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DEPARTMENT OF HUMAN SERVICES

November 2023 Forecast

Executive Summary and Trend Data

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Executive summary

The Minnesota Department of Human Services (DHS) prepares a forecast of its expenditures in major programs twice annually. Forecasted programs include Medical Assistance (MA), MinnesotaCare, Minnesota Family Investment Program (MFIP), Child Care Assistance and others as described in the pages that follow. Projected expenditures are used in statewide budget forecasts that Minnesota Management and Budget releases in November and February each year. These forecasts are used to update fund balances and provide financial information to the Governor and the legislature as they work together to set budgets.

All November 2023 forecast highlights in this document represent changes from the End-of-Session 2023 forecast.

November 2023 forecast highlights

General Fund (GF)

Changes from the End-of Session 2023 forecast

- Increase of $20.1 million in 2022-2023 biennium (+0.2%)
- Increase of $475.2 million in 2024-2025 biennium (+3.0%)
- Increase of $564.7 million in 2026-2027 biennium (+3.1%)
- Overall increase of $1.06 billion across the entire forecast horizon

Health Care Access Fund (HCAF)

Changes from the End-of Session 2023 forecast

- Increase of $13.5 million in 2022-2023 biennium (+1.3%)
- Increase of $18.7 million in 2024-2025 biennium (+0.9%)
- Increase of $46.9 million in 2026-2027 biennium (+2.2%)
- Overall increase of $79.1 million across the entire forecast horizon

Who it serves

- Over 1.4 million people a year are served through DHS forecasted programs

How much it costs

- $20.0 billion total spending in DHS forecasted programs
- $6.9 billion state spending in DHS forecasted programs

Data for FY 2023

Reasons: General Fund costs in the November forecast are primarily driven by projected increases in MA Long Term Care (LTC) waivers. Almost 90% of the 2024-2025 biennium costs and 100% of the 2026-2027 biennium costs can be attributed to MA Long Term Waiver increases. These waivers include the Elderly Waiver (EW) and four disability waivers: Developmental Disabilities (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC) and Brain Injury (BI). The waivers provide a variety of services that help people live in the community instead of a facility or institution, and they accounted for over $5 billion in total MA expenditures in FY2023. With General Fund expenditures over $2 billion in FY2023, LTC waivers comprised about 36% of the state budget for Medical Assistance. The four disability waivers contribute about 85% of overall LTC waiver expenditures, and account for most of this forecast change.

The November forecast includes projected increases in average payments per recipient in all four disability waivers. Specifically, average payments are increased by about 5% in the CADI waiver, 4% in both DD and BI waivers and 3% in the CAC waiver. These increases represent forecast base adjustments made in response to higher-than-expected average payments in recent claims data. Together, they result in General Fund forecast increases of over $200 million in each of the 2024-2025 and 2026-2027 biennia.

The CADI recipient forecast is also increased by 5% in the 2024-2025 biennium and 8% in the 2026-2027 biennium. This represents both a base adjustment and a future trend adjustment based on recent program data, resulting in General Fund forecast increases of $121 million in the 2024-2025 biennium and $216 million in the 2026-2027 biennium.

Additionally, the November forecast includes average payment increases for EW managed care. Managed care rates for 2024 include base and trend adjustments that lead to an 8% increase in average payments for this population. With only small offsets for lower projected caseload, the forecast impact from these EW managed care changes are net costs of $42 million in the 2024-2025 biennium and $68 million in the 2026-2027 biennium.

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The November forecast also includes several MA enrollment adjustments based on the state's early experience implementing the post-pandemic "unwinding" process. Initial program data indicates that more enrollees are being disenrolled during the unwinding than expected in prior forecasts. This results in a base MA enrollment reduction of almost 4% that impacts both the 2024-2025 and 2026-2027 biennia. Partially offsetting this base reduction are projected enrollment increases due to two administrative changes in response to new federal guidelines meant to minimize the number of procedural terminations during the unwinding process. The first change is to delay procedural terminations for one to three months for cases with renewal dates between July and December 2023. The second involves "ex parte" mitigation strategies that target potentially eligible enrollees within multi-person cases (primarily children) who would have otherwise been disenrolled for procedural reasons. The specific mitigation strategies vary between the monthly cohorts during the unwinding process, but they all generally result in some form of a manual renewal of eligibility for potentially eligible individuals for 12 months. Both these administrative changes temporarily increase MA enrollment relative to prior forecast assumptions. The initial base enrollment reduction results in MA state savings of $260 million across the forecast horizon. The procedural termination delays result in MA state costs of $29 million and the ex parte mitigation strategies result in state costs of $153 million, all in the 2024-2025 biennium. Overall, these MA enrollment adjustments result in net state savings of $78 million across the forecast horizon.

Increased HCAF costs in the November forecast are the result of a change in the value of a factor in the federal BHP funding formula. The Income Reconciliation Factor (IRF) is meant to account for the year-end settle-up of prospective tax credits that happens for individuals in the private market at tax time. The value of the IRF is calculated annually by the federal Treasury Department based on relevant tax data on prospective tax credit settlements. The value of the IRF is reduced by about 4% for 2024, and the forecast assumes this lower level persists throughout the rest of the forecast horizon. This reduction in the IRF leads to reduced federal BHP funding which directly increases the need for state program spending. The IRF factor change generally accounts for the entire projected HCAF increase in the November forecast.

Summary of forecast changes

The following is a list of the large and/or noteworthy changes in this forecast. Further detail for each change can be found on the specific budget activity pages noted below.

Forecast Decreases:

- MA enrollment adjustments during post-pandemic unwinding process (Medical Assistance Basic Care)

Forecast Increases:

- Higher Disability Waiver average payments and caseload (Medical Assistance Waivers and Home Care)
- Reduction of the IRF factor value in the federal BHP funding formula (MinnesotaCare)

FY 2024 and FY 2025 Forecasted Expenditures

	FY 2024		FY 2025	
Program	**Total Dollars**	**State Share**	**Total Dollars**	**State Share**
Medical Assistance (MA)	19,017,823,125	7,531,970,052	20,172,683,682	8,355,228,680
LTC Facilities	1,306,079,448	584,524,319	1,350,975,706	618,153,504
LTC Waivers	6,325,335,533	2,989,081,701	7,216,639,875	3,437,790,366
Elderly and Disabled Basic Care[1]	4,070,129,289	1,931,077,392	4,553,075,447	2,206,423,112
Adults without Children Basic Care	3,520,095,630	351,390,238	3,101,968,865	310,413,052
Families with Children Basic Care[2]	3,796,183,226	1,675,896,402	3,950,023,789	1,782,448,646
MinnesotaCare	685,799,190	99,820,041	657,805,318	67,413,194
Behavioral Health Fund	220,781,645	89,933,384	244,043,418	95,508,726
Minnesota Family Investment Program (MFIP)[3]	317,247,785	87,186,647	349,186,940	93,266,075
MFIP/TY Child Care Assistance	156,747,201	12,297,052	241,339,138	128,685,619
Northstar Care for Children	270,001,135	107,609,816	291,380,701	117,290,949
General Assistance	52,038,987	52,038,987	69,964,011	69,964,011
Housing Support	226,048,408	224,048,408	243,467,049	241,467,049
Minnesota Supplemental Aid	59,684,485	59,684,485	61,857,999	61,857,999
Total	21,006,171,961	8,264,588,872	22,331,728,255	9,230,682,301

1 Includes Elderly Waiver managed care

2 Includes family planning, breast and cervical cancer coverage, pharmacy rebates, special funding items and adjustments

3 Includes cash and food assistance

Medical Assistance

Medical Assistance (MA), Minnesota's Medicaid program, provides preventive and primary health care coverage for low-income Minnesotans. MA has lower income eligibility guidelines and has no premiums, which differentiates it from the state's other health care program, MinnesotaCare. Additionally, MA can pay for nursing facility care for older adults and intermediate care facilities for people with developmental disabilities. It can also cover long-term care services and supports for people with disabilities and older adults so that they can continue living in the community.

Minnesota receives federal matching funds for MA. By accepting matching funds, states are subject to federal Medicaid regulations. States have some flexibility in determining what services are covered, what groups are covered and payment rates to providers. The Minnesota Department of Human Services partners with all 87 Minnesota counties to administer the MA program and contracts with health plans and health care providers across the state to deliver basic health care to MA enrollees.

Medical Assistance is forecasted in five segments: Long-Term Care Facilities, Long-Term Care Waivers, Elderly and Disabled Basic Care, Adults without Children Basic Care and Families with Children Basic Care. Each of these segments is discussed in the following pages.

Who it serves

- 1.4 million average monthly enrollees

How much it costs

- $18.1 billion total spending
- $6.3 billion state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

- Increase of $42.2 million in 2022-2023 biennium (+0.3%)
- Increase of $511.3 million in 2024-2025 biennium (+3.2%)
- Increase of $581.7 million in 2026-2027 biennium (+3.2%)

Health Care Access Fund

Changes from the End-of Session 2023 forecast

- There are no changes to the HCAF share of MA in the November forecast.

Reasons: The November forecast produces 3% MA General Fund increases in both the 2024-2025 and 2026-2027 biennia. The primary driver of these MA forecast increases is higher projected program costs for LTC disability waivers, which explain about 80% of MA General Fund costs in the 2024-2025 biennium and about 97% of MA General Fund costs in the 2026-2027 biennium.

The department manages four disability waivers (in addition to the Elderly Waiver): Developmental Disabilities (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC) and Brain Injury (BI). These waivers provide a variety of services that help people live in the community instead of a facility or institution, and they accounted for over $5 billion in total MA expenditures in FY2023. With General Fund expenditures over $2 billion in FY2023, LTC waivers (including EW) comprise about 36% of the state budget for Medical Assistance. The four disability waivers contribute about 85% of overall LTC waiver expenditures, and account for most of this forecast change.

The November forecast includes projected increases in average payments per recipient in all four disability waivers. Specifically, average payments are increased by about 5% in the CADI waiver, 4% in both DD and BI waivers and 3% in the CAC waiver. These increases represent forecast base adjustments made in response to higher-than-expected average payments in recent claims data. Together, they result in General Fund forecast increases of $221 million in the 2024-2025 biennium and $246 million in the 2026-2027 biennium.

