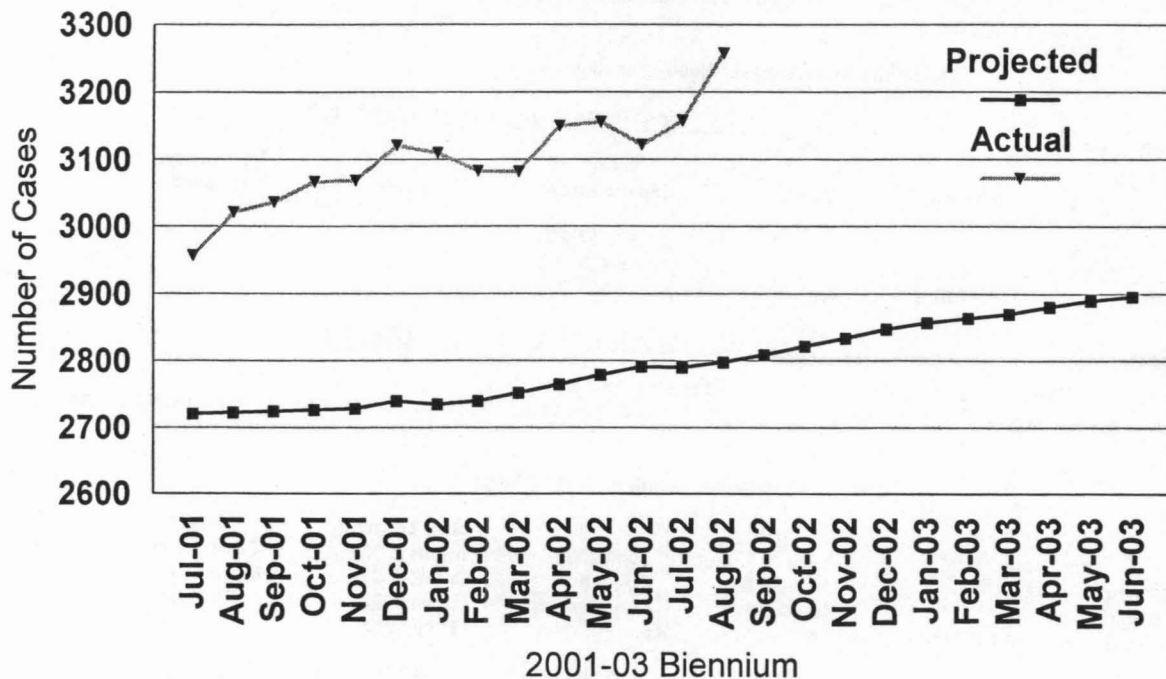
Service Payments for the Elderly and Disabled

	Biennium to Date - Through August 2002					
	2001-03 Original Appropriation	Percentage	Original Appropriation Estimate	Actual Expenditures	Variance	Percentage Variance
General fund	\$5,835,142	43.50%	\$5,835,142	\$5,835,142	\$0	0.00%
Health care trust fund	6,898,302	51.42%	985,172	1,951,897	(966,725)	(98.13%)
County funds	682,151	5.08%	370,935	409,841	(38,906)	(10.49%)
Total	<u>\$13,415,595</u>	<u>100.00%</u>	<u>\$7,191,249</u>	<u>\$8,196,880</u>	<u>(\$1,005,631)</u>	<u>(13.98%)</u>

