



February 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, the Behavioral Health Fund 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 February 2026 forecast highlights in this document represent changes from the November 2025 forecast.

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund (GF)

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$148.0 million in 2026-2027 biennium (-0.7%)
- Decrease of \$175.0 million in 2028-2029 biennium (-0.8%)
- Overall decrease of \$323.0 million across the entire forecast horizon

Health Care Access Fund (HCAF)

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$6.8 million in 2026-2027 biennium (-0.3%)
- Increase of \$13.0 million in 2028-2029 biennium (+0.5%)
- Overall increase of \$6.2 million across the entire forecast horizon

Reasons: The February forecast produces a \$323 million General Fund reduction across the forecast horizon. Almost three-quarters of this General Fund forecast reduction is due to the new prepayment review process for fourteen high-risk MA services. The remaining state forecast reductions are primarily driven by lower MA enrollment.

The February forecast is the first to include the fiscal impact of the recently implemented prepayment review process for fourteen high-risk MA services. In late October 2025, DHS announced a pause of up to 90 days for fee-for-service (FFS) claims for these high-risk services. This delay was intended to provide additional time to review claims and deploy data analytics to identify potentially suspicious patterns, anomalies, or outliers. DHS also ordered a third-party audit and established an ongoing prepayment review process for claims for these high-risk services. This new prepayment review process impacts the forecast in three different ways: claims payment delays, reduced billing for these services, and additional denied claims.

The first forecast impact of the new review process is to delay payment of FFS claims for these fourteen services. To date, it appears the review process is delaying claims payment by two weeks (one warrant cycle), and the forecast expects this payment timing to continue going forward. This delay results in the last payment of each fiscal year shifting to the next year producing a one-time forecast savings in the first fiscal year of the review process. The forecast assumes the prepayment review process is permanent. This payment delay results in state forecast savings of \$53 million in the 2026-2027 biennium.

The largest ongoing impact of the new prepayment review process is due to reduced provider billing for these fourteen high-risk services, often referred to as “cost avoidance.” Based on an analysis of claims data before and after implementation of the review process, expenditures for these high-risk services have decreased by about 4%. The February forecast estimates cost avoidance using this 4% impact and assumes it continues through the forecast horizon. While the new prepayment review process is intended to ensure only valid claims are paid, this impact is not an explicit measure of fraud included in previous forecasts. Instead, this estimate reflects actual experience in overall claims activity for these high-risk services during recent warrants and may include external factors affecting provider billing unrelated to prepayment review. This reduced billing estimate results in state forecast savings of \$75 million in the 2026-2027 biennium, and \$99 million in the 2028-2029 biennium.

WHO IT SERVES

- Over 1.3 million people a year are served through DHS forecasted programs

HOW MUCH IT COSTS

- \$21.7 billion total spending in DHS forecasted programs
- \$9.2 billion state spending in DHS forecasted programs

Data for FY 2025

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The third forecast impact of the new prepayment review process results from the denial of submitted claims that would have otherwise paid for these fourteen high-risk services. The review process includes applying data analytics to all claims for these high-risk services. Any claim flagged by one or more of these analytics is reviewed by DHS to determine whether it should be paid or denied. Based on an analysis of claims in the first few warrants under prepayment review, it is estimated that around 0.2% of total claims for these high-risk services are being denied after being flagged by data analytics and reviewed by DHS. This results in state forecast savings of \$5 million in the 2026-2027 biennium, and \$6 million in the 2028-2029 biennium.

Beyond the prepayment review process, the February forecast also includes net state savings due to lower MA Basic Care enrollment. Updated actual enrollment for all MA populations diverged slightly from November forecast projections except for the Disabled population. Both Adults without Children and Families with Children enrollment stayed below prior projections. On the other hand, Elderly enrollment rose above previous projections. Overall, the net result is a projected MA enrollment reduction that impacts all forecasted biennia, resulting in state savings of \$29 million in the 2026-2027 biennium and \$41 million in the 2028-2029 biennium.

HCAF expenditure changes in the February forecast are primarily the result of increased average payment projections and a one-time increase in federal BHP funding. Based on updated data on capitation payments for the MinnesotaCare state-funded elderly population, the February forecast includes higher projected average payments for this population. Offsetting this forecast increase in 2026 is a one-time increase in federal BHP funding (which offsets HCAF spending). This increased federal funding is the net result of correcting two errors in the original reconciliation process affecting all four quarters in 2019. Overall, these MinnesotaCare forecast adjustments result in net HCAF savings of \$7 million in the 2026-2027 biennium and HCAF costs of \$13 million in the 2028-2029 biennium.

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 Increases:

- Higher MA enrollment (Medical Assistance Basic Care: Elderly and Disabled)

Forecast Decreases:

- Prepayment review process (Medical Assistance: Total Program)
- Lower MA enrollment (Medical Assistance Basic Care: Adults without Children, Families with Children)

FY 2026 AND FY 2027 FORECASTED EXPENDITURES

Program	FY 2026		FY 2027	
	Total Dollars	State Share	Total Dollars	State Share
Medical Assistance (MA)	24,048,328,232	10,072,489,087	26,457,546,242	10,990,075,337
LTC Facilities	1,393,048,263	643,495,938	1,459,233,171	668,207,536
LTC Waivers	8,737,091,529	4,254,980,010	9,171,122,162	4,349,980,718
Elderly and Disabled Basic Care ¹	5,088,809,514	2,470,525,518	5,445,960,779	2,633,854,689
Adults without Children Basic Care	3,690,678,652	372,173,004	3,948,247,163	414,134,217
Families with Children Basic Care ²	5,138,700,274	2,331,314,617	6,432,982,967	2,923,898,177
MinnesotaCare	832,949,791	158,774,484	890,064,688	285,823,982
Behavioral Health Fund	307,571,183	162,722,696	331,548,295	156,000,719
General Assistance	92,046,940	92,046,940	96,115,397	96,115,397
Housing Support	302,174,319	299,174,319	331,284,915	328,284,915
Minnesota Supplemental Aid	70,089,326	70,089,326	72,322,465	72,322,465
Total	25,653,159,790	10,855,296,852	28,178,882,000	11,928,622,813

1 Includes Elderly Waiver managed care

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

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

- 1.2 million average monthly enrollees

HOW MUCH IT COSTS

- \$20.4 billion total spending
- \$8.5 billion state funds

Data for FY 2025

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$170.1 million in 2026-2027 biennium (-0.8%)
- Decrease of \$196.7 million in 2028-2029 biennium (-0.9%)

Health Care Access Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- No change in 2026-2027 biennium (+0.0%)
- No change in 2028-2029 biennium (+0.0%)

Reasons: The February forecast for Medical Assistance (MA) produces a \$170 million General Fund decrease in the 2026-2027 biennium and a \$197 million increase in the 2028-2029 biennium. About 65% of these MA forecast reductions are due to the prepayment review process for fourteen high-risk services.

The February forecast is the first to include the fiscal impact of the recently implemented prepayment review process for fourteen high-risk MA services. In late October 2025, DHS announced a pause of up to 90 days for fee-for-service (FFS) claims for these high-risk services. This delay was intended to provide additional time to review claims and deploy data analytics to identify potentially suspicious patterns, anomalies, or outliers. DHS also ordered a third-party audit and established an ongoing prepayment review process for claims for these high-risk services. This new prepayment review process impacts the forecast in three different ways: claims payment delays, reduced billing for these services, and additional denied claims.