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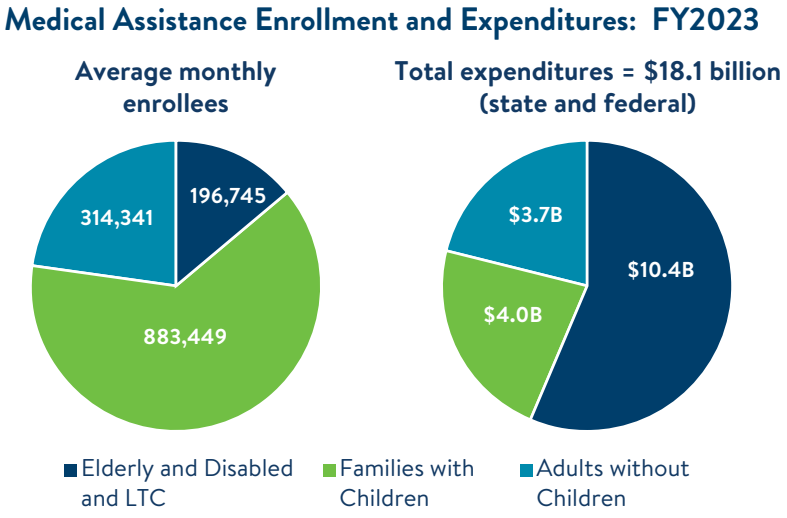
The CADI recipient forecast is also increased by 5% in the 2024-2025 biennium and 8% in the 2026-2027 biennium. This represents both a base adjustment and a future trend adjustment due to recent program data, resulting in General Fund forecast increases of $121 million in the 2024-2025 biennium and $216 million in the 2026-2027 biennium.

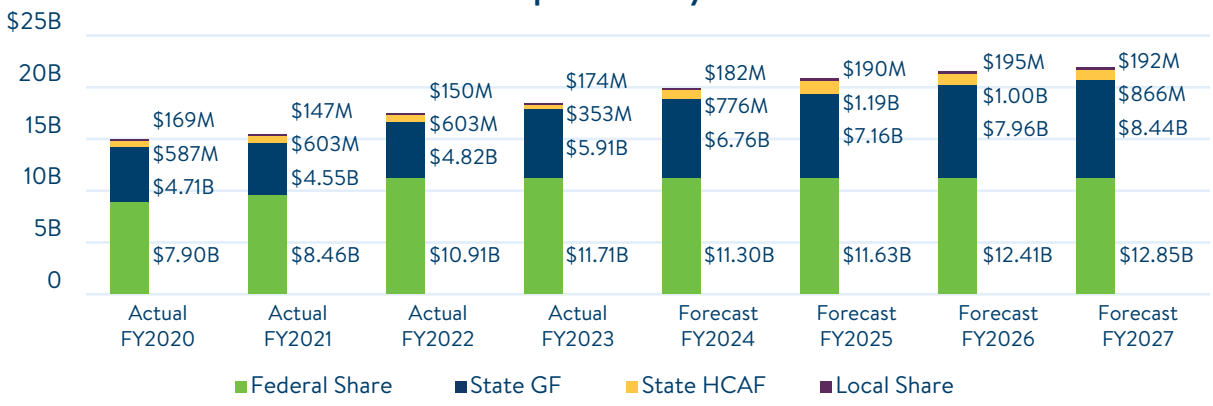
November projections for MA Elderly and Disabled Basic Care are increased by $111 million in the 2024-2025 biennium and $140 million in the 2026-2027 biennium. These forecast increases are the result of higher enrollment, higher federal Part D clawback payments, lower federal funding (which increases state spending), and higher Elderly Waiver managed care rates. These projected state costs are partially offset by lower managed care rates for Elderly and Disabled Basic Care.

The November forecast includes projected state savings for MA Adults without Children Basic Care equaling $46 million in the 2024-2025 biennium and $79 million in the 2026-2027 biennium. These forecast reductions are the result of lower-than-expected average payments for this population.

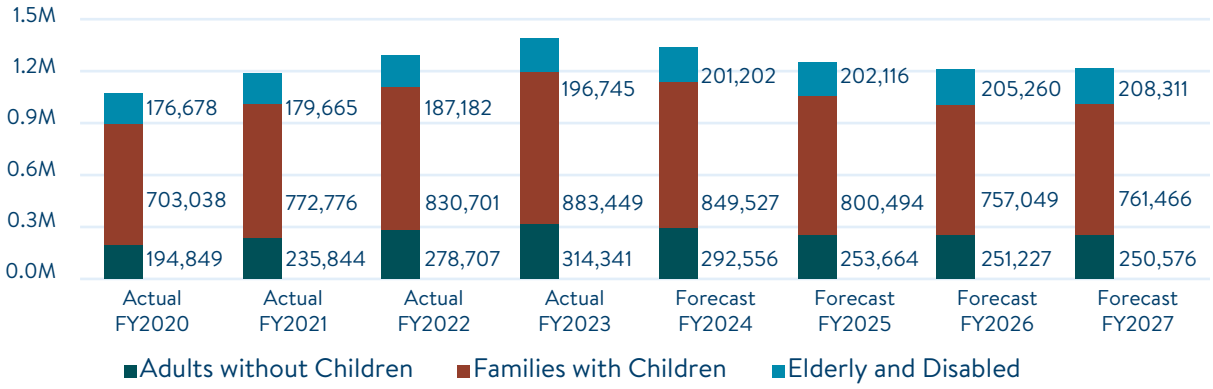
Finally, November projections for MA Families with Children are increased by $72 million in the 2024-2025 biennium and decreased by $36 million in the 2026-2027 biennium. These net changes result from savings due to lower base enrollment projections which are partially offset by costs from higher average payments. Additionally, two administrative strategies implemented during the post-pandemic "unwinding" process result in projected costs in the 2024-2025 biennium by temporarily increasing caseload.



Total MA expenditures by fund



MA enrollment by eligibility category



Historical table

	Medical Assistance Program: Total Expenditures (All Funds)	
FY	Total $	% Change
2012	8,241,120,196	
2013	8,045,603,494	(2.37%)
2014	9,265,114,945	15.16%
2015	10,584,571,411	14.24%
2016	11,225,214,682	6.05%
2017	10,888,487,327	(3.00%)
2018	12,548,729,798	15.25%
2019	12,280,201,965	(2.14%)
2020	13,368,736,350	8.86%
2021	13,763,155,263	2.95%
2022	16,487,895,092	19.80%
2023	18,143,230,782	10.04%
2024*	19,017,823,125	4.82%
2025*	20,172,683,682	6.07%
2026*	21,574,530,828	6.95%
2027*	22,346,956,400	3.58%
Avg. Annual Increase 2012-2023		7.44%

**Projected*

Beginning in FY 2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Long-Term Care:

Facilities

Medical Assistance pays for long-term care services for people who live in facilities that provide 24-hour care and supervision. Nursing facilities across Minnesota provide all-inclusive packages of services including nursing care, help with activities of daily living, medication administration, meals and housing. Care provided under this segment of MA also includes intermediate care facilities and day training and habilitation for people with developmental disabilities.

Who it serves

- 12,000 average monthly recipients

How much it costs

- $1.1 billion total spending
- $475 million state funds

Data for FY 2023

Alternative Care

The Alternative Care (AC) waiver provides home and community based services for people age 65 and older at risk of Nursing Facility placement who do not currently meet financial eligibility requirements for MA, but would be expected to spend down to MA eligibility within 135 days after entering a Nursing Facility. The state share of AC is financed through a fixed appropriation with unspent funds canceling to MA.

November 2023 forecast highlights

General Fund

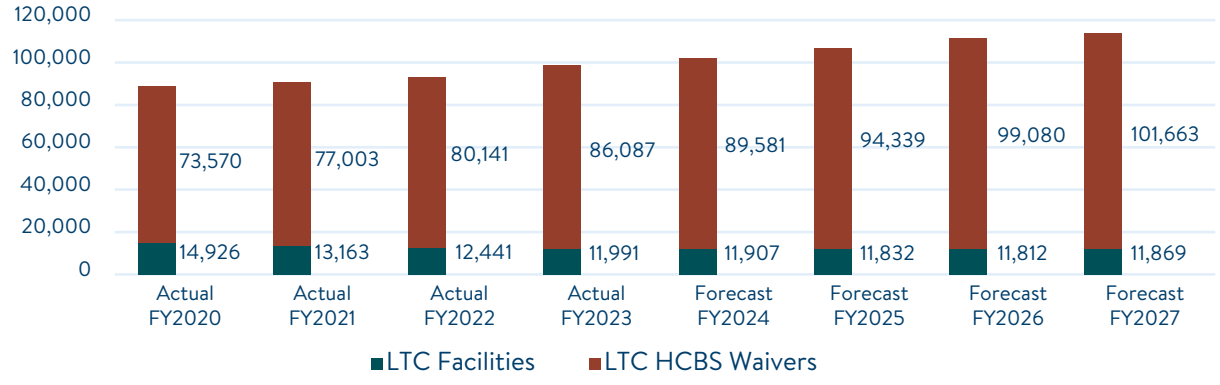
Changes from the End-of Session 2023 forecast

- Decrease of $7.3 million in 2022-2023 biennium (-0.8%)
- Decrease of $35.4 million in 2024-2025 biennium (-3.0%)
- Decrease of $9.3 million in 2026-2027 biennium (-0.7%)

Reasons: The November forecast for MA LTC Facilities produces state savings in all three biennia. These forecast reductions are due mostly to decreases in both paid days and average payment projections for Nursing Facilities. Actual paid days in 2023 were 3% less than previously projected but the rate of decline is moderating. This results in decreases of forecasted paid days of 2% in the 2024-2025 biennium and about 1% in the 2026-2027 biennium. Average payments to Nursing Facilities are mostly driven by the operating rates that MA pays, which are based on facility-reported costs two years prior. Based on preliminary data on 2022 costs, the weighted average operating rate is expected to increase 5% in 2024, which is 1.4 percentage points less than previously expected. These forecast savings are partially offset by higher projected average payments due to lower-than-expected recipient contributions, higher ECPN payments, and other small upward adjustments to the forecast model. These Nursing Facility paid days and average payment adjustments result in net General Fund decreases of $37 million in the 2024-2025 biennium and $15 million in the 2026-2027 biennium.

Other changes in this area include decreases in ICF/DTH forecasts based on actual 2023 data; increased state costs in Nursing Facilities due to a lower percentage of residents with 90% federal funding; and higher state costs due to the reduced FMAP rate beginning October 2024.

Long-term care facilities and waivers: Average monthly recipients



Medical Assistance Long-Term Care:
Waivers and Home Care

Medical Assistance also pays for people to receive long-term care waivers, long-term care services and supports, or home care services in their homes and communities. Long-Term Care waivers, also known as Home and Community- Based Services (HCBS) waivers, are an alternative for people who need long-term care services but who do not choose to live in a nursing facility, intermediate care facility or hospital. The federal government allows states to apply for long-term care waivers, which provide a variety of services that help people live in the community instead of in a facility or institution. Waivers include the Elderly Waiver (EW) and the four disability waivers: Developmental Disabilities (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC) and Brain Injury (BI). Care provided under this segment of MA also includes Personal Care Assistance (PCA), Home Care Nursing, Housing Stabilization Services and Home Health Agency.

Who it serves

- 86,000 average monthly recipients

How much it costs

- $5.6 billion total spending
- $2.4 billion state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

- Increase of $28.4 million in 2022-2023 biennium (+0.7%)
- Increase of $409.2 million in 2024-2025 biennium (+6.7%)
- Increase of $565.8 million in 2026-2027 biennium (+7.9%)

Reasons: The November forecast for MA LTC Waivers produces significant increases in the 2024-2025 and 2026-2027 biennia. These forecast increases are primarily due to higher projected payments made through the four disability waivers.

