



February 2024 Forecast



Executive Summary and Trend Data

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Feb. 29, 2024

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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 February 2024 forecast highlights in this document represent changes from the November 2023 forecast.

FEBRUARY 2024 FORECAST HIGHLIGHTS

General Fund (GF)

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$9.9 million in 2024-2025 biennium (-0.1%)
- Increase of \$16.5 million in 2026-2027 biennium (+0.1%)
- Overall increase of \$6.6 million across the entire forecast horizon

Health Care Access Fund (HCAF)

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$2.0 million in 2024-2025 biennium (-0.1%)
- Decrease of \$1.7 million in 2026-2027 biennium (-0.1%)
- Overall decrease of \$3.7 million across the entire forecast horizon

Reasons: The February forecast produces a \$6.6 million General Fund increase across the entire forecast horizon, which represents less than a 0.1% change. This forecast change is primarily the result of increases in MA Long Term Care (LTC) waivers partially offset by lower Minnesota Family Investment Program (MFIP) and Child Care Assistance Program (CCAP) caseload and lower projected average payments for MA Elderly and Disabled enrollees.

The February forecast includes a 1% increase in both projected recipients and average payment per recipient in the Community Access for Disability Inclusion (CADI) waiver. This waiver provides a variety of services that help people live in the community instead of a nursing home. These forecast increases represent base adjustments made in response to higher-than-expected recipients and average payments in recent data. Together, they result in General Fund forecast increases of \$48 million in the 2024-2025 biennium and \$60 million in the 2026-2027 biennium.

The February forecast also includes caseload reductions in both MFIP and CCAP. The MFIP caseload reduction is based on lower-than-expected caseload in recent months as well as lower unemployment projections relative to the November forecast. The CCAP caseload reduction is tied to the MFIP caseload and reflects lower-than-expected actual data from recent months. Together, the caseload adjustments result in General Fund forecast decreases of \$29 million in the 2024-2025 biennium and \$11 million in the 2026-2027 biennium.

Further offsetting forecast reductions in the February forecast include lower projected average payments for MA Elderly and Disabled enrollees. These forecast reductions are the result of base adjustments made in response to lower-than-expected average payments in recent claims data. These base adjustments result in General Fund forecast decreases of \$10 million in the 2024-2025 biennium and \$10 million in the 2026-2027 biennium.

The February forecast also produces a \$3.7 million reduction in projected HCAF spending, which represents a 0.1% change. This small change is the result of a forecast base adjustment due to lower-than-expected state-funded MinnesotaCare enrollment in recent months.

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

Continued on next page

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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:

- MFIP and CCAP caseload reductions (Minnesota Family Investment Program and Child Care Assistance Program)
- Lower average payments for MA Elderly and Disabled (Medical Assistance Elderly and Disabled Basic Care)

Forecast Increases:

- Higher projected CADI recipients and average payments (Medical Assistance Waivers and Home Care)

FY 2024 AND FY 2025 FORECASTED EXPENDITURES

Program	FY 2024		FY 2025	
	Total Dollars	State Share	Total Dollars	State Share
Medical Assistance (MA)	19,041,931,809	7,537,540,297	20,205,165,889	8,370,870,665
LTC Facilities	1,304,298,385	584,087,133	1,353,016,487	619,085,557
LTC Waivers	6,344,501,633	3,000,332,109	7,254,900,533	3,456,412,611
Elderly and Disabled Basic Care ¹	4,052,544,215	1,922,702,037	4,543,925,488	2,201,913,566
Adults without Children Basic Care	3,530,514,410	352,094,166	3,099,811,170	309,817,643
Families with Children Basic Care ²	3,810,073,167	1,678,324,852	3,953,512,211	1,783,641,288
MinnesotaCare	686,421,718	99,462,267	657,910,768	65,806,013
Behavioral Health Fund	220,277,231	90,518,418	246,829,695	95,662,721
Minnesota Family Investment Program (MFIP) ³	303,051,059	79,053,000	341,243,956	91,122,153
MFIP/TY Child Care Assistance	146,468,655	2,018,506	230,699,835	118,046,316
Northstar Care for Children	259,574,004	110,214,827	283,439,358	113,236,885
General Assistance	51,458,240	51,458,240	70,111,582	70,111,582
Housing Support	226,198,508	224,198,508	243,494,797	241,494,797
Minnesota Supplemental Aid	59,971,377	59,971,377	61,857,999	61,857,999
Total	20,995,352,600	8,254,435,438	22,340,753,880	9,228,209,130