The first forecast impact of the new review process is to delay payment of FFS claims for these fourteen services. To date, it appears the review process is delaying claims payment by two weeks (one warrant cycle), and the forecast expects this payment timing to continue going forward. This delay results in the last payment of each fiscal year shifting to the next year producing a one-time forecast savings in the first fiscal year of the review process. The forecast assumes the prepayment review process is permanent. This payment delay results in state forecast savings of \$53 million in the 2026-2027 biennium.

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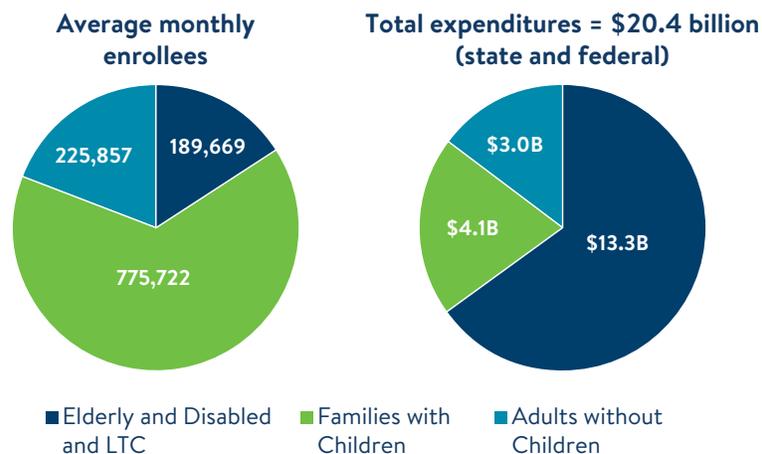
The largest ongoing impact of the new prepayment review process is due to reduced provider billing for these fourteen high-risk services, often referred to as “cost avoidance.” Based on an analysis of claims data before and after implementation of the review process, expenditures for these high-risk services have decreased by about 4%. The February forecast estimates cost avoidance using this 4% impact and assumes it continues through the forecast horizon. While the new prepayment review process is intended to ensure only valid claims are paid, this impact is not an explicit measure of fraud included in previous forecasts. Instead, this estimate reflects actual experience in overall claims activity for these high-risk services during recent warrants and may include external factors affecting provider billing unrelated to prepayment review. This reduced billing estimate results in state forecast savings of \$75 million in the 2026-2027 biennium, and \$99 million in the 2028-2029 biennium.

The third forecast impact of the new prepayment review process results from the denial of submitted claims that would have otherwise paid for these fourteen high-risk services. The review process includes applying data analytics to all claims for these high-risk services. Any claim flagged by one or more of these analytics is reviewed by DHS to determine whether it should be paid or denied. Based on an analysis of claims in the first few warrants under prepayment review, it is estimated that around 0.2% of total claims for these high-risk services are being denied after being flagged by data analytics and reviewed by DHS. This results in state forecast savings of \$5 million in the 2026-2027 biennium, and \$6 million in the 2028-2029 biennium.

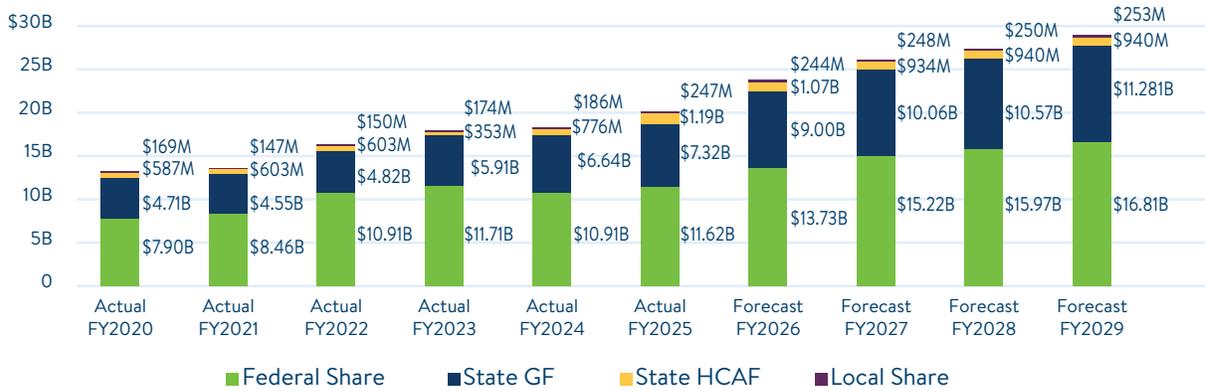
Overall, the newly implemented prepayment review process results in forecast state savings of \$133 million in the 2026-2027 biennium and \$105 million in the 2028-2029 biennium across the entire MA budget activity.

Further detail regarding the impact of the prepayment review process as well as other MA forecast adjustments can be found in the five forecasted MA segments below.

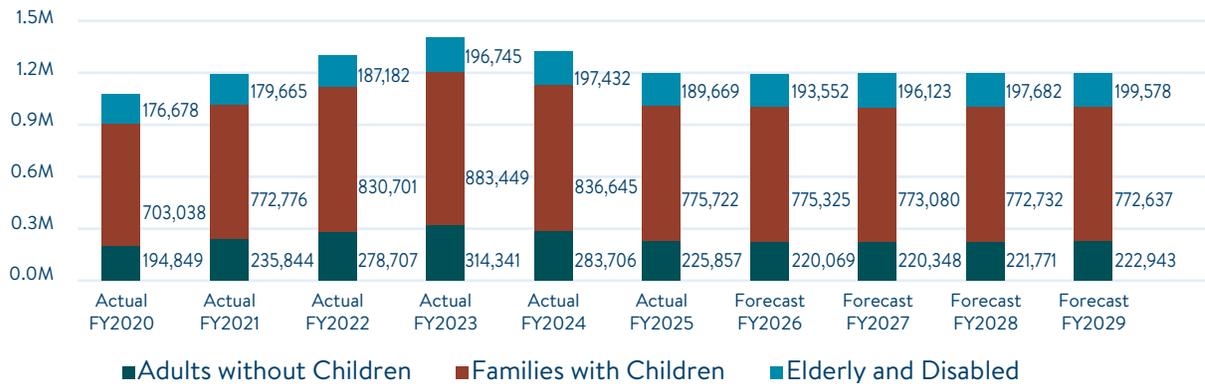
Medical Assistance Enrollment and Expenditures: FY2025



Total MA expenditures by fund



MA enrollment by eligibility category



HISTORICAL TABLE

FY	Medical Assistance Program: Total Expenditures (All Funds)	
	Total \$	% Change
2013	8,045,603,494	
2014	9,265,114,945	15.16%
2015	10,584,482,423	14.24%
2016	11,225,138,725	6.05%
2017	10,888,457,636	(3.00%)
2018	12,548,730,142	15.25%
2019	12,280,202,154	(2.14%)
2020	13,368,736,347	8.86%
2021	13,763,155,601	2.95%
2022	16,487,895,092	19.80%
2023	18,143,231,782	10.04%
2024	18,513,016,315	2.04%
2025	20,386,536,075	10.12%
2026*	24,048,328,232	17.96%
2027*	26,457,546,242	10.02%
2028*	27,730,771,552	4.81%
2029*	29,277,176,042	5.58%
Avg. Annual Increase 2013-2025		8.06%

**Projected*

From FY 2013 through FY 2022 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

- \$1.3 billion total spending
- \$594 million state funds

Alternative Care

Data for FY 2025

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.