The largest increases in the four disability waivers are the result of higher projected average payments. Average payments per recipient are projected to increase by about 5% in the CADI waiver, 4% in both DD and BI waivers and 3% in the CAC waiver, resulting in General Fund forecast increases of over $200 million in each of the 2024-2025 and 2026-2027 biennia. These increases are forecast base adjustments made in response to higher-than-expected average costs in 2023 claims data. Across all the disability waivers, average payments increased over 7% in 2023, 1.5 percentage points more than previously projected. The average payment per recipient in the disability waivers depends on many factors, including the mix of services authorized for a recipient, the number of units of service paid for per person, and the reimbursement rates applied to those services. No single one of these factors stands out as the primary driver of these higher-than-expected average payments.

Additionally, the CADI recipient forecast is increased by 5% in the 2024-2025 biennium and 8% in the 2026-2027 biennium, resulting in General Fund forecast increases of $121 million and $216 million, respectively. These forecast increases reflect both a base adjustment and a trend adjustment due to recent program data. The average monthly number of CADI recipients grew 8% in 2023, 2 percentage points more than previously projected. Further, additional data indicate continued divergence of actual trend compared to the previous forecast trend. Minor adjustments in the other disability waiver recipient projections result in little forecast change.

The PCA recipient forecast is increased by 4% in the 2024-2025 biennium and 7% in the 2026-2027 biennium. Like the CADI waiver recipient forecast, this is both a base adjustment and a trend adjustment. This segment of the forecast is FFS only, and mostly serves individuals who are eligible for MA through a disability status. After many years of relatively little recipient growth in this segment of PCA, recipients started trending upward in 2022. The average monthly number of PCA FFS recipients grew almost 5% in 2023, 2 percentage points more than previously projected. These increases are partially offset by a 2% reduction in PCA average payment projections, based on recent claims data. Overall, the PCA forecast results in net General Fund increases of $17 million in the 2024-2025 biennium and $50 million in the 2026-2027 biennium.

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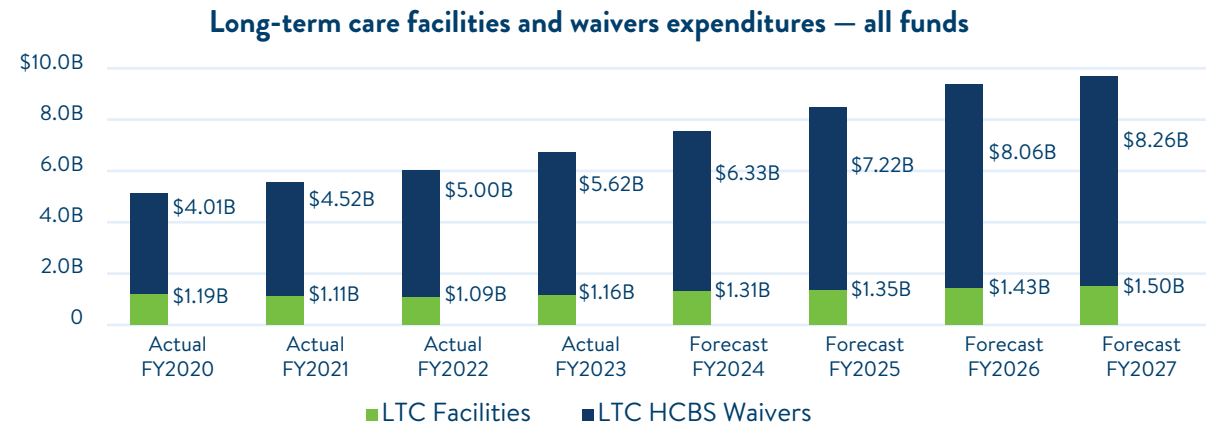
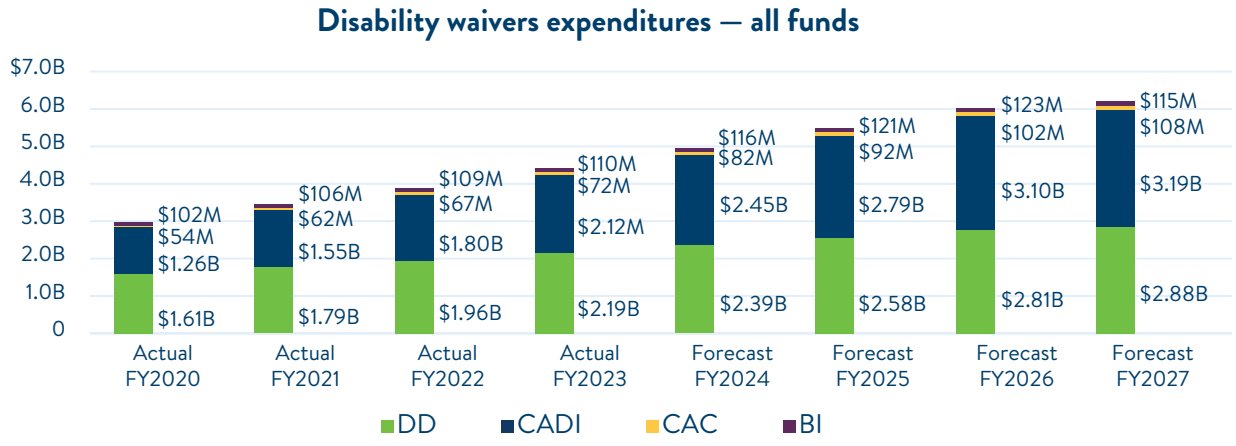
The November forecast also includes additional projected state costs due to an implementation delay of Community First Services and Supports (CFSS). The CFSS program will replace PCA in the 2024-2025 biennium. The forecast now assumes CFSS will be implemented beginning June 2024, nine months later than previously assumed. Due to the loss of enhanced federal funding that will be available under CFSS, this delay results in an estimated $53 million General Fund cost over the entire forecast horizon. Of this, $38 million in the 2024-2025 biennium is in MA Waivers and Home Care, with the remainder in MA Elderly and Disabled Basic Care.

Other changes in this area include recognizing higher state costs due to the lower FMAP rate beginning October 2024. The decreased FMAP results in a $17 million General Fund increase in the 2024-2025 biennium and a $52 million increase in the 2026-2027 biennium for MA Waivers and Home Care.





Historical table

	A: Long Term Care (LTC) Facilities		B: LTC Waivers (Home & Community Based Services)		A + B = Total LTC	
FY	Total $	% Change	Total $	% Change	Total $	% Change
2012	945,566,280		2,223,655,096		3,169,221,376	
2013	920,580,121	(2.64%)	2,260,064,090	1.64%	3,180,644,211	0.36%
2014	928,436,824	0.85%	2,446,905,605	8.27%	3,375,342,429	6.12%
2015	924,087,037	(0.47%)	2,797,274,346	14.32%	3,721,361,383	10.25%
2016	974,634,622	5.47%	2,878,037,420	2.89%	3,852,672,043	3.53%
2017	1,078,833,590	10.69%	3,040,609,756	5.65%	4,119,443,345	6.92%
2018	1,087,985,308	0.85%	3,270,556,814	7.56%	4,358,542,122	5.80%
2019	1,154,228,650	6.09%	3,558,835,259	8.81%	4,713,063,909	8.13%
2020	1,190,569,963	3.15%	4,009,994,313	12.68%	5,200,564,275	10.34%
2021	1,110,015,824	(6.77%)	4,518,911,142	12.69%	5,628,926,967	8.24%
2022	1,092,540,765	(1.57%)	4,995,831,787	10.55%	6,088,372,552	8.16%
2023	1,164,769,658	6.61%	5,622,961,672	12.55%	6,787,731,330	11.49%
2024*	1,306,079,448	12.13%	6,325,335,533	12.49%	7,631,414,982	12.43%
2025*	1,350,975,706	3.44%	7,216,639,875	14.09%	8,567,615,582	12.27%
2026*	1,431,155,743	5.93%	8,060,752,978	11.70%	9,491,908,720	10.79%
2027*	1,495,312,317	4.48%	8,263,378,667	2.51%	9,758,690,985	2.81%
Avg. Annual Increase 2012-2023		1.91%		8.80%		7.17%

**Projected*

Medical Assistance Basic Care:
Elderly and Disabled

This program covers general medical care for elderly and disabled Medical Assistance enrollees. People eligible to receive basic care services are 65 years or older, blind or have a disability. Their income and assets must also fall below allowable limits. For almost all of the elderly and for about 50 percent of the disabled who have Medicare coverage, Medical Assistance acts as a Medicare supplement paying premiums and cost sharing. For those who are not eligible for Medicare, Medical Assistance pays for all their medical care. Also included in this segment are MA enrollees who are residents in an Institute for Mental Disease (IMD). Covered services for these individuals would be eligible for federally-matched MA if they did not reside in a facility which is designated by federal regulations as an IMD. Being a resident in an IMD makes covered services for these individuals ineligible for federal matching. Elderly Waiver managed care is also included in this section because it is paid as an add-on to the Elderly Basic Care capitation payment.

Who it serves

- 196,700 average monthly enrollees

How much it costs

- $3.7 billion total spending
- $1.5 billion state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

- Decrease of $8.1 million in 2022-2023 biennium (-0.2%)
- Increase of $111.3 million in 2024-2025 biennium (+2.3%)
- Increase of $139.6 million in 2026-2027 biennium (+2.5%)

Reasons: The November forecast for MA Elderly and Disabled Basic Care produces General Fund increases in the 2024-2025 and 2026-2027 biennia. These forecast increases are primarily the result of higher enrollment, higher federal Part D clawback payments, lower federal funding, and higher managed care rates for Elderly Waiver all partially offset by lower managed care rates for Elderly and Disabled Basic Care.

Actual Elderly and Disabled enrollment in 2023 tracked the previous forecast within a half percent which results in unchanged base enrollment projections. However, while updated data indicates that a higher-than-expected number of enrollees are being disenrolled during the post-pandemic "unwinding" process, the data also shows that far fewer of these disenrollments are Elderly or Disabled individuals. As a result, the November forecast reflects a reduction in the number of Elderly and Disabled enrollees disenrolled during the unwinding process, which leads to a 3% increase in projected Elderly and Disabled enrollment. This caseload increase produces state costs of $95 million in the 2024-2025 biennium and $129 million in the 2026-2027 biennium.

The November forecast also includes increased enrollment projections for MA enrollees residing in an IMD. Implementation of the SUD waiver shifted the designation of some facilities from IMD (with no federal funding) to waiver facilities (with federal funding). This reduced the number of MA enrollees residing in an IMD. However, updated data suggests the enrollment impact has been less than originally expected. The November forecast reflects updated assumptions regarding the SUD waiver impact resulting in higher IMD caseload. Further, average payments for IMD residents are higher-than-expected in 2023 leading to increased average payment projections. Together, these IMD increases result in General Fund costs of $26 million in both the 2024-2025 and 2026-2027 biennia.