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

FEBRUARY 2024 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$21.4 million in 2024-2025 biennium (+0.1%)
- Increase of \$32.4 million in 2026-2027 biennium (+0.2%)

Health Care Access Fund

Changes from the November 2023 forecast

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

Reasons: The February forecast produces small MA General Fund increases in both the 2024-2025 and 2026-2027 biennia, 0.1% and 0.2% respectively. The primary driver of these MA forecast increases is higher projected program costs for the Community Access for Disability Inclusion (CADI) waiver, partially offset by forecast reductions in the Developmental Disabilities (DD) waiver and lower average payments for MA Elderly and Disabled enrollees.

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 \$4.5 billion in total MA expenditures in FY2023.

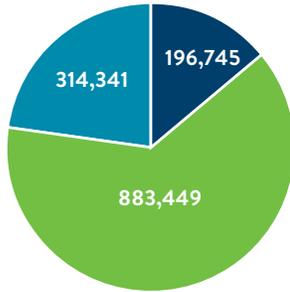
The February forecast includes projected 1% increases in both recipients and average payments per recipient in the CADI waiver. These increases are due to forecast base adjustments made in response to higher-than-expected recipients and average payments in recent data. Together, they result in General Fund forecast increases of \$48 million in the 2024-2025 biennium and \$60 million in the 2026-2027 biennium.

The February forecast also includes small (less than 1%) reductions in recipients and average payments per recipient in the DD waiver. These decreases are due to forecast base adjustments made in response to lower-than-expected recipients and average payments in recent data. Together, they result in General Fund forecast decreases of \$13 million in the 2024-2025 biennium and \$20 million in the 2026-2027 biennium.

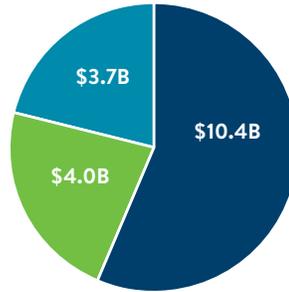
Finally, the February forecast includes projected reductions in average payments for MA Elderly and Disabled enrollees. These forecast reductions are the result of base adjustments made in response to lower-than-expected average payments in recent claims data. Together, they result in General Fund forecast decreases of \$10 million in the 2024-2025 biennium and \$10 million in the 2026-2027 biennium.

Medical Assistance Enrollment and Expenditures: FY2023

Average monthly enrollees

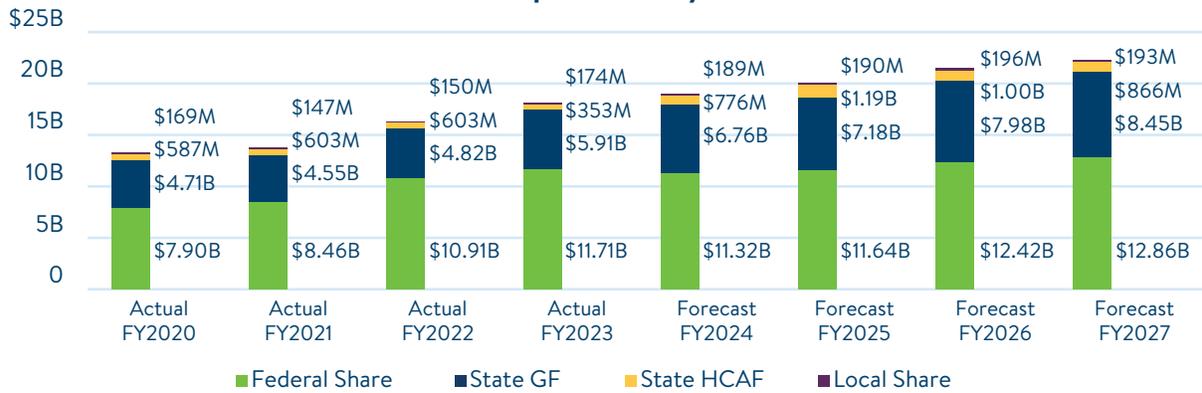


Total expenditures = \$18.1 billion (state and federal)