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2025 forecast

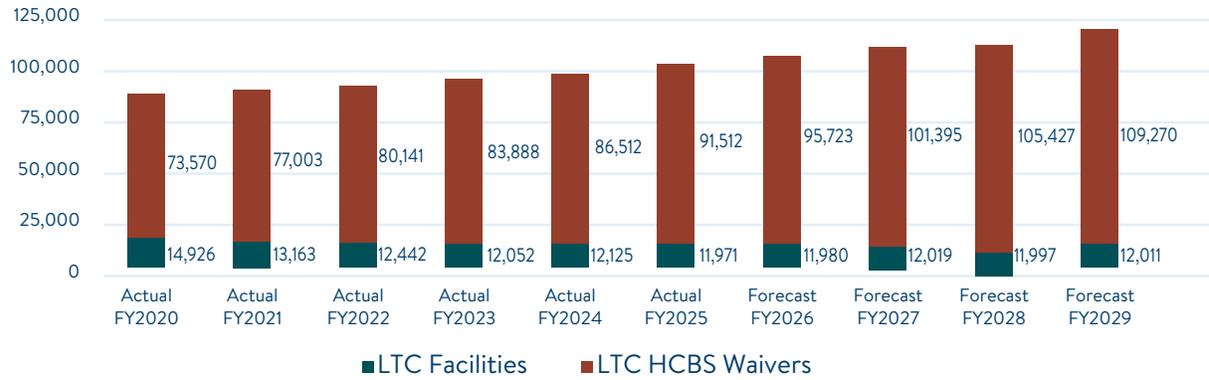
- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$15.7 million in 2026-2027 biennium (-1.2%)
- Decrease of \$33.4 million in 2028-2029 biennium (-2.4%)

Reasons: The February forecast for MA Facilities produces General Fund reductions throughout the forecast horizon. These forecast savings are primarily the result of a nursing facility surcharge adjustment.

The February forecast includes an adjustment to nursing facility rates based on CMS guidance as to HR1 impacts on provider tax limits. Nursing facilities pay an annual surcharge per bed, the cost of which is factored into the rates that MA pays to providers. In the 2025 session, the legislature passed a nursing facility surcharge increase and estimates included a related MA nursing facility rate increase. HR1 contained language that CMS has now advised makes the surcharge and rate increase allowable only through September 30, 2026. Because of this, DHS has requested federal approval for the rate increase for January 1, 2026, through September 30, 2026. The February forecast removes the rate increase after September 30, 2026, which results in state savings of \$13 million in the 2026-2027 biennium and \$34 million in the 2028-2029 biennium. This also results in a decrease in revenues collected from the surcharge, which is accounted for elsewhere in the state budget forecast.

Other small changes in this area largely offset each other and result in very little additional net change.

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

- 91,500 average monthly recipients

HOW MUCH IT COSTS

- \$7.6 billion total spending
- \$3.7 billion state funds

Data for FY 2025

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$143.6 million in 2026-2027 biennium (-1.6%)
- Decrease of \$85.4 million in 2028-2029 biennium (-0.9%)

Reasons: The February forecast for MA Waivers and Home Care produces General Fund reductions throughout the forecast horizon. These forecast savings are primarily the result of the recently implemented prepayment review process.

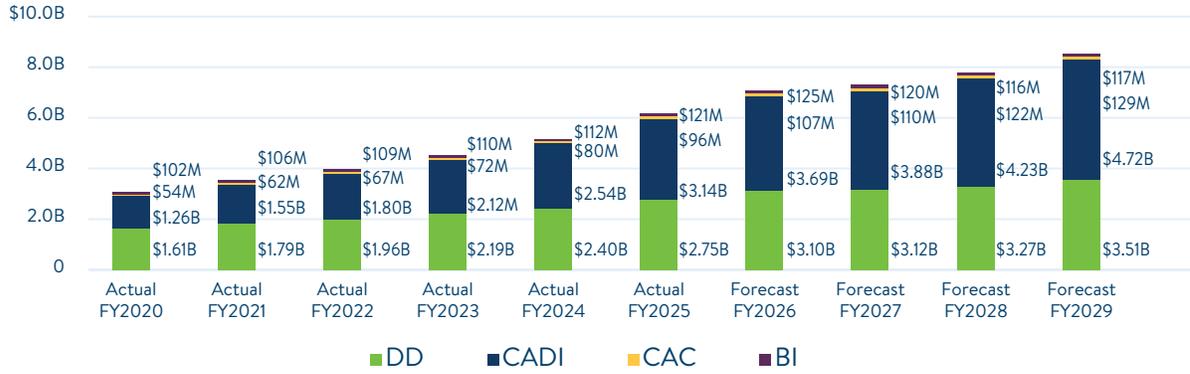
Most of the change in this activity is due to the prepayment review process for fourteen high-risk MA services. About 85% of the payments for these high-risk services are in the waivers and home care areas. The largest of these services is PCA/CFSS, with total spending over \$1.1 billion in 2025. Total expenditures on the waiver services Individualized Home Supports, Night Supervision, and Integrated Community Supports together are also about \$1.1 billion and account for close to 20% of Disability Waiver spending. As described elsewhere in this document, this new prepayment review process impacts the forecast in three different ways: claims payment delays, reduced billing for these services, and additional denied claims. Within MA Waivers and Home Care, these impacts result in combined state savings of \$115 million in the 2026-2027 biennium and \$89 million in the 2028-2029 biennium.

Recent data on the Community Access for Disability Inclusion (CADI) and Developmental Disabilities (DD) waivers lead to 0.4% base increases in the recipient forecasts and 0.4% base reductions in the average payment forecasts. These forecast adjustments net to a decrease of \$3 million in the 2026-2027 biennium and an increase of \$3 million in the 2028-2029 biennium.

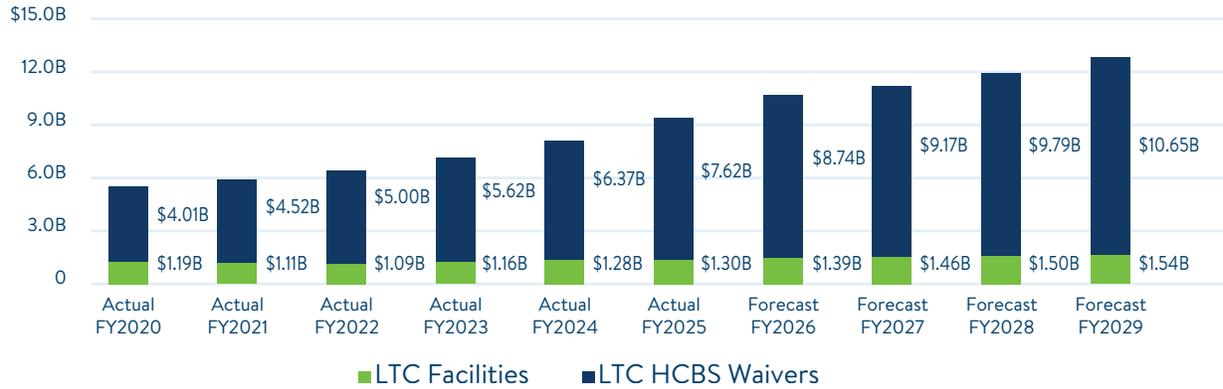
Consumer Support Grants (CSG) is a non-MA program that is funded through the state MA appropriation. Together with PCA it is being phased out as recipients will receive these services through the new CFSS program. This forecast adjusts CSG projected expenditures this biennium based on recent data that has trended significantly under projections. This results in a decrease of \$17 million in the 2026-2027 biennium and no change in the 2028-2029 biennium.