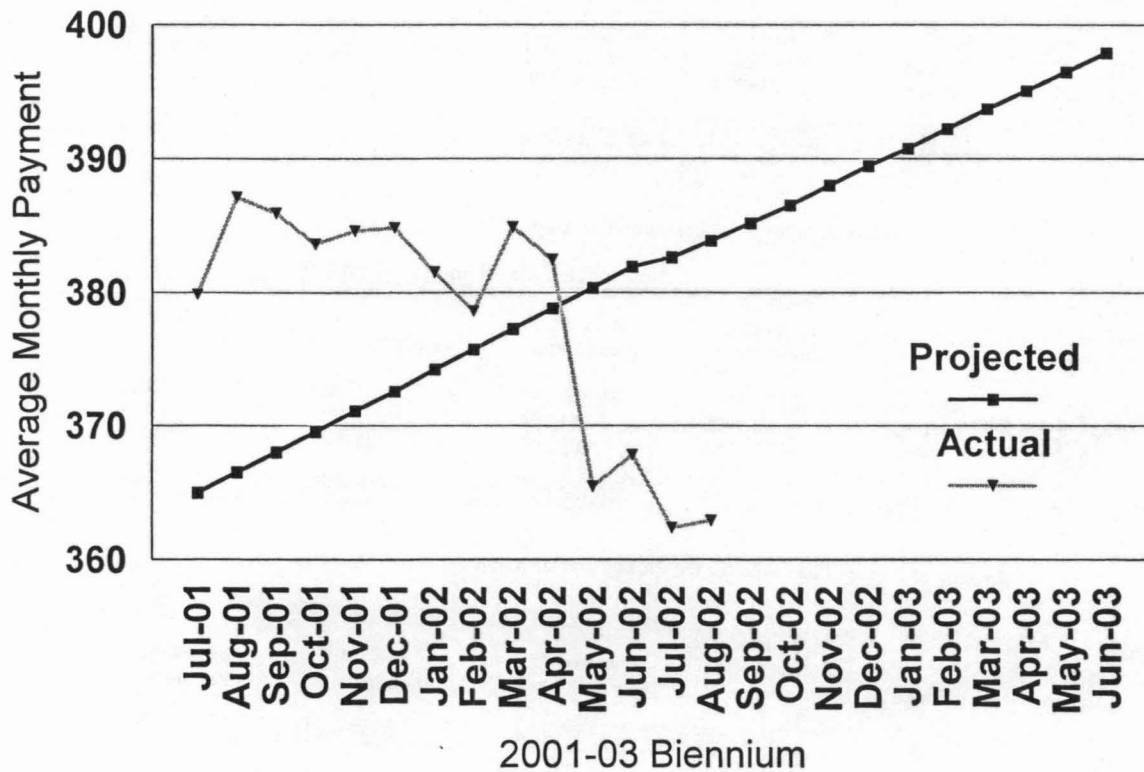
Expanded Service Payments for the Elderly and Disabled

	Biennium to Date - Through August 2002					
	2001-03 Original Appropriation	Percentage	Original Appropriation Estimate	Actual Expenditures	Variance	Percentage Variance
Total general fund	<u>\$1,203,280</u>	<u>100.00%</u>	<u>\$643,559</u>	<u>\$771,524</u>	<u>(\$127,965)</u>	<u>(19.88%)</u>

TANF - Number of Cases



TANF - Average Monthly Payment



MEDICAL ASSISTANCE, INCLUDING HEALTHY STEPS

	2001-03 Original Appropriation ¹	July 2001 Projection	June 2002 Revised Projection	July 2001 Projection Compared to Appropriation	June 2002 Projection Compared to July 2001 Projection	Actual Through August 2002 Compared to June 2002 Projection
Federal share	\$557,053,164	\$568,132,148	\$579,915,151	(\$11,078,984)	(\$11,783,003)	(\$2,153,682)
State share	218,983,343	224,459,423	235,923,167	(5,476,080)	(11,463,744)	(883,061)
Other funds	20,088,827	19,367,165	18,719,818	721,662	647,347	(41,792)
Total	\$796,125,334	\$811,958,736	\$834,558,136	(\$15,833,402)	(\$22,599,400)	(\$3,078,535)