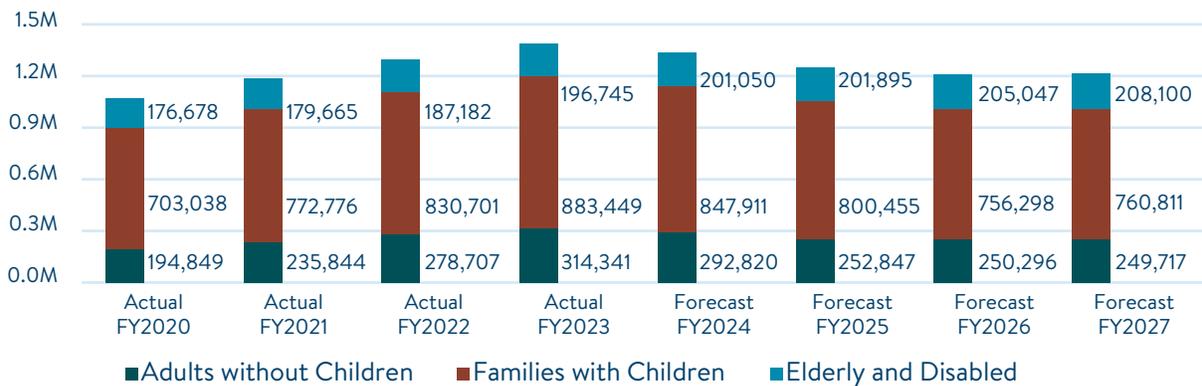
■ Elderly and Disabled and LTC ■ Families with Children ■ Adults without Children

Total MA expenditures by fund



■ Federal Share ■ State GF ■ State HCAF ■ Local Share

MA enrollment by eligibility category



■ Elderly and Disabled ■ Families with Children ■ Adults without Children

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*	19,041,931,809	4.95%		
2025*	20,205,165,889	6.11%		
2026*	21,602,315,705	6.91%		
2027*	22,372,424,312	3.56%		
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.

FEBRUARY 2024 FORECAST HIGHLIGHTS

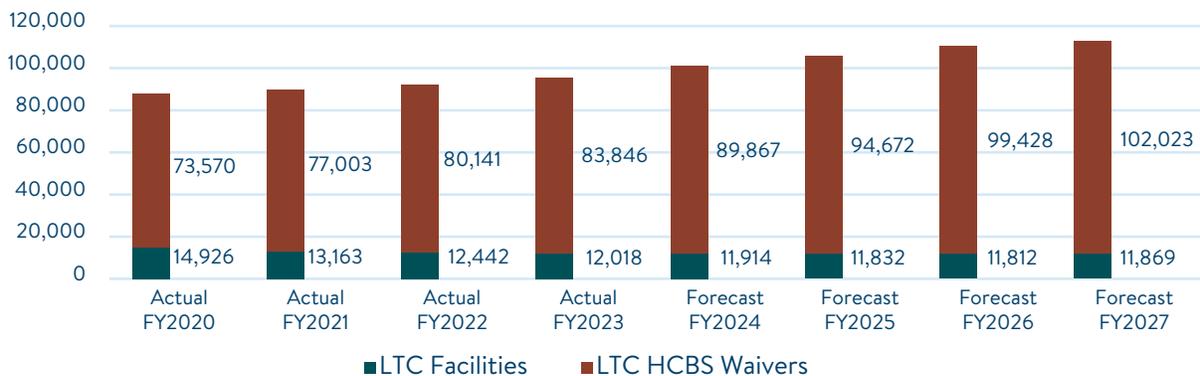
General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$1.2 million in 2024-2025 biennium (+0.1%)
- Increase of \$4.6 million in 2026-2027 biennium (+0.4%)

Reasons: The February forecast increases for MA LTC Facilities are primarily due to slightly higher Nursing Facility average payment projections, which are increased by 0.1% in the 2024-2025 biennium and 0.3% in the 2026-2027 biennium. These projected average payment increases are due to a combination of factors, chiefly updated data showing a slightly higher MA average payment base than previously estimated and a trend adjustment based on updated Skilled Nursing Facility inflation estimates.

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

- 84,000 average monthly recipients

HOW MUCH IT COSTS

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

Data for FY 2023

FEBRUARY 2024 FORECAST HIGHLIGHTS

General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$30.0 million in 2024-2025 biennium (+0.5%)
- Increase of \$38.8 million in 2026-2027 biennium (+0.5%)

Reasons: The February forecast increases for MA LTC Waivers are due mostly to 1% higher CADI recipient and average payment projections. These increases are base adjustments to better align the forecast with updated data. Together, the CADI forecast changes result in General Fund forecast increases of \$48 million in the 2024-2025 biennium and \$60 million in the 2026-2027 biennium.