Other small changes in this area largely offset each other and result in very little additional net change.

Disability waivers expenditures — all funds



Long-term care facilities and waivers expenditures — all funds



HISTORICAL TABLE

FY	A: Long Term Care (LTC) Facilities		B: LTC Waivers (Home & Community Based Services)		A + B = Total LTC	
	Total \$	% Change	Total \$	% Change	Total \$	% Change
2013	920,580,121		2,260,064,090		3,180,644,211	
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	1,283,911,579	10.23%	6,370,940,055	13.30%	7,654,851,634	12.77%
2025	1,304,068,549	1.57%	7,619,018,007	19.59%	8,923,086,555	16.57%
2026*	1,393,048,263	6.82%	8,737,091,529	14.67%	10,130,139,792	13.53%
2027*	1,459,233,171	4.75%	9,171,122,162	4.97%	10,630,355,333	4.94%
2028*	1,498,261,300	2.67%	9,794,271,117	6.79%	11,292,532,417	6.23%
2029*	1,535,012,182	2.45%	10,645,390,408	8.69%	12,180,402,590	7.86%
Avg. Annual Increase 2013-2025		2.94%		10.66%		8.98%

*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

- 189,700 average monthly enrollees

HOW MUCH IT COSTS

- \$4.4 billion total spending
- \$2.1 billion state funds

Data for FY 2025

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Increase of \$17.9 million in 2026-2027 biennium (+0.3%)
- Increase of \$28.1 million in 2028-2029 biennium (+0.4%)

Reasons: The February forecast for MA Elderly and Disabled Basic Care produces General Fund increases throughout the forecast horizon. These forecast costs are primarily the result of higher Elderly enrollment and a corresponding increase in Medicare clawback payments. Adding to these projected General Fund increases is lower enhanced federal share for CFSS services. These forecast costs are partially offset by savings due to the new prepayment review process.

Updated actual enrollment for the Elderly population rose above November forecast projections during the last quarter of 2025. As a result, the February forecast includes a projected 0.8% base increase in Elderly caseload that impacts all forecasted biennia. This results in state forecast costs of \$9 million in the 2026-2027 biennium and \$18 million in the 2028-2029 biennium.

The higher Elderly caseload projections also lead to higher 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. In this forecast, higher dual eligible caseload projections lead to state clawback costs of \$6 million in the 2026-2027 biennium and \$8 million in the 2028-2029 biennium.

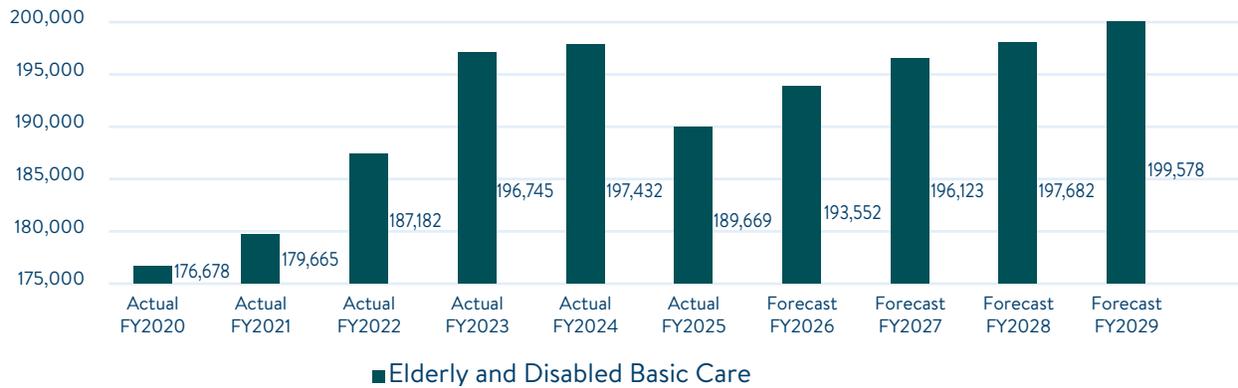
The February forecast for Elderly and Disabled Basic Care also includes costs due to a higher expected state share of spending for capitation payments. To benefit from the 6% enhanced federal funding available for Consumer First Services and Supports (CFSS), the state can claim a portion of managed care capitation payments at the enhanced funding rate. Actual claims experience from early 2026 shows that the claims eligible for the enhanced funding rate are less than previously forecast. This results in higher costs of \$9 million in the 2026-2027 biennium and \$10 million in the 2028-2029 biennium.

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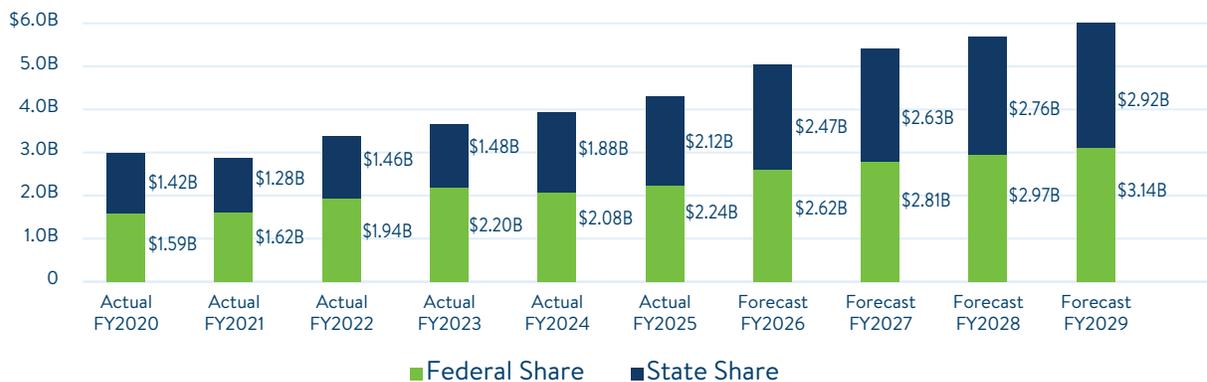
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These forecast costs are partially offset by fiscal impacts of the newly implemented prepayment review process for fourteen high-risk MA services. Since Disabled enrollees are much higher users of these services relative to Elderly, almost all the prepayment review forecast adjustments for these two populations are for Disabled. The prepayment review process impacts the forecast in three different ways: claims payment delays, reduced billing for these services, and additional denied claims. Combined, these impacts result in state forecast savings of \$13 million in the 2026-2027 biennium and \$11 million in the 2028-2029 biennium for Elderly and Disabled Basic Care, with about 99% of these savings from Disabled.