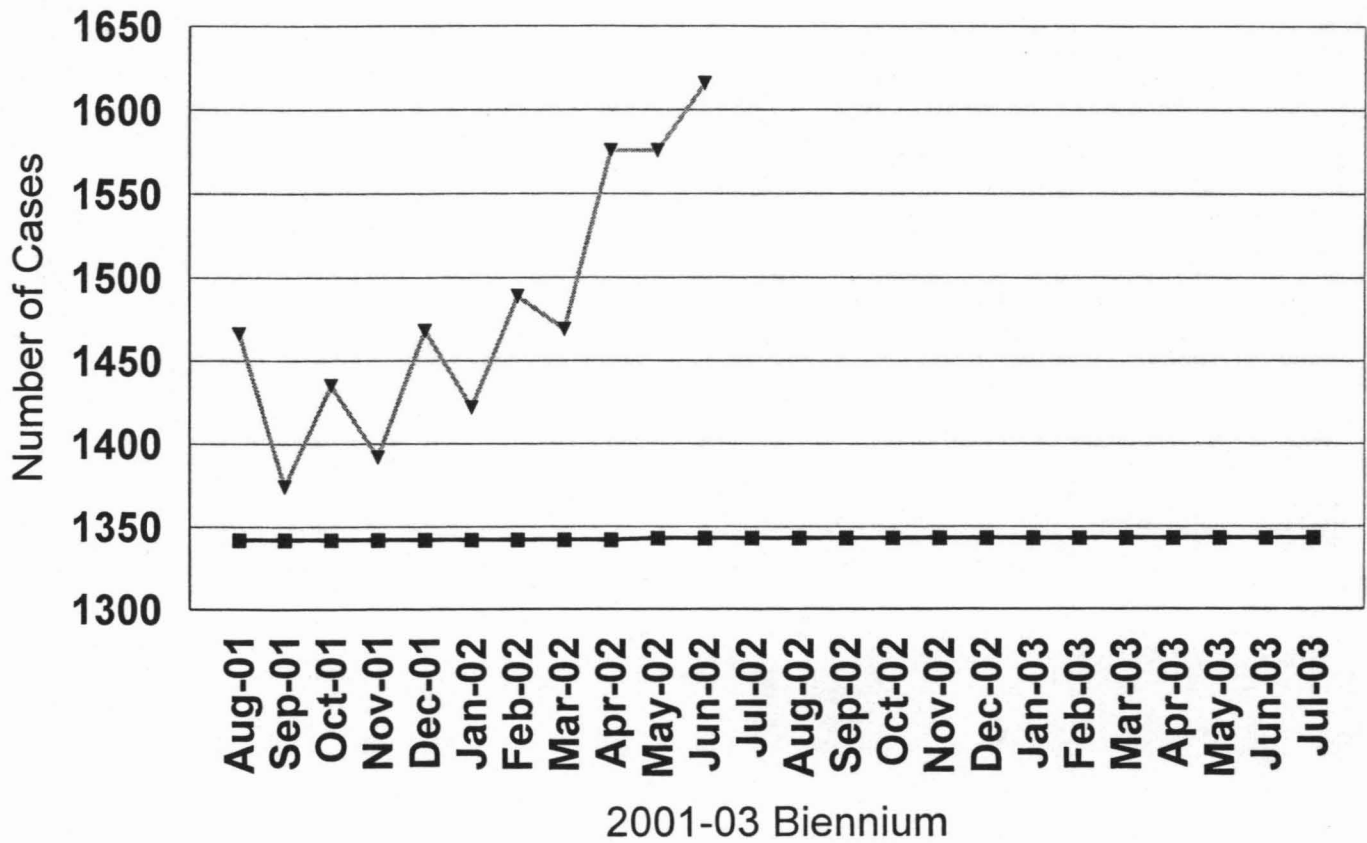
	July 2001 Projection	Percentage	June 2002 Revised Projection	Percentage	June 2002 Projection Compared to July Projection	Percentage Change
Inpatient hospital	\$59,418,916	7.32%	\$60,833,818	7.29%	(\$1,414,902)	(2.38%)
Outpatient hospital	30,805,304	3.79%	36,269,515	4.35%	(5,464,211)	(17.74%)
Home health	5,309,601	0.65%	4,436,043	0.53%	873,558	16.45%
Nursing home care	299,239,949	36.85%	292,312,524	35.03%	6,927,425	2.32%
Healthy Steps - CHIP	7,242,004	0.89%	7,813,744	0.94%	(571,740)	(7.89%)
Physicians' services	38,943,322	4.80%	45,167,302	5.41%	(6,223,980)	(15.98%)
Drugs (net)	79,115,722	9.74%	84,930,176	10.18%	(5,814,454)	(7.35%)
Durable medical equipment	4,368,006	0.54%	3,770,630	0.45%	597,376	13.68%
Treatment services for children	7,501,595	0.92%	7,801,099	0.93%	(299,504)	(3.99%)
Dental	11,274,881	1.39%	12,067,106	1.45%	(792,225)	(7.03%)
Rural health clinics	3,833,919	0.47%	3,994,527	0.48%	(160,608)	(4.19%)
Aged and disabled waiver	8,519,405	1.05%	8,671,371	1.04%	(151,966)	(1.78%)
Community-based DD care	164,126,366	20.21%	163,397,380	19.58%	728,986	0.44%
Intergovernmental transfer pmts.	38,750,000	4.77%	50,298,973	6.03%	(11,548,973)	(29.80%)
Other	53,509,746	6.61%	52,793,928	6.33%	715,818	1.34%
Total	\$811,958,736	100.00%	\$834,558,136	100.02%	(\$22,599,400)	(2.78%)
Federal share	\$568,132,148	69.97%	\$579,915,151	69.49%	(\$11,783,003)	(2.07%)
State share	224,459,423	27.64%	235,923,167	28.27%	(11,463,744)	(5.11%)
Other funds	19,367,165	2.39%	18,719,818	2.25%	647,347	3.34%
Total	\$811,958,736	100.00%	\$834,558,136	100.01%	(\$22,599,400)	(2.78%)