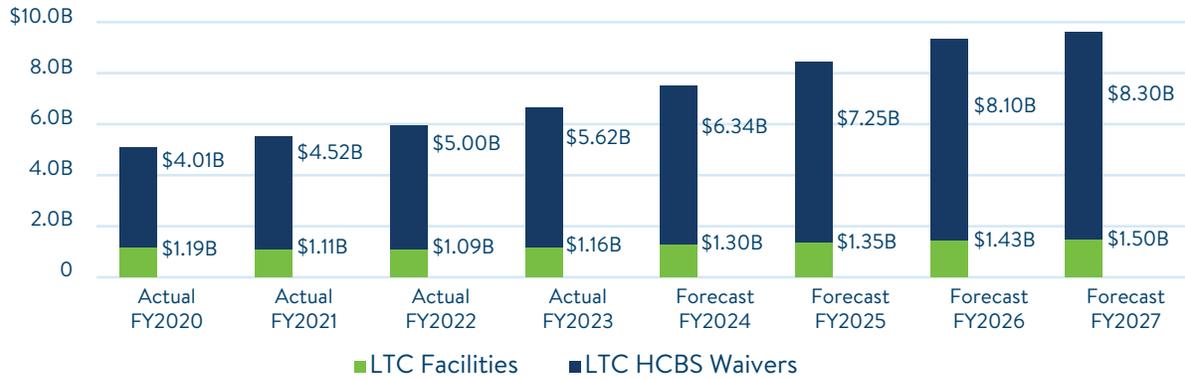
Average payment growth in CADI has continued to be unexpectedly strong in the first half of FY 2024. There are several contributing factors, but the foremost appears to be higher service authorization amounts per waiver enrollee.

On CADI recipient growth, it is now better understood that a significant portion of the growing long-term care use by the elderly is occurring in the CADI waiver. Due to the aging of the baby boom generation, the number of Minnesotans over age 65 is expected to roughly double by the year 2030 relative to the base year of 2010, with a similar increase expected for the over age 85 population from 2030 to 2050. The MA forecast has long recognized that the aging of the baby boom population would have an impact on long-term care trends, with projections incorporating age-group based use rates that allow the primary long-term care programs serving the elderly (Nursing Facility and Elderly Waiver) to grow as the elderly population grows. However, while there has been less recipient growth in Nursing Facility and Elderly Waiver than expected during the past 8 years, a significant portion of the expected long-term care growth in the 65-75 age group has occurred instead in the CADI waiver. In part, this can be explained by policy changes removing barriers to staying on CADI after age 65. While CADI enrollment is growing at all age levels, it is important to note that the CADI waiver (and to a lesser extent, the DD waiver) is a significant provider of services for the growing elderly population in Minnesota.

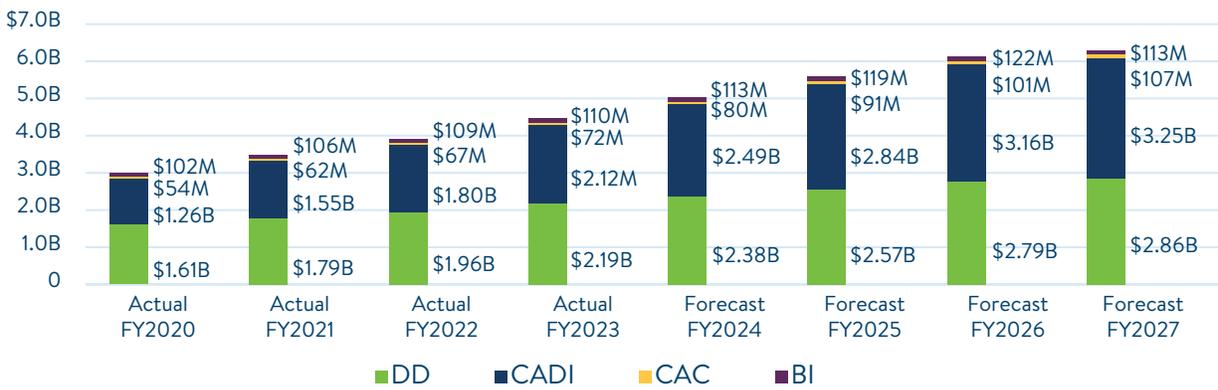
Downward adjustments in the DD recipient (-0.5%) and average payment (-0.1%) projections partially offset the CADI increases in the February forecast. These decreases represent forecast base adjustments made in response to lower-than-expected recipients and average payments in recent data. Together, they result in General Fund forecast decreases of \$13 million in the 2024-2025 biennium and \$20 million in the 2026-2027 biennium.