Elderly and Disabled Basic Care: Average monthly enrollees



Elderly and Disabled Basic Care expenditures



HISTORICAL TABLE

	Elderly & Disabled Basic Care	
FY	Total \$	% Change
2013	2,087,793,116	
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	3,962,525,869	7.62%
2025	4,356,205,214	9.94%
2026*	5,088,809,514	16.82%
2027*	5,445,960,779	7.02%
2028*	5,733,576,523	5.28%
2029*	6,056,990,980	5.64%
Avg. Annual Increase 2013-2025		6.32%

*Projected

From FY 2013 through FY 2022 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 \$21,597 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

- 225,900 average monthly enrollees

HOW MUCH IT COSTS

- \$3.0 billion total spending
- \$304 million state funds

Data for FY 2025

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$10.7 million in 2026-2027 biennium (-1.4%)
- Decrease of \$34.0 million in 2028-2029 biennium (-3.6%)

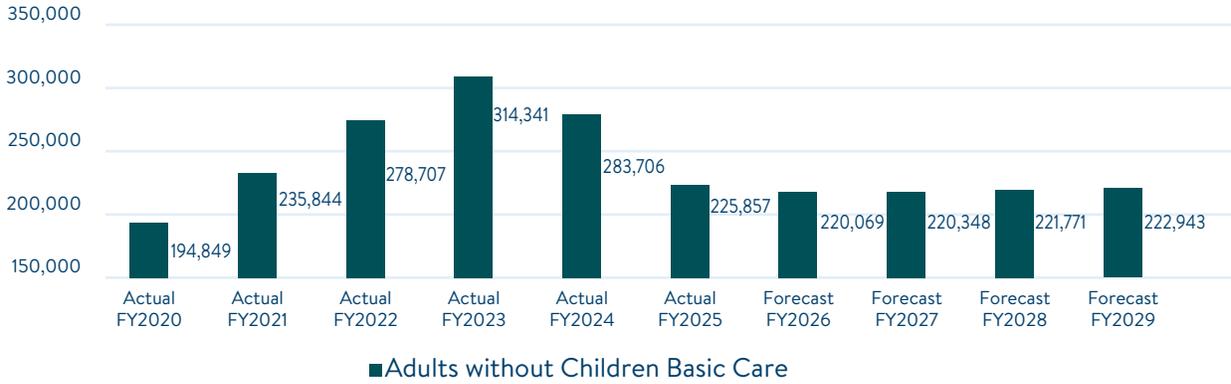
Reasons: The February forecast for MA Adults without Children Basic Care produces General Fund reductions throughout the forecast horizon. These forecast reductions are primarily due to lower enrollment and a technical adjustment to the federal change regarding retroactive eligibility. The new prepayment review process also impacts MA Adults without Children.

Updated actual enrollment for the Adults without Children population dropped below November forecast projections during the last quarter of 2025. As a result, the February forecast includes a projected 1.0% base reduction in Adults without Children caseload that impacts all forecasted biennia. This results in state forecast savings of \$6 million in the 2026-2027 biennium and \$9 million in the 2028-2029 biennium.

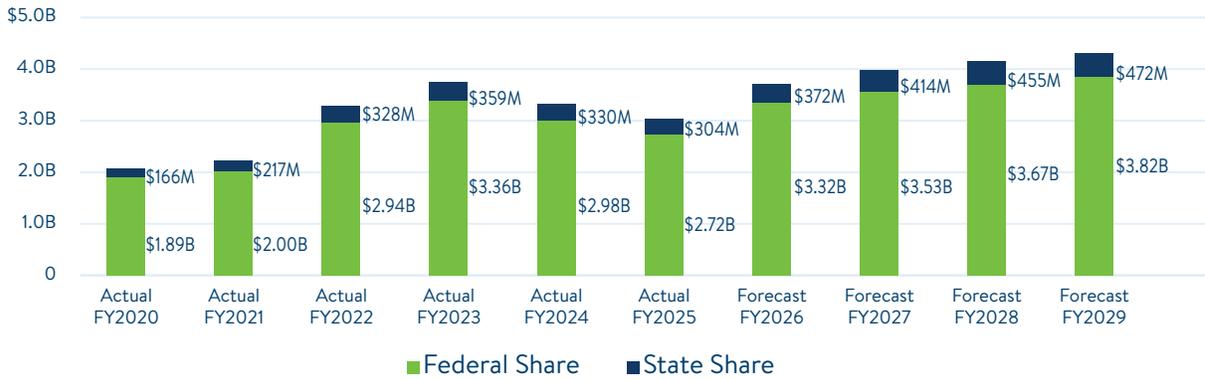
One of the federal Medicaid changes in HR1 is to limit federal share to only certain months of retroactive eligibility. For Adults without Children, this change eliminated federal funding for two of the three retroactive months currently allowed under state law. The November forecast assumed the lost federal share on these retroactive months is replaced with state General Funds. Recent enrollment data shows much less retroactive eligibility than was assumed in the November forecast. As a result, too much federal share was removed from the November forecast and replaced with state share. Adjusting the February forecast to match the updated retroactive eligibility data results in state savings of \$3 million in the 2026-2027 biennium and \$21 million in the 2028-2029 biennium for MA Adults without Children.

Adding to the forecast savings for Adults without Children are fiscal impacts of the newly implemented prepayment review process for fourteen high-risk MA services. The prepayment review process impacts the forecast in three different ways: claims payment delays, reduced billing for these services, and additional denied claims. Combined, these three forecast adjustments result in state savings of \$0.3 million in the 2026-2027 biennium and \$0.2 million in the 2028-2029 biennium for Adults without Children Basic Care.

Adults without Children Basic Care: Average monthly enrollees



Adults without Children Basic Care expenditures



HISTORICAL TABLE

Adults without Children Basic Care		
FY	Total \$	% Change
2013	792,232,465	
2014	1,063,752,126	34.27%
2015	1,694,519,567	59.30%
2016	1,658,897,539	(2.10%)
2017	1,754,237,945	5.75%
2018	1,967,493,174	12.16%
2019	1,820,960,373	(7.45%)
2020	2,057,466,402	12.99%
2021	2,218,344,088	7.82%
2022	3,267,553,093	47.30%
2023	3,717,762,030	13.78%
2024	3,307,354,593	(11.04%)
2025	3,023,881,895	(8.57%)
2026*	3,690,678,652	22.05%
2027*	3,948,247,163	6.98%
2028*	4,128,920,923	4.58%
2029*	4,289,412,597	3.89%
Avg. Annual Increase 2013-2025		11.81%

*Projected

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

From FY 2013 through FY 2022 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

- 775,700

HOW MUCH IT COSTS

- \$4.1 billion total spending
- \$1.8 billion state funds

Data for FY 2025

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$17.9 million in 2026-2027 biennium (-0.4%)
- Decrease of \$72.0 million in 2028-2029 biennium (-1.7%)

Reasons: The February forecast for MA Families with Children Basic Care produces General Fund reductions throughout the forecast horizon. These forecast reductions are primarily due to lower enrollment and a technical adjustment to the federal change regarding retroactive eligibility. The new prepayment review process also impacts MA Families with Children.