Biennium to Date - Through August 2002

	June 2002 Projection	Actual Expenditures	Variance	Percentage Variance
Inpatient hospital	\$33,377,632	\$34,138,118	(\$760,486)	(2.28%)
Outpatient hospital	19,407,635	20,603,433	(1,195,798)	(6.16%)
Home health	2,427,927	2,489,347	(61,420)	(2.53%)
Nursing home care	153,569,624	153,359,651	209,973	0.14%
Healthy Steps - CHIP	4,195,272	4,127,299	67,973	1.62%
Physicians' services	24,213,893	24,387,784	(173,891)	(0.72%)
Drugs (net)	43,817,465	45,565,169	(1,747,704)	(3.99%)
Durable medical equipment	2,044,061	2,111,344	(67,283)	(3.29%)
Treatment services for children	3,856,799	3,557,390	299,409	7.76%
Dental	6,423,269	6,230,831	192,438	3.00%
Rural health clinics	2,146,412	2,045,283	101,129	4.71%
Aged and disabled waiver	4,967,608	5,293,676	(326,068)	(6.56%)
Community-based DD care	87,794,741	87,278,000	516,741	0.59%
Intergovernmental transfer pmts.	50,298,973	50,298,973	0	0.00%
Other	27,069,592	27,203,140	(133,548)	(0.49%)
Total	\$465,610,903	\$468,689,438	(\$3,078,535)	(0.66%)
Federal share	\$325,987,239	\$328,140,921	(\$2,153,682)	(0.66%)
State share	137,054,302	137,937,363	(883,061)	(0.64%)
Other funds	2,569,362	2,611,154	(41,792)	(1.63%)
Total	\$465,610,903	\$468,689,438	(\$3,078,535)	(0.66%)

1/ The department did not allocate the original appropriation by service type.

SPED - Number of Cases



SPED - Average Monthly Payment