The November forecast for MA Elderly and Disabled also includes adjustments to federal Part D clawback payments. Beginning in 2006, the Medicare benefit set expanded to include prescription drug coverage. For dual eligibles (individuals enrolled in both Medicaid and Medicare), prescription drug coverage had previously been provided through Medicaid with federal and state shares. To help pay for this expanded Medicare coverage, the federal government bills each state an amount roughly equal to what the state would have paid if prescription drug coverage were still provided through Medicaid for dual eligibles. These payments from states to the federal government are known as Part D clawback payments. Due primarily to increasing pharmacy trend rates, Part D

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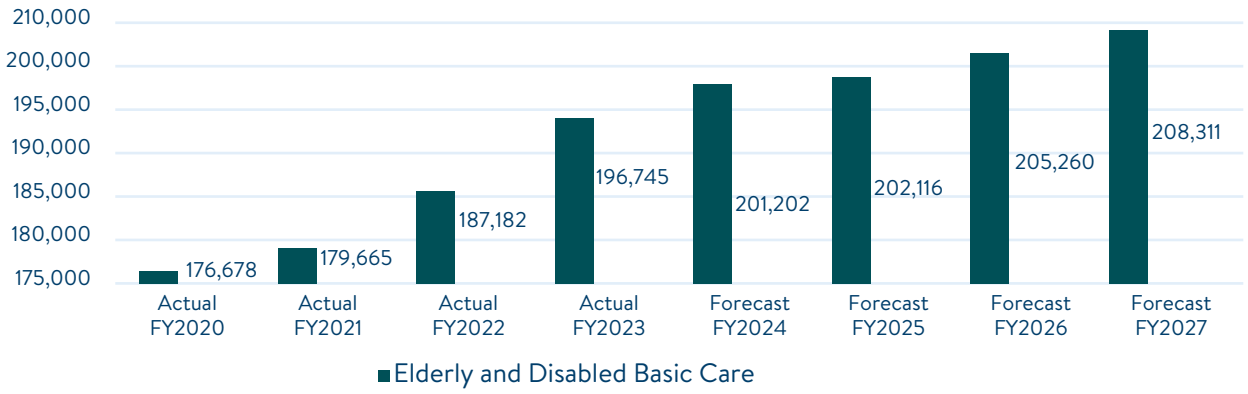
clawback payments are projected to increase by 6% relative to previous forecast assumptions beginning in 2024. This produces state costs of $36 million in the 2024-2025 biennium and $46 million in the 2026-2027 biennium.

Managed care add-on payments for Elderly Waiver recipients are also higher than expected in the November forecast. Specifically, Elderly Waiver managed care payments for 2024 are up about 8% relative to previous forecast assumptions. These managed care rate increases are primarily the result of actuarial base and trend adjustments for this population. Partially offsetting this rate increase is a 2% reduction in projected Elderly Waiver managed care caseload. The overall forecast change for Elderly Waiver managed care produces net state costs of $42 million in the 2024-2025 biennium and $68 million in the 2026-2027 biennium.

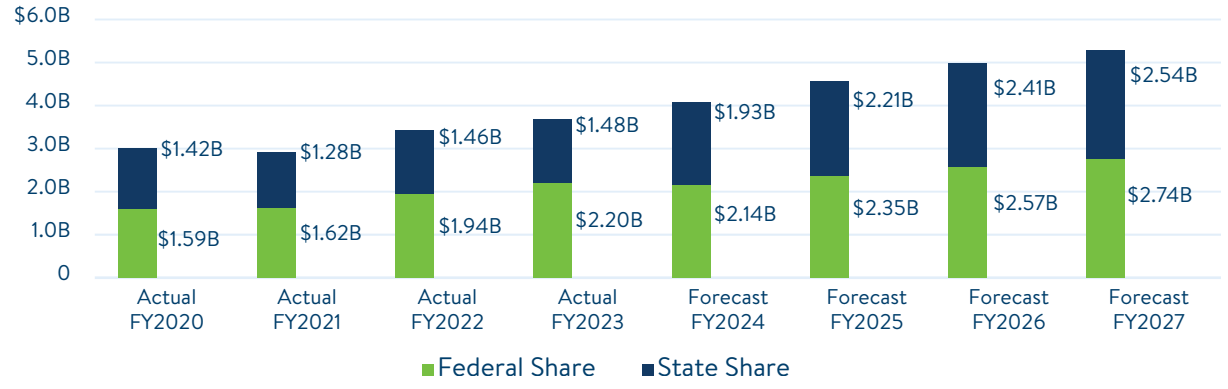
Partially offsetting these projected state costs for MA Elderly and Disabled is lower-than-expected managed care rates for basic care for these populations. Managed care rates for Elderly basic care are 7% lower and rates for Disabled basic care are 2% lower than previous forecast assumptions. These forecast reductions result in state savings of $108 million in the 2024-2025 biennium and $181 million in the 2026-2027 biennium.

Finally, the November forecast includes a reduction in the state's federal match rate (FMAP) effective October 2024. This produces state costs of $10 million in the 2024-2025 biennium and $34 million in the 2026-2027 biennium for MA Elderly and Disabled Basic Care.

Elderly and Disabled Basic Care: Average monthly enrollees



Elderly and Disabled Basic Care expenditures



Historical table

	Elderly & Disabled Basic Care	
FY	Total $	% Change
2012	2,118,181,376	
2013	2,087,793,116	(1.43%)
2014	2,500,339,126	19.76%
2015	2,343,980,418	(6.25%)
2016	2,580,811,749	10.10%
2017	2,525,666,619	(2.14%)
2018	2,894,549,433	14.61%
2019	2,780,093,762	(3.95%)
2020	3,011,306,799	8.32%
2021	2,903,228,285	(3.59%)
2022	3,406,926,353	17.35%
2023	3,681,809,514	8.07%
2024*	4,070,129,289	10.55%
2025*	4,553,075,447	11.87%
2026*	4,977,349,382	9.32%
2027*	5,284,266,351	6.17%
Avg. Annual Increase 2012-2023		5.15%

**Projected*

Beginning in FY 2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Basic Care:
Adults without Children

In March 2011, Minnesota elected to implement the early expansion of MA eligibility for Adults without Children with income up to 75% of the federal poverty level under the Affordable Care Act. In January 2014, Minnesota implemented full expansion of MA eligibility up to 138% of the federal poverty level for this population. Currently, at 138% federal poverty levels, the income eligibility limit for a single adult to be covered under this program is $18,754 per year.

As Minnesota's newly eligible expansion population under the Affordable Care Act, this segment of MA received 100% federal match from Calendar Year (CY) 2014 through CY 2016. Beginning in CY 2017, the federal match rate stepped down each year until it hit 90% in CY 2020. This now becomes the ongoing fixed federal match rate for this expansion population.

Who it serves

- 314,300 average monthly enrollees

How much it costs

- $3.7 billion total spending
- $359 million state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

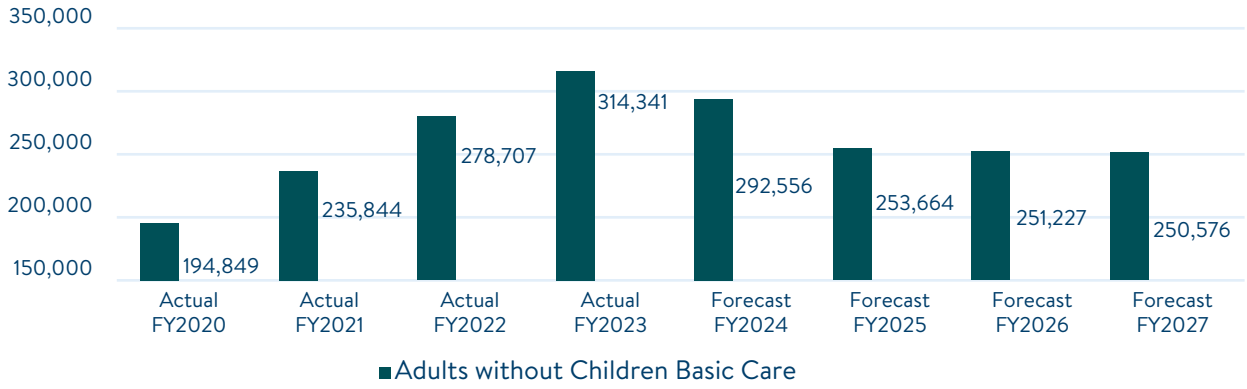
- Decrease of $7.5 million in 2022-2023 biennium (-1.1%)
- Decrease of $45.5 million in 2024-2025 biennium (-6.5%)
- Decrease of $78.9 million in 2026-2027 biennium (-11.1%)

Reasons: The November forecast produces General Fund reductions for MA Adults without Children Basic Care in each of the three forecast biennia. These forecast decreases are the result of lower-than-expected average payments for this population.

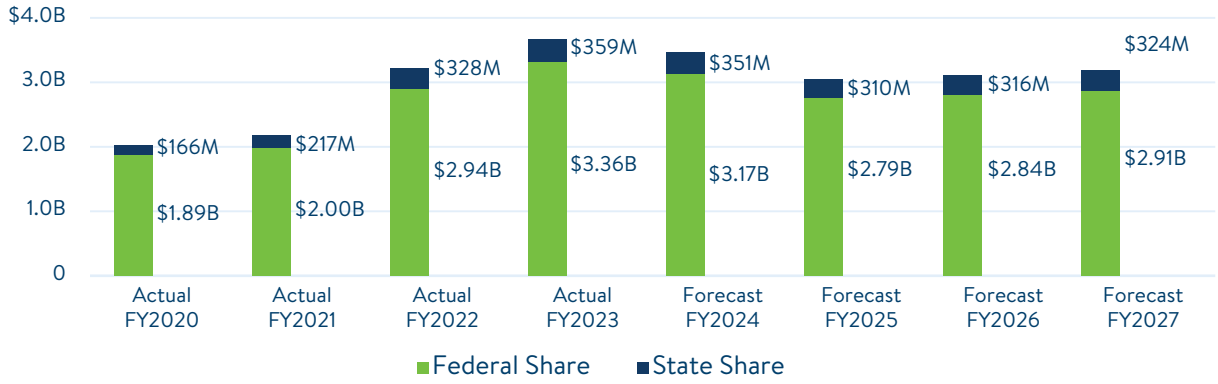
Managed care rates for Adults without Children in 2024 are approximately 8% lower than expected in previous forecasts. Further, updated FFS average payments for this population are about 2% lower than previously forecasted. Together, these forecast adjustments result in a 10% reduction in average payments for MA Adults without Children, which produces projected savings of $51 million in the 2024-2025 biennium and $77 million in the 2026-2027 biennium.

While Adults without Children enrollment rose above the forecast in early 2023, updated data also indicates that more enrollees are subsequently being disenrolled during the post-pandemic "unwinding" process than expected in previous forecasts. These offsetting impacts result in Adults without Children caseload projections that are essentially unchanged relative to previous forecasts. Also impacting enrollment is an administrative change required by the federal agency to minimize the number of enrollees who are disenrolled for procedural reasons during the unwinding process. This change delays procedural terminations for one to three months for cases with renewal dates between July and December 2023 and results in state costs of $5 million for MA Adults without Children in the 2024-2025 biennium.