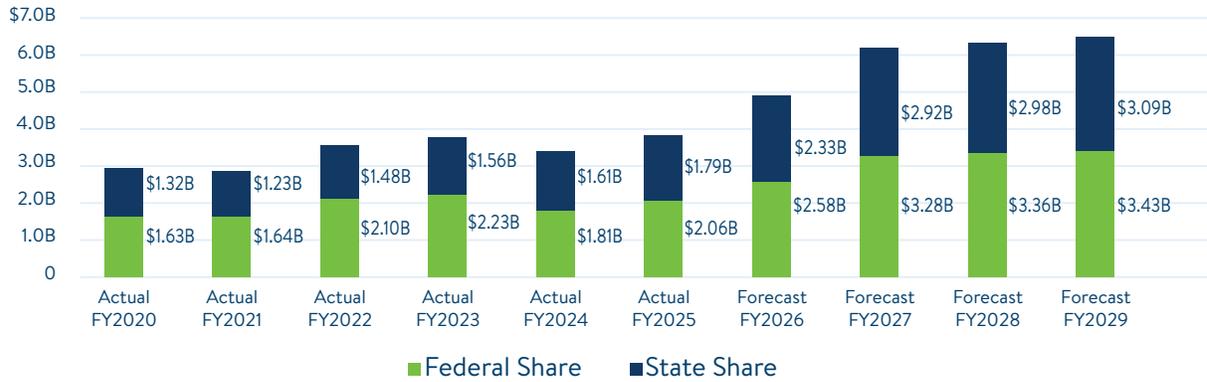
Updated actual enrollment for the Families with Children population dropped below November forecast projections during the last quarter of 2025. As a result, the February forecast includes a projected 0.7% base reduction in Families with Children caseload that impacts all forecasted biennia. This results in state forecast savings of \$33 million in the 2026-2027 biennium and \$50 million in the 2028-2029 biennium.

One of the federal Medicaid changes in HR1 is to limit federal share to only certain months of retroactive eligibility. For Families with Children, this change eliminated federal funding for one of the three retroactive months currently allowed under state law. The November forecast assumed the lost federal share on these retroactive months is replaced with state General Funds. Recent enrollment data shows much less retroactive eligibility than was assumed in the November forecast. As a result, too much federal share was removed from the November forecast and replaced with state share. Adjusting the February forecast to match the updated retroactive eligibility data results in state savings of \$1 million in the 2026-2027 biennium and \$6 million in the 2028-2029 biennium for MA Families with Children.

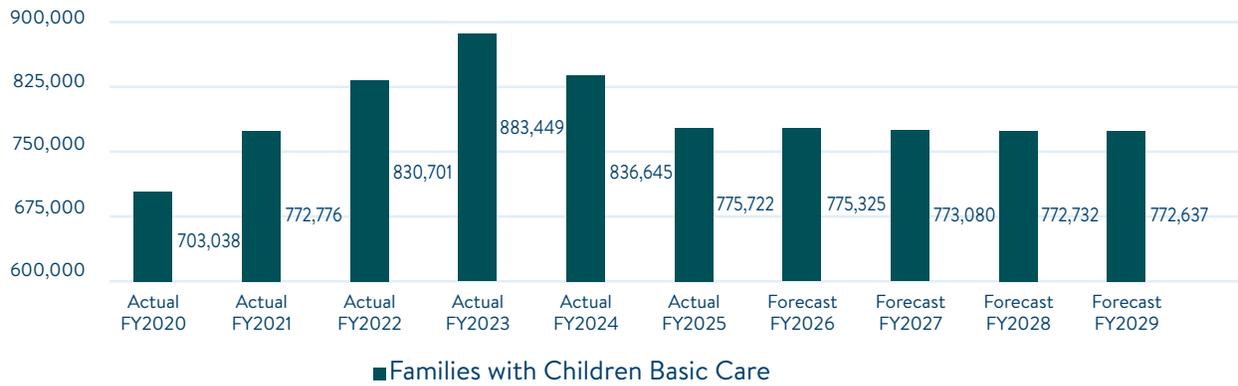
Adding to the forecast savings for Families with Children are fiscal impacts of the newly implemented prepayment review process for fourteen high-risk MA services. The prepayment review process impacts the forecast in three different ways: claims payment delays, reduced billing for these services, and additional denied claims. Combined, these three forecast adjustments result in state savings of \$5 million in the 2026-2027 biennium and \$5 million in the 2028-2029 biennium for Families with Children Basic Care.

Finally, changes in federal funding through the state’s Children’s Health Insurance Program (CHIP) allotment results in forecast costs in the current biennium and corresponding savings in the next biennium. Lower-than-expected federal CHIP claims in 2026 lead to increased state General Fund spending in the forecast. However, this increases the state’s federal CHIP allotment which rolls over to be claimed in the next biennium leading to corresponding reduced future state General Fund spending. This shift, along with slightly higher claims for the state’s MCHIP population, results in state forecast costs of \$24 million in the 2026-2027 biennium and state savings of \$25 million in the 2028-2029 biennium.

Families with Children Basic Care expenditures



Families with Children Basic Care: Average monthly enrollees



HISTORICAL TABLE

Families with Children Basic Care		
FY	Total \$	% Change
2013	1,984,933,703	
2014	2,325,681,264	17.17%
2015	2,824,621,054	21.45%
2016	3,132,757,395	10.91%
2017	2,489,109,726	(20.55%)
2018	3,328,145,413	33.71%
2019	2,966,084,110	(10.88%)
2020	3,099,398,871	4.49%
2021	3,012,656,261	(2.80%)
2022	3,725,043,094	23.65%
2023	3,955,928,908	6.20%
2024	3,588,284,219	(9.29%)
2025	4,083,362,411	13.80%
2026*	5,138,700,274	25.84%
2027*	6,432,982,967	25.19%
2028*	6,575,741,689	2.22%
2029*	6,750,369,876	2.66%
Avg. Annual Increase 2013-2025		6.20%

**Projected*

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

From FY 2013 through FY 2022 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 coverage for people with Deferred Action for Childhood Arrivals (DACA) status and state-only funded coverage for 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

