

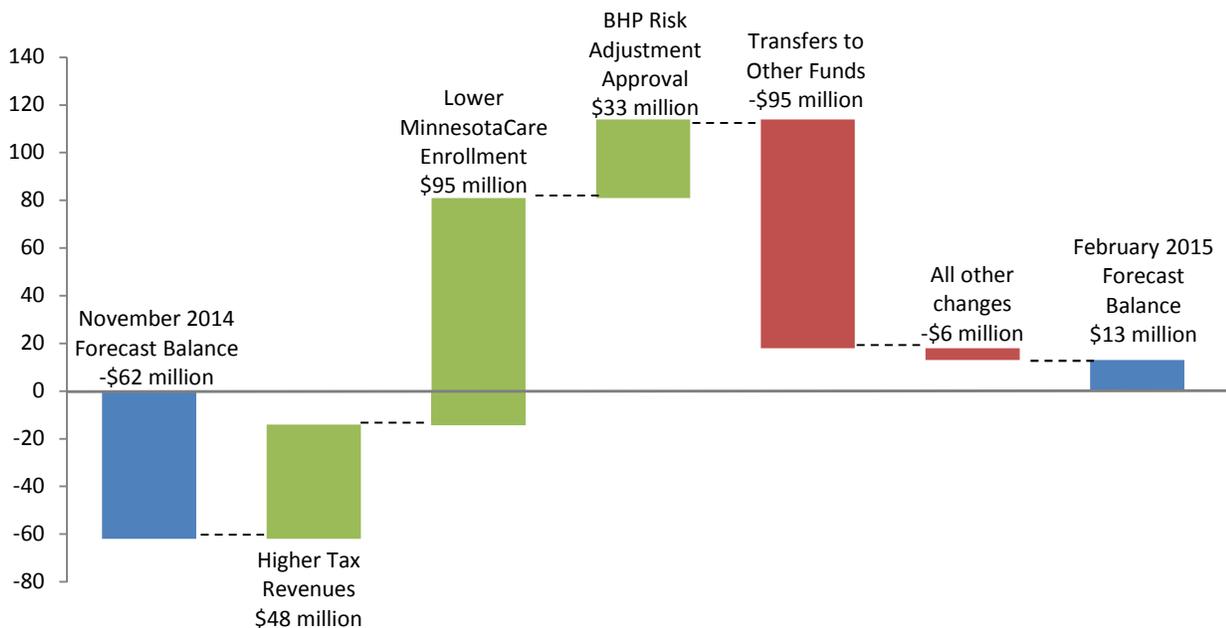
# HEALTH CARE ACCESS FUND FORECAST UPDATE

HEALTH AND HUMAN SERVICES FINANCE COMMITTEE

MARCH 3, 2015

**Overview:** The February 2015 forecast reflects increased revenues and lower expenditures in Health Care Access Fund. The 2017 fund balance is forecast to be \$13 million. This is an improvement from the previously forecast \$62 million deficit. The figure below outlines major drivers of the change in the fund balance.

**2017 Health Care Access Fund Balance:  
Major Changes from November 2014 to February 2015 Forecast**



**Revenue Changes:** The Department of Revenue forecasts higher revenue from premium and provider taxes. Relative to November estimates, net tax revenues increased by \$13 million (1.0 percent) in FY 2014-15 and \$35 million (2.6 percent) in FY 2016-2017.

**Expenditure Changes:** The forecasted net state cost of MinnesotaCare fell by \$16 million (3.0 percent) for FY 2014-15 and \$111 million (11.9 percent) for FY 2016-17 relative to November estimates.

- Lower MinnesotaCare enrollment reduces spending by \$17 million (3.2 percent) in FY 2014-15 and \$78 million (8.3 percent) in FY 2016-17.
- This forecast reflects the December 2014 approval of a risk adjustment methodology to reflect differences in population health in federal BHP payments. Higher anticipated federal funds lower projected state expenditures for MinnesotaCare by \$33 million (3.5 percent) in FY 2016-17.

**Changes in Transfers to Other Funds:** The growth in revenue and decline in expenditures cause sources to exceed uses, triggering statutory transfers to the general fund (\$96 million) and the MERC fund (\$2 million) (M.S. 16A.724) in FY 16-17. Net transfers to other funds are \$1 million lower in FY 2014-15 and \$96 million higher in FY 2016-17.