Adults without Children Basic Care: Average monthly enrollees



Adults without Children Basic Care expenditures



Historical table

	Adults without Children Basic Care	
FY	Total $	% Change
2012	819,539,240	
2013	792,232,465	(3.33%)
2014[1]	1,063,752,126	34.27%
2015	1,694,519,567	59.30%
2016	1,658,897,539	(2.10%)
2017	1,756,135,556	5.86%
2018	1,970,490,317	12.21%
2019	1,823,780,554	(7.45%)
2020	2,060,499,313	12.98%
2021	2,221,469,075	7.81%
2022	3,269,900,549	47.20%
2023	3,720,452,482	13.78%
2024*	3,520,095,630	(5.39%)
2025*	3,101,968,865	(11.88%)
2026*	3,155,915,394	1.74%
2027*	3,233,744,041	2.47%
Avg. Annual Increase 2012-2023		14.74%

**Projected*

1 2014 and 2015 reflect increases due to implementation of full expansion for this population

Beginning in FY 2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

Medical Assistance Basic Care:
Families with Children

This activity funds general medical care for children, parents and pregnant women, including families receiving Minnesota Family Investment Program (MFIP) and those with transition coverage after exiting MFIP. This segment also includes funding for Family Planning Services and for Breast and Cervical Cancer coverage. This segment also includes non-citizens who are ineligible for federal Medicaid match, but almost all of whom are eligible for enhanced federal Children's Health Insurance Program (CHIP) funding.

Enhanced federal CHIP funding is also available for children with family income over 133% of the federal poverty level. This funding supplements the regular Medicaid match with an additional enhanced federal match, within the limits of Minnesota's CHIP allocation from the federal government.

Who it serves

- 883,400 average monthly enrollees

How much it costs

- $4.0 billion total spending
- $1.6 billion state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

- Increase of $36.7 million in 2022-2023 biennium (+1.3%)
- Increase of $71.8 million in 2024-2025 biennium (+2.2%)
- Decrease of $35.6 million in 2026-2027 biennium (-1.0%)

Reasons: The November forecast for MA Families with Children Basic Care produces General Fund increases of roughly 1% in the 2022-2023 biennium and 2% in the 2024-2025 biennium, while projecting a 1% state budget reduction in the 2026-2027 biennium. These overall net changes are primarily due to a mix of offsetting enrollment and average payment adjustments.

While Families with Children enrollment climbed above the forecast in early 2023, updated data also indicates that more enrollees are subsequently being disenrolled during the post-pandemic "unwinding" process than expected in previous forecasts. Further, updated program data also indicates that a relatively higher proportion of overall disenrollments during the unwinding are Families with Children. Together, these forecast adjustments result in a net 7% base reduction in Families with Children caseload with corresponding state savings of $216 million in the 2024-2025 biennium and $274 million in the 2026-2027 biennium.

Partially offsetting the base enrollment reduction for Families with Children are two administrative changes required by the federal agency to minimize the number of enrollees who are disenrolled for procedural reasons during the unwinding process. The first is to delay procedural terminations for one to three months for cases with renewal dates between July and December 2023. The second involves "ex parte" mitigation strategies that target potentially eligible enrollees within multi-person cases (primarily children) who would have otherwise been disenrolled for procedural reasons. The specific mitigation strategies vary between the monthly cohorts during the unwinding process, but they all generally result in some form of a manual renewal of eligibility for potentially eligible individuals for 12 months. Both these administrative changes temporarily increase Families with Children enrollment relative to prior forecast assumptions. The procedural termination delays result in MA Families with Children state costs of $24 million while the ex parte mitigation strategies result in state costs of $153 million, all in the 2024-2025 biennium.

Higher-than-expected managed care rates result in additional projected state costs for Families with Children. Managed care rates for Families with Children in 2024 are almost 6% higher than expected in previous forecasts. However, updated FFS average payments for Families with Children are about 2% lower than previously forecasted. Together, these forecast adjustments result in a net 4% increase in average payments for MA Families with Children, which produces projected costs of $87 million in the 2024-2025 biennium and $156 million in the 2026-2027 biennium.

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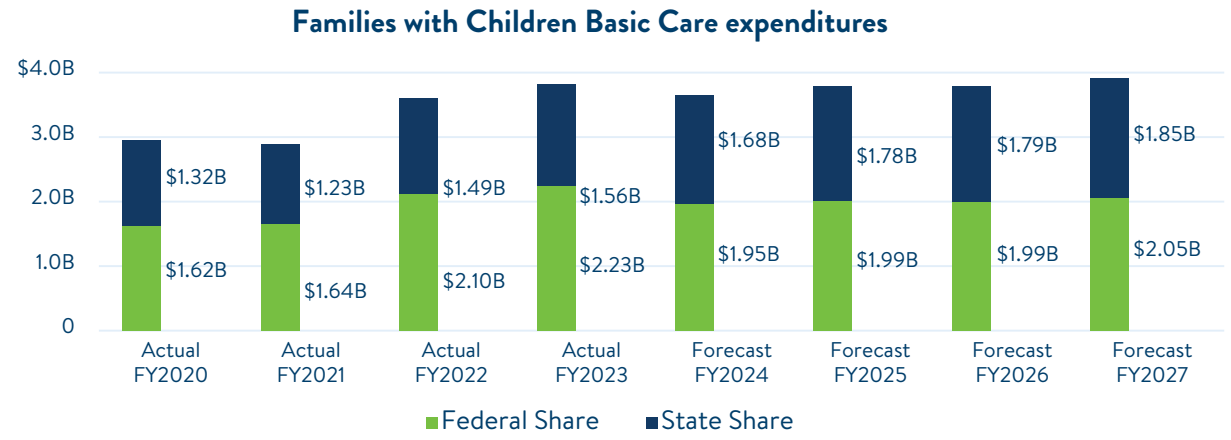
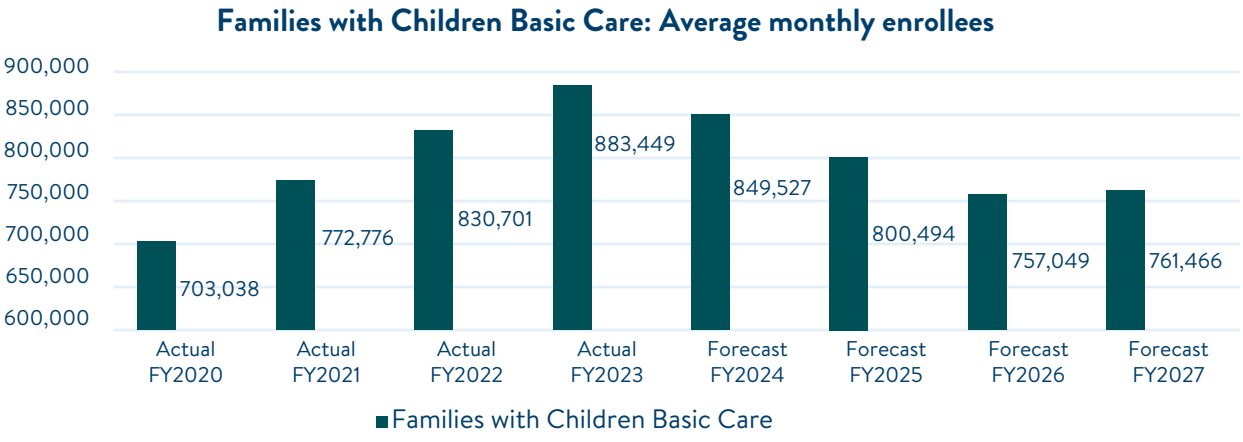
Other notable November forecast changes in the MA Families with Children segment include projected cost increases for additional MnChoices disability assessments and a reduction in the state's federal match rate (FMAP) effective October 2024. (Note that the costs of MnChoices assessments are included in the Families with Children segment of the MA forecast because they are considered administrative costs from the federal perspective. All MA activities in the forecast considered to be administrative costs are placed in the MA Families with Children segment regardless of which population incurs the costs.) Higher MnChoices assessments produce projected state costs of $8 million in the 2022-2023 biennium and $16 million in each of the 2024-2025 and 2026-2027 biennia. The reduction in the state's FMAP rate produces state costs of $10 million in the 2024-2025 biennium and $29 million in the 2026-2027 biennium.





Historical table

	Families with Children Basic Care	
FY	Total $	% Change
2012	2,134,178,204	
2013	1,984,933,703	(6.99%)
2014	2,325,681,264	17.17%
2015	2,824,710,042	21.46%
2016	3,132,833,352	10.91%
2017	2,487,241,806	(20.61%)
2018	3,325,147,926	33.69%
2019	2,963,263,740	(10.88%)
2020	3,096,365,963	4.49%
2021	3,009,530,937	(2.80%)
2022	3,722,695,638	23.70%
2023	3,953,237,456	6.19%
2024*	3,796,183,226	(3.97%)
2025*	3,950,023,789	4.05%
2026*	3,949,357,331	(0.02%)
2027*	4,070,255,023	3.06%
Avg. Annual Increase 2012-2023		5.76%

**Projected*

Includes family planning, breast and cervical cancer coverage, pharmacy rebates, special funding items and adjustments

Beginning in FY 2011 there are managed care payment delays from odd years to even years which impact the annual percent change.

MinnesotaCare

MinnesotaCare provides health care coverage for low-income parents and adults without children who have higher income than those served on the Medical Assistance program as well as legal noncitizens who are ineligible for MA. Unlike MA, MinnesotaCare requires enrollee premiums and does not include coverage for long-term care services or supports.

Effective January 2015, MinnesotaCare operates as the state's Basic Health Program (BHP). As a BHP, MinnesotaCare no longer receives federal funding in the form of a percentage expenditure match. Instead, the state receives a per person subsidy equal to 95% of the premium tax credits each BHP enrollee would have received through MNsure had the state opted against running a BHP.

MinnesotaCare also provides state-only funded coverage for people with Deferred Action for Childhood Arrivals (DACA) status and certain elderly individuals who do not qualify for Medicare and are not MA or BHP eligible. Overall, MinnesotaCare is funded with a mix of enrollee premiums, Health Care Access Fund (HCAF) appropriations, and federal BHP funds (for the BHP eligible population).