- 102,100 average monthly enrollees

HOW MUCH IT COSTS

- \$655 million total spending
- \$60 million state funds

Data for FY 2025

FEBRUARY 2026 FORECAST HIGHLIGHTS

Health Care Access Fund

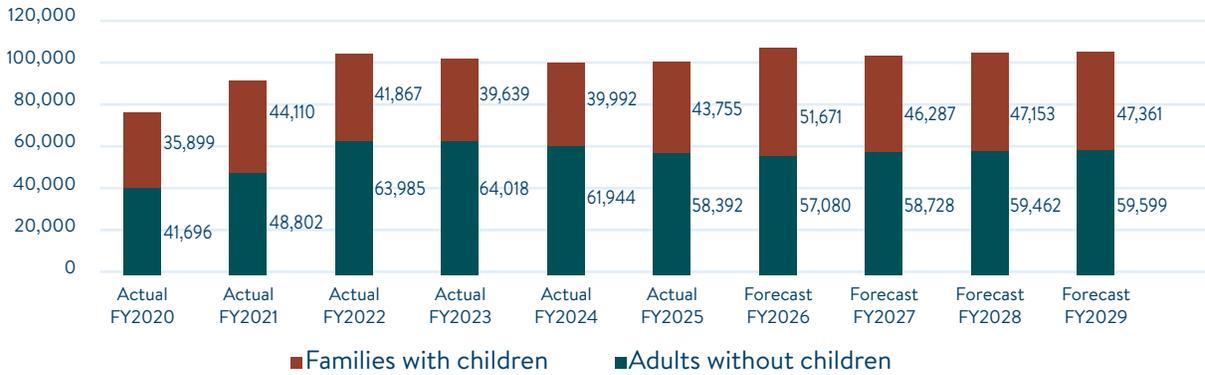
Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$6.8 million in 2026-2027 biennium (-1.5%)
- Increase of \$13.0 million in 2028-2029 biennium (+2.1%)

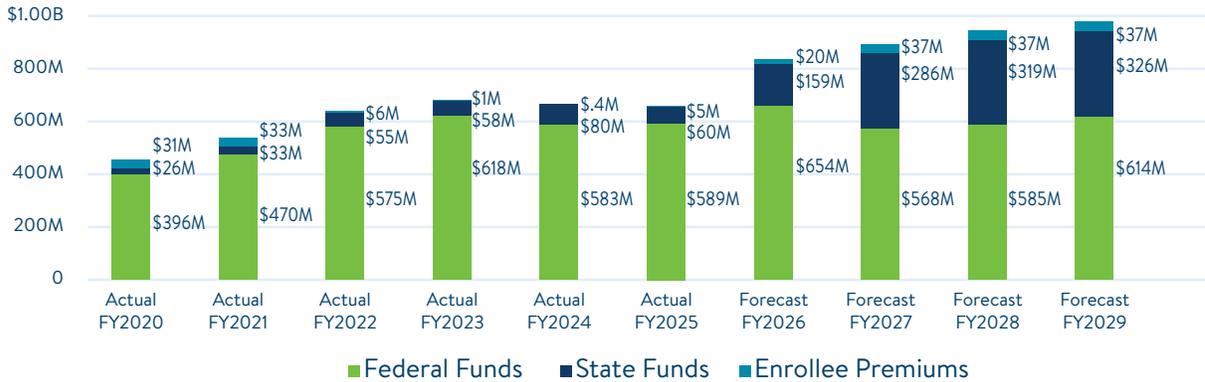
Reasons: The February forecast produces a net HCAF reduction in the 2026-2027 biennium and a HCAF increase in the 2028-2029 biennium. These changes are primarily the result of increased average costs in the state-funded portion of MinnesotaCare offset in the 2026-2027 biennium by a one-time increase in federal BHP funding.

Based on updated capitation payment data for the MinnesotaCare state-funded elderly population, the February forecast includes higher projected average payments for this population. Offsetting this forecast increase in 2026 is a one-time increase in federal BHP funding (which offsets HCAF spending). This increased federal funding is the net result of correcting two errors in the original reconciliation process affecting all four quarters in 2019. Overall, these MinnesotaCare forecast adjustments result in net HCAF savings of \$7 million in the 2026-2027 biennium and HCAF costs of \$13 million in the 2028-2029 biennium.

MinnesotaCare Enrollment



MinnesotaCare/BHP funding by source



HISTORICAL TABLE

MinnesotaCare Total Expenditures		
FY	Total \$	% Change
2013	569,928,239	
2014	520,005,344	(8.76%)
2015	509,709,340	(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	663,018,392	(1.99%)
2025	655,088,930	(1.20%)
2026*	832,949,791	27.15%
2027*	890,064,688	6.86%
2028*	941,152,370	5.74%
2029*	976,489,191	3.75%
Avg. Annual Increase 2013-2025		1.17%

*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 meet financial eligibility guidelines similar to those for Medical Assistance.

WHO IT SERVES

- 35,800 unique recipients

HOW MUCH IT COSTS

- \$259 million total spending
- \$120 million state funds

FEBRUARY 2026 FORECAST HIGHLIGHTS

Data for FY 2025

General Fund

Changes from the November 2025 forecast

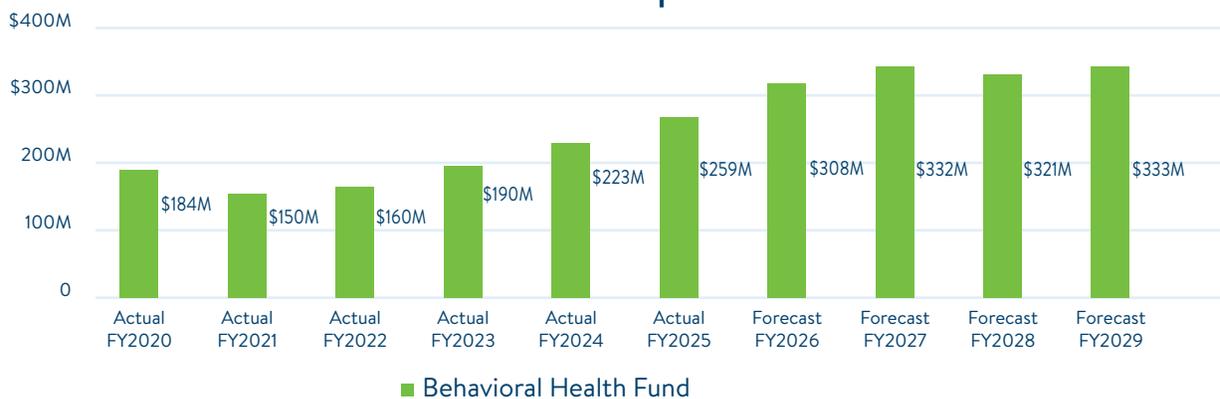
- No change in 2024-2025 biennium (+0.0%)
- Increase of \$9.1 million in 2026-2027 biennium (+2.9%)
- Decrease of \$0.6 million in 2028-2029 biennium (-0.3%)

Reasons: The February forecast for the Behavioral Health Fund is higher in the 2026-2027 biennium and lower in the 2028-2029 biennium.

The net forecast increase in the 2026-2027 biennium is primarily driven by a decrease in the projected federal share of residential treatment costs. This results from a delay in federal approval of changes in the Substance Use Disorder (SUD) waiver, and leads to a forecast increase related to residential treatment of \$13 million. This is partially offset by a reduction of \$4 million for lower utilization of non-residential treatment services.

The net forecast reduction in the 2028-2029 biennium is primarily driven by lower utilization of non-residential treatment services, producing state savings of \$3 million. This is partially offset by an increase of \$2 million for recipient increases in mental health room and board.

Behavioral Health Fund expenditures



HISTORICAL TABLE

FY	Behavioral Health Fund Total Expenditures	
	Total \$	% Change
2013	138,539,414	
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	222,583,654	17.26%
2025	259,336,288	16.51%
2026*	307,571,183	18.60%
2027*	331,548,295	7.80%
2028*	320,693,064	(3.27%)
2029*	332,522,743	3.69%
Avg. Annual Increase 2013-2025		5.36%

*Projected

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.