Who it serves

- 103,700 average monthly enrollees

How much it costs

- $676 million total spending
- $58 million state funds

Data for FY 2023

November 2023 forecast highlights

Health Care Access Fund

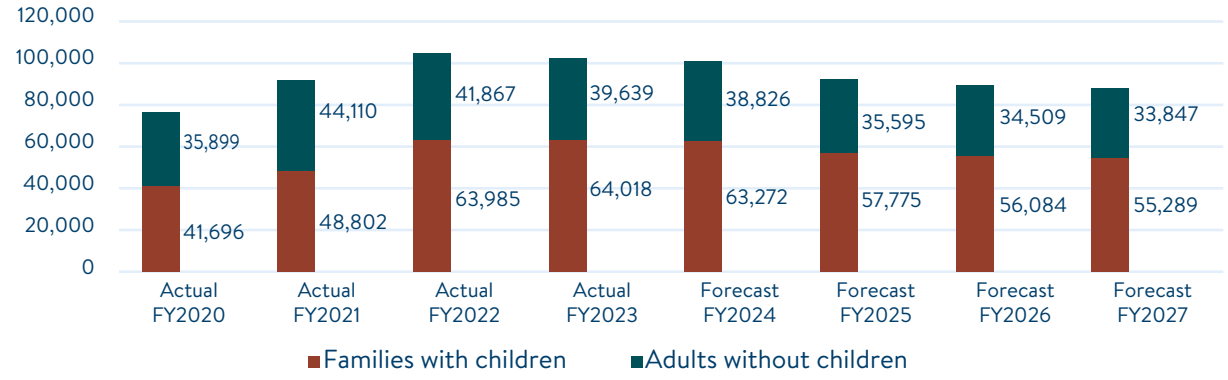
Changes from the End-of Session 2023 forecast

- Increase of $13.5 million in 2022-2023 biennium (+13.6%)
- Increase of $18.7 million in 2024-2025 biennium (+12.6%)
- Increase of $46.9 million in 2026-2027 biennium (+18.6%)

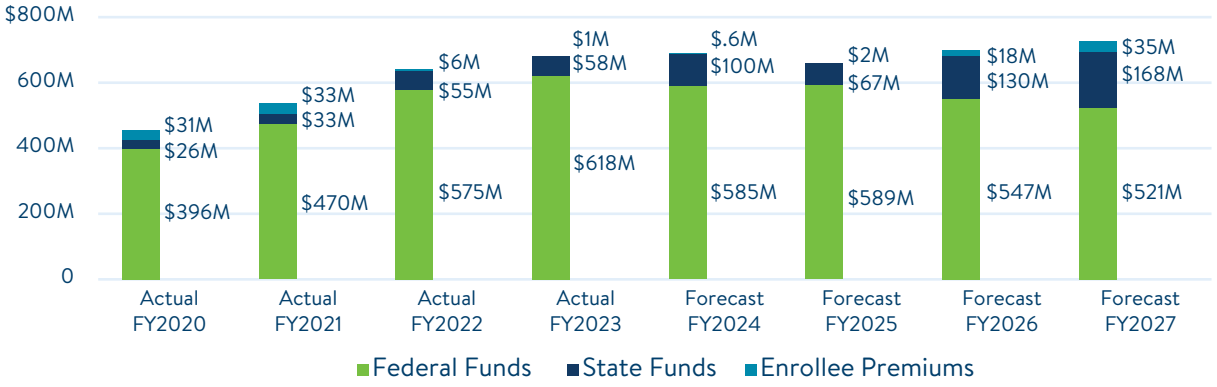
Reasons: The November forecast produces HCAF spending increases in each year of the forecast horizon. The increase in the current biennium is the result of higher-than-expected BHP enrollment, which is offset by lower managed care rates in the next two biennia. The projected increases in the 2024-2025 and 2026-2027 biennia are the result of a change in the value of a factor in the federal BHP funding formula. The Income Reconciliation Factor (IRF) is meant to account for the year-end settle-up of prospective tax credits that happens for individuals in the private market at tax time. The value of the IRF is calculated annually by the federal Treasury Department based on relevant tax data on prospective tax credit settlements. The value of the IRF is reduced by about 4% for 2024, and the forecast assumes this lower level persists throughout the rest of the forecast horizon. This reduction in the IRF leads to reduced federal BHP funding which directly increases the need for state program spending. The IRF factor adjustment accounts for the entire HCAF increase in the 2024-2025 and 2026-2027 biennia.

Finally, the November forecast includes the impact of allowing 2024 eligibility renewals to rely on attested income. This is expected to increase caseload relative to previous forecast assumptions, but the projected state budget impact is very small because federal BHP funding is expected to cover most of the additional cost.

MinnesotaCare Enrollment



MinnesotaCare/BHP funding by source



Historical table

	MinnesotaCare Total Expenditures	
FY	Total $	% Change
2012	551,090,615	
2013	569,928,239	3.42%
2014	520,005,344	(8.76%)
2015	509,709,341	(1.98%)
2016	479,909,046	(5.85%)
2017	397,211,084	(17.23%)
2018	426,581,269	7.39%
2019	438,365,628	2.76%
2020	452,661,457	3.26%
2021	536,139,602	18.44%
2022	636,664,399	18.75%
2023	676,469,952	6.25%
2024*	685,799,190	1.38%
2025*	657,805,318	(4.08%)
2026*	695,407,692	5.72%
2027*	723,859,122	4.09%
Avg. Annual Increase 2012-2023		1.88%

**Projected*

Behavioral Health Fund

The Behavioral Health Fund pays for residential and outpatient substance use disorder (SUD) treatment services for eligible low-income Minnesotans. The fund also pays for room and board for recipients of residential treatment, including SUD treatment paid for by managed care plans, and for recipients of certain residential mental health services. To access treatment services paid by the fund, individuals must first be assessed for treatment need and meet financial eligibility guidelines similar to those for Medical Assistance.

Who it serves

- 31,100 unique recipients

How much it costs

- $190 million total spending
- $85 million state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

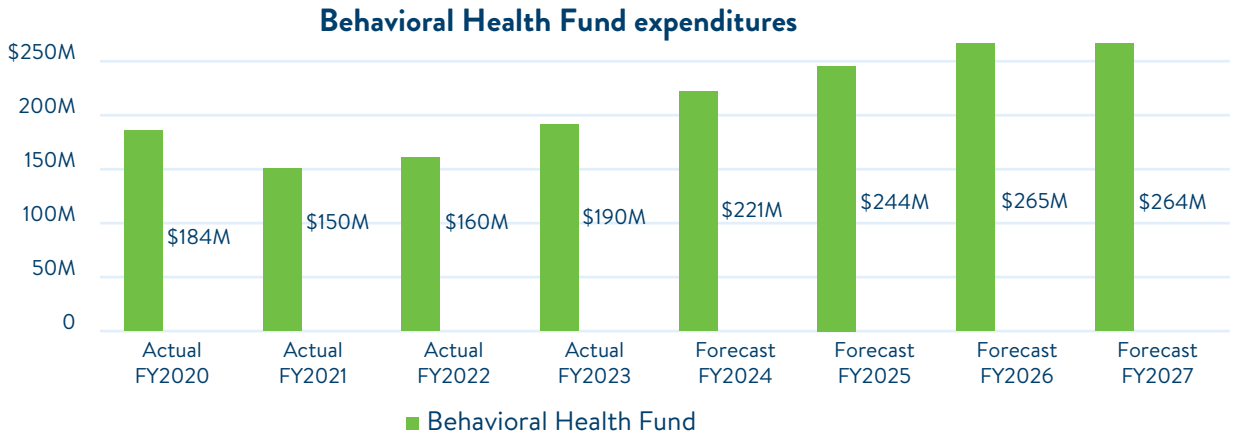
- Decrease of $4.0 million in 2022-2023 biennium (-2.3%)
- Decrease of $10.1 million in 2024-2025 biennium (-5.1%)
- Decrease of $9.7 million in 2026-2027 biennium (-4.5%)

Reasons: The November forecast for the Behavioral Health Fund produces moderate net General Fund decreases in all three forecast biennia. A primary driver of the state forecast savings is increased federal match within the Behavioral Health Fund. There are two reasons for these anticipated increases in federal funding. First, the tribes are expanding tribal SUD services, resulting in a greater proportion of services that are 100% federally funded through the Indian Health Service. The second pertains to the SUD waiver, which is an arrangement with the federal government under which the State can claim federal matching for residential SUD services provided in certain facilities that would not otherwise be eligible for federal funding. The November forecast reflects higher actual and expected federal funding under the SUD waiver relative to previous forecast assumptions.

The November forecast includes net state savings for SUD residential treatment of $4 million in the 2024-2025 biennium and $8 million in the 2026-2027 biennium. Revised projections of federal funding gained under the SUD waiver contribute $2 million and $6 million respectively to the forecast reductions in this service category. Projected increases in Indian Health Service funding provide an additional $2 million in state savings in both the 2024-2025 and 2026-2027 biennia.

State costs for medically assisted treatment (MAT), historically a largely tribal service with more than 90% federal matching, are reduced by $5 million in the 2022-2023 biennium and $2 million in both the 2024-2025 and 2026-2027 biennia. About two-thirds of these reductions come from an increase in the effective share of federal funding for this service from 89% in the previous forecast to 93% in the current forecast. This effective share change is the result of an increase in the proportion of claims with 100% federal matching.

The November forecast of state costs for room and board for recipients of SUD residential treatment paid by managed care plans is little changed over the forecast horizon, except for unusually low actual claims payments in the first quarter of FY 2024. This unexpected actual claims data results in a relatively small forecast reduction for managed care residential treatment room and board in the 2024-2025 biennium. Future data is expected to clarify whether this represents a payment timing change or something more significant for the forecast.



Historical table

	Behavioral Health Fund Total Expenditures	
FY	Total $	% Change
2012	132,221,922	
2013	138,539,414	4.78%
2014	138,744,237	0.15%
2015	169,583,060	22.23%
2016	159,611,752	(5.88%)
2017	186,287,061	16.71%
2018	211,925,848	13.76%
2019	215,706,572	1.78%
2020	184,310,877	(14.55%)
2021	149,925,383	(18.66%)
2022	159,546,209	6.42%
2023	189,827,372	18.98%
2024*	220,781,645	16.31%
2025*	244,043,418	10.54%
2026*	264,703,192	8.47%
2027*	264,363,001	(0.13%)
Avg. Annual Increase 2012-2023		3.34%

**Projected*

Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) provides cash and food assistance for low-income families with children. MFIP operates as Minnesota's federal Temporary Assistance for Needy Families (TANF) program. As such, MFIP cash assistance is funded with a mixture of federal TANF Block Grant and state General Fund dollars determined primarily by the federally mandated Maintenance of Effort (MOE) requirement for state spending on its TANF program.

Who it serves

- 66,700 average monthly recipients

How much it costs

- $313 million total spending
- $68 million state funds

Data for FY 2023

November 2023 forecast highlights

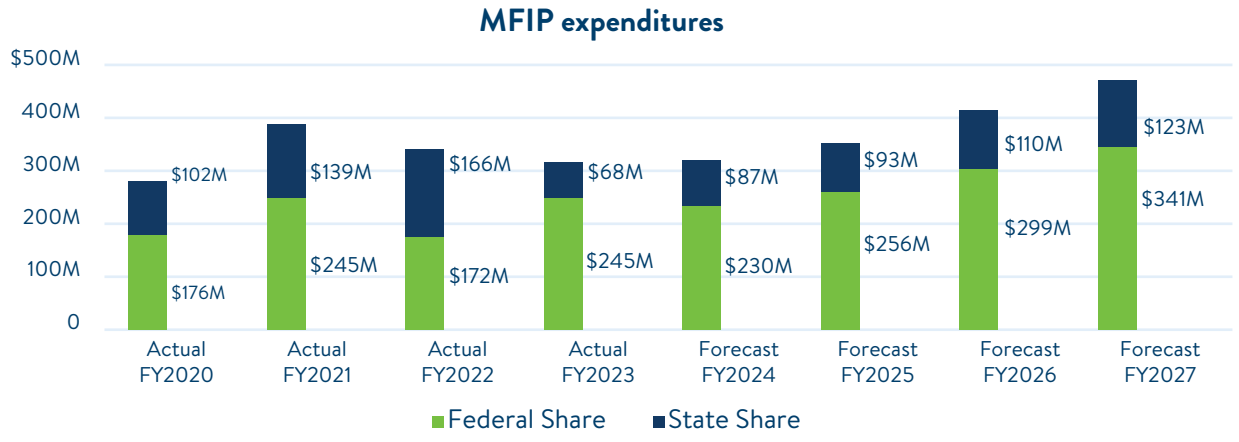
General Fund

Changes from the End-of Session 2023 forecast

- Decrease of $12.0 million in 2022-2023 biennium (-5.0%)
- Increase of $0.9 million in 2024-2025 biennium (+0.5%)
- Increase of $13.3 million in 2026-2027 biennium (+6.2%)

Reasons: The November MFIP forecast produces a General Fund decrease in the 2022-2023 biennium, almost no change in the 2024-2025 biennium, and a General Fund increase in the 2026-2027 biennium. These forecast changes are primarily driven by savings from MOE adjustments and lower caseload offset by higher average payments.

The forecast reduction in the 2022-2023 biennium is due to MOE adjustments and lower caseload. Almost half the projected state savings is due to higher non-cash MOE which reduces the need for state MFIP program spending. The remainder of the 2022-2023 biennium savings is due to a technical correction to caseload counts. The prior forecast included MFIP cases receiving Emergency SNAP (ESNAP) because the eligibility system did not distinguish ESNAP from regular MFIP food payments. These cases receiving ESNAP are no longer MFIP eligible and have been removed in the November forecast. This caseload reduction is offset in the 2024-2025 and 2026-2027 biennia by higher average payments. The projected average payment increase is the result of a higher-than-expected inflation rate which impacts the MFIP COLA.



Historical table

	Minnesota Family Investment Program (MFIP)	
FY	Total $	% Change
2012	333,591,354	
2013	322,457,424	(3.34%)
2014	297,431,102	(7.76%)
2015	279,723,824	(5.95%)
2016	301,750,210	7.87%
2017	312,674,443	3.62%
2018	293,095,053	(6.26%)
2019	266,620,941	(9.03%)
2020	277,577,083	4.11%
2021	383,876,457	38.30%
2022	337,161,691	(12.17%)
2023	313,191,770	(7.11%)
2024*	317,247,785	1.30%
2025*	349,186,940	10.07%
2026*	409,147,664	17.17%
2027*	464,290,008	13.48%
Avg. Annual Decrease 2012-2023		(0.57%)

**Projected*

Child Care Assistance

This program provides child care assistance to MFIP families who are employed or are engaged in other work activities or education as part of their MFIP employment plan. This activity also provides transition year (TY) child care assistance for former MFIP families. As with the MFIP grant program, child care assistance is funded with a mixture of federal and state General Fund dollars. The federal child care funding comes from the Child Care Development Fund (CCDF). The forecast does not include the Basic Sliding Fee child care program.

Who it serves

MFIP/TY Child Care

- 4,800 average monthly families served

How much it costs

MFIP/TY Child Care

- $107 million in total spending
- $0 million state funds

Data for FY 2023

November 2023 forecast highlights

General Fund

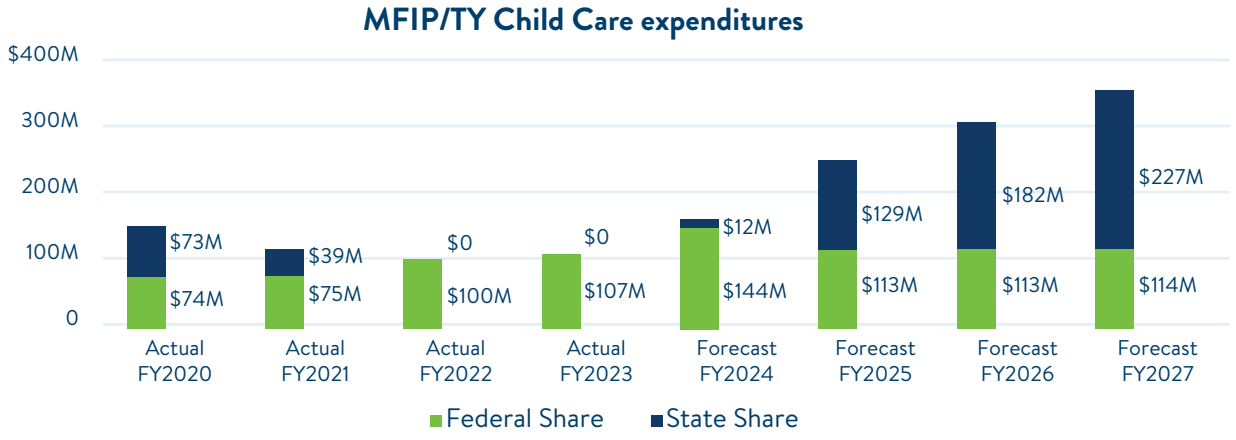
Changes from the End-of Session 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Decrease of $41.8 million in 2024-2025 biennium (-22.9%)
- Decrease of $34.5 million in 2026-2027 biennium (-7.8%)

Reasons: The November Child Care Assistance forecast produces state savings in the 2024-2025 and 2026-2027 biennia. These forecast reductions are driven by both lower caseload and lower average payments.

The projected CCAP caseload reduction is due to lower MFIP caseload and a slower-than-expected increase in the childcare utilization rate post-pandemic. The reduction in average payments is a base adjustment due to lower-than-expected average costs in the 2023 expenditure data. The full amount of the overall reduction in program spending is assigned to the General Fund in the 2024-2025 and 2026-2027 biennia.

Note that all forecasted program savings in the 2022-2023 biennium are assigned to federal funds since General Fund spending was already at zero in the previous forecast. As a result, these program savings carry forward on the federal side and reduce state spending in the 2024-2025 biennium instead.



Historical table

	MFIP/TY Child Care Assistance	
FY	Total $	% Change
2012	116,728,218	
2013	118,035,920	1.12%
2014	128,982,296	9.27%
2015	141,994,040	10.09%
2016	150,602,122	6.06%
2017	161,122,098	6.99%
2018	165,175,205	2.52%
2019	157,475,004	(4.66%)
2020	146,909,847	(6.71%)
2021	114,044,955	(22.37%)
2022	99,960,837	(12.35%)
2023	106,611,175	6.65%
2024*	156,747,201	47.03%
2025*	241,339,138	53.97%
2026*	295,420,987	22.41%
2027*	340,880,209	15.39%
Avg. Annual Decrease 2012-2023		(0.82%)

**Projected*

Northstar Care for Children

Northstar Care for Children is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Financial support is provided to adoptive and foster parents to encourage permanent placement of children in safe homes. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance and Adoption Assistance.

Who it serves

- 18,600 average monthly recipients

How much it costs

- $248 million total spending
- $97 million state funds

Data for FY 2023

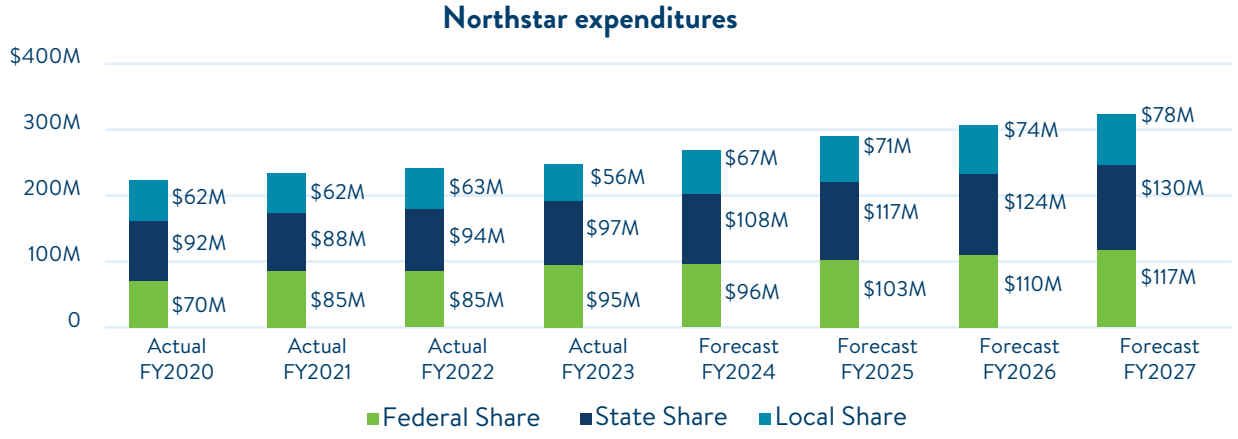
November 2023 forecast highlights

General Fund

Changes from the End-of Session 2023 forecast

- Decrease of $1.4 million in 2022-2023 biennium (-0.7%)
- Decrease of $13.6 million in 2024-2025 biennium (-5.7%)
- Decrease of $16.9 million in 2026-2027 biennium (-6.3%)

Reasons: The November forecast for NorthStar Care produces General Fund decreases in all three biennia. In the 2022-2023 biennium, the forecast reduction is due to lower-than-expected Foster Care recipients in the 2023 data. Forecast reductions in the 2024-2025 and 2026-2027 biennia are primarily to due a case-mix adjustment which lowers overall average cost per child. The case-mix change is the result of discontinued commissioner transfers of children with Legacy Adoption Assistance rates into Northstar program rates. Since Legacy rates are typically lower than Northstar program rates, the reduction in Legacy transfers leads to lower overall average payments within the forecasted program.



Historical table

	Northstar Care for Children	
FY	Total $	% Change
2016	$132,201,226	
2017	155,510,705	17.63%
2018	187,750,651	20.73%
2019	211,165,176	12.47%
2020	223,705,208	5.94%
2021	235,489,829	5.27%
2022	242,150,792	2.83%
2023	247,940,229	2.39%
2024*	270,001,135	8.90%
2025*	291,380,701	7.92%
2026*	307,397,455	5.50%
2027*	324,621,058	5.60%
Avg. Annual Increase 2016-2023		9.40%

**Projected*

The program began being forecasted in 2016.

General Assistance, Housing Support and Minnesota Supplemental Aid

General Assistance (GA) provides state-funded cash assistance for single adults and couples without children, provided they meet one of the specific GA eligibility criteria. The most common reason people are GA eligible is illness or incapacity. The program is the primary safety net for very low income people and helps meet some of their basic and emergency needs. Housing Support (HS) pays for housing and some services for individuals placed by the local agencies in a variety of residential settings. The program, formerly called Group Residential Housing, is a state-funded income supplement program that pays for room and board in approved locations. Two types of eligibility are distinguished: MSA-type recipients are elderly or disabled, with the same definitions as used for MA eligibility, while GA-type recipients include all other adults. Minnesota Supplemental Aid (MSA) supplements the incomes of Minnesotans who are eligible for the federal Supplemental Security Income program. MSA benefits cover basic daily or special needs.