FEBRUARY 2026 FORECAST HIGHLIGHTS

General Assistance, General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Increase of \$0.2 million in 2026-2027 biennium (+0.1%)
- Increase of \$0.4 million in 2028-2029 biennium (+0.2%)

Reasons: The February forecast produces General Assistance expenditure increases throughout the forecast horizon. These increases are the result of a small base adjustment due to higher actual average payments.

Housing Support, General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Increase of \$12.9 million in 2026-2027 biennium (+2.1%)
- Increase of \$22.0 million in 2028-2029 biennium (+3.1%)

Reasons: The February forecast produces Housing Support spending increases throughout the forecast horizon. These increases result from higher-than-expected growth of recipients in group settings.

Minnesota Supplemental Aid, General Fund

Changes from the November 2025 forecast

- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$0.1 million in 2026-2027 biennium (-0.0%)
- No change in 2028-2029 biennium (+0.0%)

Reasons: The February forecast produces a Minnesota Supplemental Aid expenditure reduction in the 2026-2027 biennium due to lower actual caseload.

WHO IT SERVES

GA

- 25,600 average monthly cases

HS

- 22,100 average monthly recipients

MSA

- 30,600 average monthly recipients

HOW MUCH IT COSTS

GA

- \$77 million total spending, all state funds

HS

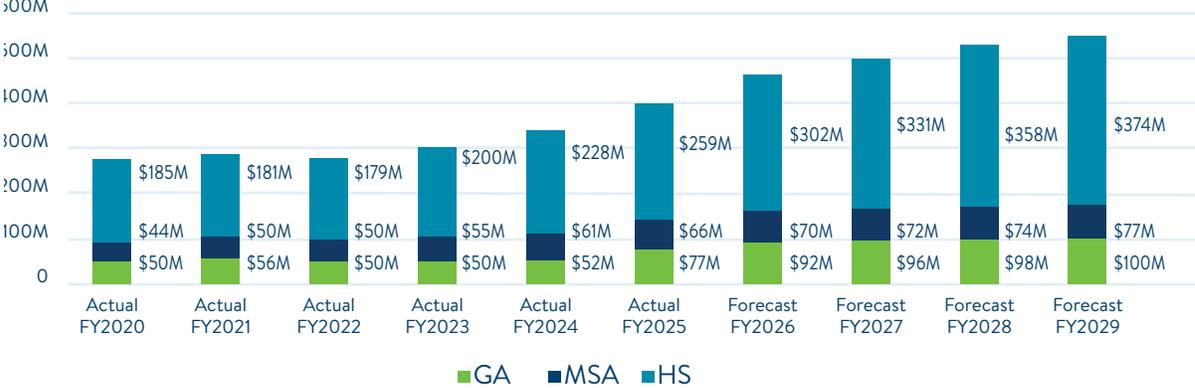
- \$259 million total spending
- \$255 million state funds

MSA

- \$66 million total spending, all state funds

Data for FY 2025

Cash assistance expenditures



HISTORICAL TABLE

FY	General Assistance (GA)		Minnesota Supplemental Aid (MSA)		Housing Support (HS)	
	Total \$	% Change	Total \$	% Change	Total \$	% Change
2013	51,620,198		36,038,980		130,187,929	
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	(1.93%)	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	52,128,877	3.69%	60,849,989	11.48%	228,444,519	14.34%
2025	76,807,275	47.34%	65,946,185	8.38%	258,653,925	13.22%
2026*	92,046,940	19.84%	70,089,326	6.28%	302,174,319	16.83%
2027*	96,115,397	4.42%	72,322,465	3.19%	331,284,915	9.63%
2028*	98,167,532	2.14%	74,449,252	2.94%	358,153,113	8.11%
2029*	100,311,958	2.18%	76,639,939	2.94%	374,098,174	4.45%
Avg. Annual Increase 2013-2025		3.37%		5.16%		5.89%

*Projected

February 2026 forecast changes: In a nutshell

Millions of dollars

	2024-2025 Biennium	2026-2027 Biennium	2028-2029 Biennium
General Fund Total Change	0.0	(148.0)	(175.0)
General Fund Percent Change	0.0%	(0.7%)	(0.8%)
Summary Changes Across All Budget Activities			
MA enrollment	0.0	(29.1)	(41.1)
Prepayment review process	0.0	(132.9)	(104.8)
Other changes	0.0	14.1	(29.1)
Detail Changes By Budget Activity			
MA LTC Facilities:	0.0	(15.7)	(33.4)
Nursing Facility surcharge adjustment Oct 1, 2026	0.0	(12.8)	(34.1)
Other changes	0.0	(2.9)	0.7
MA LTC Waivers:	0.0	(143.6)	(85.4)
Prepayment review process	0.0	(115.0)	(88.8)
DD and CADI waivers	0.0	(3.1)	2.9
Consumer Support Grants (-33%)	0.0	(16.8)	0.0
Other changes	0.0	(8.6)	0.6
MA Elderly and Disabled Basic Care:	0.0	17.9	28.1
Enrollment (Elderly +0.8%)	0.0	9.4	18.2
Prepayment review process	0.0	(12.6)	(11.2)
Medicare clawback	0.0	6.3	8.4
CFSS enhanced share	0.0	9.4	10.2
Other changes	0.0	5.3	2.5
MA Adults without Children Basic Care:	0.0	(10.7)	(34.0)
Enrollment (-1.0%)	0.0	(6.0)	(9.4)
Prepayment review process	0.0	(0.3)	(0.2)
Retroactive eligibility adjustment	0.0	(3.2)	(20.7)
Other changes	0.0	(1.3)	(3.7)
MA Families with Children Basic Care:	0.0	(17.9)	(72.0)
Enrollment (-0.7%)	0.0	(32.6)	(49.9)
Prepayment review process	0.0	(5.1)	(4.5)
CHIP claiming adjustment	0.0	23.6	(24.9)
Retroactive eligibility adjustment	0.0	(0.9)	(5.7)
Other changes	0.0	(3.0)	12.9

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<i>Millions of dollars</i>	2024-2025 Biennium	2026-2027 Biennium	2028-2029 Biennium
Behavioral Health Fund	0.0	9.1	(0.6)
Residential treatment	0.0	12.9	(0.5)
Non-residential treatment	0.0	(3.6)	(3.0)
Mental health room & board	0.0	0.7	2.1
Other changes	0.0	(0.9)	0.7
General Assistance	0.0	0.2	0.4
Housing Support	0.0	12.9	22.0
Recipients	0.0	18.6	28.2
Average payments	0.0	(5.6)	(6.2)
Minnesota Supplemental Aid	0.0	(0.1)	0.0
Health Care Access Fund Total Change	0.0	(6.8)	13.0
Health Care Access Fund Percent Change	0.0%	(0.3%)	(0.5%)
MinnesotaCare HCAF Funding	0.0	(6.8)	13.0
Average payments	0.0	8.8	8.6
Additional federal BHP funding from reconciliation	0.0	(11.0)	0.0
Other changes	0.0	(4.5)	4.4
MA HCAF Funding	0.0	0.0	0.0

Note: Represents the change from the November 2025 forecast.

Contacts and additional resources

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RESOURCES

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

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