Who it serves

GA

- 21,800 average monthly cases

HS

- 20,200 average monthly recipients

MSA

- 30,200 average monthly recipients

How much it costs

GA

- $50 million total spending, all state funds

HS

- $200 million total spending
- $198 million state funds

MSA

- $55 million total spending, all state funds

Data for FY 2023

November 2023 forecast highlights

General Assistance, General Fund

Changes from the End-of Session 2023 forecast

- Decrease of $0.1 million in 2022-2023 biennium (-0.1%)
- Increase of $0.2 million in 2024-2025 biennium (+0.1%)
- Increase of $0.7 million in 2026-2027 biennium (+0.4%)

Reasons: The November forecast changes in General Assistance are driven by lower actual enrollment in the 2022-2023 biennium and higher average payments in the 2024-2025 and 2026-2027 biennia.

Housing Support, General Fund

Changes from the End-of Session 2023 forecast

- Decrease of $4.3 million in 2022-2023 biennium (-1.1%)
- Increase of $25.7 million in 2024-2025 biennium (+5.8%)
- Increase of $26.9 million in 2026-2027 biennium (+5.5%)

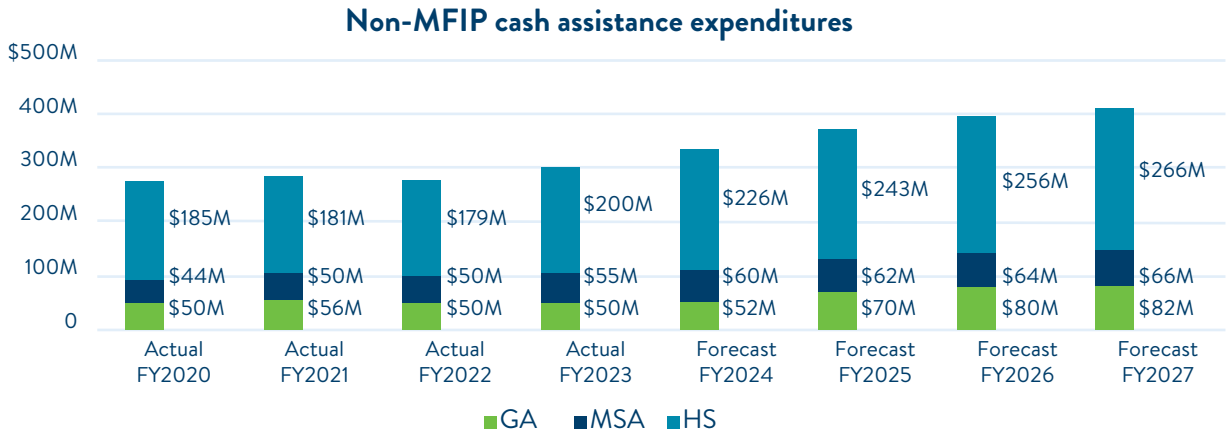
Reasons: The November forecast reduction in Housing Support in the 2022-2023 biennium is due to lower actual caseload. The Housing Support forecast increases in the 2024-2025 and 2026-2027 biennia are driven by a higher-than-expected program room and board rate, which is tied to the Federal Benefit Rate (FBR).

Minnesota Supplemental Aid, General Fund

Changes from the End-of Session 2023 forecast

- Decrease of $0.3 million in 2022-2023 biennium (-0.3%)
- Increase of $2.6 million in 2024-2025 biennium (+2.2%)
- Increase of $3.1 million in 2026-2027 biennium (+2.5%)

Reasons: The November forecast reduction in Minnesota Supplemental Aid in the 2022-2023 biennium is primarily due to lower actual caseload. The MSA forecast increases in the 2024-2025 and 2026-2027 biennia are driven by higher-than-expected average payments. This results from both an increased MSA special needs allowance and an increased MSA Housing Assistance payment standard, which are tied to the Thrifty Food Plan rate and Federal Benefit Rate (FBR), respectively.



Historical Table

	General Assistance (GA)		Minnesota Supplemental Aid (MSA)		Housing Support (HS)	
FY	Total $	% Change	Total $	% Change	Total $	% Change
2012	49,552,612		35,767,568		121,678,773	
2013	51,620,198	4.17%	36,038,980	0.76%	130,187,929	6.99%
2014	51,124,719	(0.96%)	36,478,561	1.22%	138,708,619	6.54%
2015	51,435,727	0.61%	37,066,951	1.61%	141,396,622	1.94%
2016	50,443,730	(0.93%)	37,735,036	1.80%	149,460,915	5.70%
2017	49,556,022	(1.76%)	38,309,226	1.52%	159,456,706	6.69%
2018	48,883,093	(1.36%)	39,065,624	1.97%	160,535,838	0.68%
2019	50,301,759	2.90%	41,128,443	5.28%	166,972,636	4.01%
2020	49,778,343	(1.04%)	43,502,787	5.77%	184,631,491	10.58%
2021	56,011,116	12.52%	50,075,641	15.11%	180,881,960	(2.03%)
2022	49,691,402	(11.28%)	50,059,850	(0.03%)	179,487,035	(0.77%)
2023	50,276,075	1.18%	54,581,396	9.03%	199,791,604	11.31%
2024*	52,038,987	3.51%	59,684,485	9.35%	226,048,408	13.14%
2025*	69,964,011	34.45%	61,857,999	3.64%	243,467,049	7.71%
2026*	79,965,799	14.30%	63,720,038	3.01%	255,626,634	4.99%
2027*	82,104,525	2.67%	65,696,312	3.10%	266,284,398	4.17%
Avg. Annual Increase 2012-2023		0.13%		3.92%		4.61%

**Projected*

November 2023 forecast changes: In a nutshell

Millions of dollars	2022-2023 Biennium	2024-2025 Biennium	2026-2027 Biennium
General Fund Total Change	20.1	475.2	564.7
General Fund Percent Change	0.2%	3.0%	3.1%
Summary Changes Across All Budget Activities			
MA LTC Waivers	28.4	409.2	565.8
Other changes	(8.3)	66.1	(1.2)
Detail Changes By Budget Activity			
MA LTC Facilities:	(7.3)	(35.4)	(9.3)
Nursing Facilities: paid days (-1%)	(12.5)	(19.9)	(6.0)
Nursing Facilities: average payment (-1%)	4.1	(17.2)	(9.2)
Federal share change (51.49% to 51.16%)	0.0	3.1	9.1
Other changes	1.1	(1.4)	(3.3)
MA LTC Waivers:	28.4	409.2	565.8
Disability waivers: average payment (+4%)	18.5	221.2	246.1
CADI: recipients (+5% to +8%)	16.8	120.7	216.2
PCA: recipients (+4% to +7%)	8.4	47.0	88.3
PCA: average payment (-2%)	(3.5)	(30.3)	(38.1)
CFSS delay to June 2024	0.0	37.7	0.0
Federal share change (51.49% to 51.16%)	0.0	16.9	52.1
Other changes	(11.9)	(3.9)	1.2
MA Elderly and Disabled Basic:	(8.1)	111.3	139.6
Elderly waiver HMO: avg pmt (+8%), recips (-2%)	(2.7)	42.2	67.6
Enrollment elderly (+3%) disabled (+3%)	1.5	95.3	129.2
Average payments elderly (-7%) disabled (-2%)	(13.9)	-107.9	(181.0)
Federal Part D clawback payments	3.5	36.0	45.7
IMD program	11.1	26.4	26.4
CFSS delay to June 2024	0.0	1.0	13.9
Federal share change (51.49% to 51.16%)	0.0	9.6	33.7
Other changes	(7.5)	8.7	4.1
MA Adults with No Children	(7.5)	(45.5)	(78.9)
Average payments (-10%)	(5.9)	(51.1)	(77.3)
Procedural termination delays in PHE unwinding	0.0	5.2	0.0
Other changes	(1.6)	0.4	(1.6)
MA Families with Children Basic:	36.7	71.8	(35.6)
Enrollment (-7%)	5.1	(216.3)	(274.3)
Average payments (+4%)	(5.8)	87.3	155.6
Procedural termination delays in PHE unwinding	0.0	23.8	0.0
Ex parte mitigation strategy in PHE unwinding	0.0	152.5	0.0
MnChoices	8.1	16.1	16.1
Noncitizen pregnant women	3.3	19.5	24.9
Federal share change (51.49% to 51.16%)	0.0	9.5	29.1
Other changes	26.1	(20.7)	13.1

Continued on next page

Continued from previous page	2022-2023 Biennium	2024-2025 Biennium	2026-2027 Biennium
November 2023 Forecast Changes			
Behavioral Health Fund	(4.0)	(10.1)	(9.7)
SUD residential treatment: more federal matching $	(0.3)	(3.9)	(8.1)
Med. assisted treatment: fewer recips and more federal $	(4.5)	(2.4)	(2.4)
Room & board for managed care residential treatment	0.8	(2.9)	0.1
Other changes	(0.1)	(0.9)	0.8
Minnesota Family Investment Program	(12.0)	0.9	13.3
TANF MOE adjustments	(5.4)	(0.3)	1.2
Lower caseload offset by higher average payment	(8.1)	(1.5)	10.2
Other changes	1.5	2.7	1.9
Child Care Assistance	0.0	(41.8)	(34.5)
Lower caseload	(5.1)	(11.0)	(11.7)
Lower average payment	(7.1)	(18.6)	(22.7)
State share impact of federal funding adjustments	12.2	(12.2)	0.0
Northstar Care for Children	(1.4)	(13.6)	(16.9)
General Assistance	(0.1)	0.2	0.7
Housing Support	(4.3)	25.7	26.9
Minnesota Supplemental Aid	(0.3)	2.6	3.1
Health Care Access Fund Total Change	13.5	18.7	46.9
Health Care Access Fund Percent Change	1.3%	0.9%	2.2%
MinnesotaCare HCAF Funding	13.5	18.7	46.9
State-funded program	(1.2)	(5.3)	(7.4)
Income attestation for 2024 renewals	0.0	1.6	0.0
Federal BHP funding formula factor adjustment	0.0	32.9	63.3
Other net federal BHP funding changes	14.7	(10.4)	(9.0)
MA HCAF Funding	0.0	0.0	0.0
TANF Total Change	2.5	(12.9)	8.8
TANF Percentage Change	2.7%	(6.1%)	3.4%
Minnesota Family Investment Program	2.5	(12.9)	8.8

Note: Represents the change from the End-of-Session 2023 forecast.

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Resources

Minnesota Department of Human Services Reports and Forecasts Division
https://mn.gov/dhs/reports-and-forecasts/

Minnesota Department of Human Services current biennium budget activities
https://mn.gov/dhs/budget-activities/

State of Minnesota forecast
https://mn.gov/mmb/forecast/

DEPARTMENT OF HUMAN SERVICES