Adjustments in the other waiver and home care programs have only minor impacts.

Long-term care facilities and waivers expenditures — all funds



Disability 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
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*	1,304,298,385	11.98%	6,344,501,633	12.83%	7,648,800,018	12.69%
2025*	1,353,016,487	3.74%	7,254,900,533	14.35%	8,607,917,020	12.54%
2026*	1,434,553,010	6.03%	8,102,222,521	11.68%	9,536,775,531	10.79%
2027*	1,500,716,100	4.61%	8,300,942,287	2.45%	9,801,658,386	2.78%
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

FEBRUARY 2024 FORECAST HIGHLIGHTS

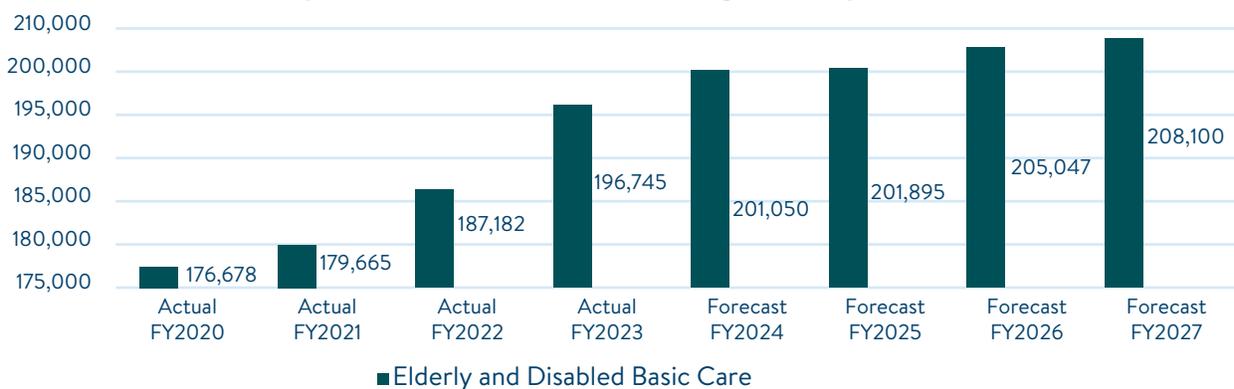
General Fund

Changes from the November 2023 forecast

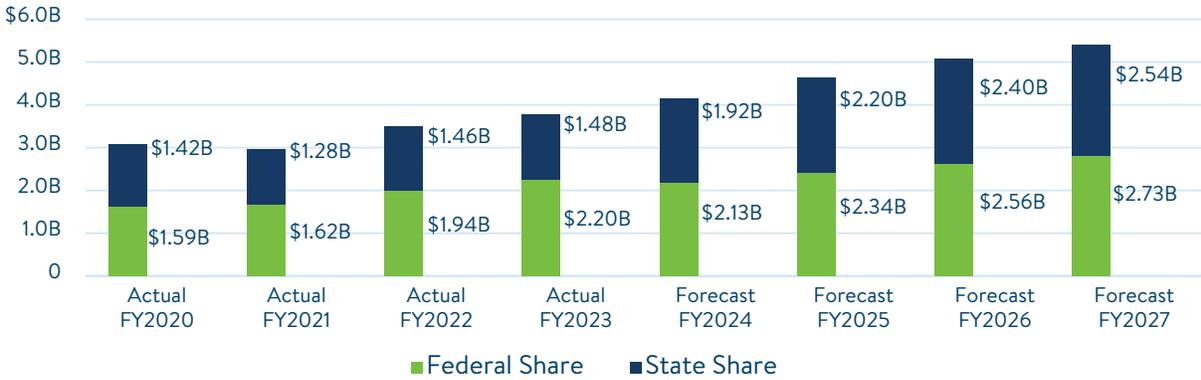
- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$14.9 million in 2024-2025 biennium (-0.3%)
- Decrease of \$9.2 million in 2026-2027 biennium (-0.2%)

Reasons: The February forecast for MA Elderly and Disabled Basic Care produces small General Fund reductions in both the 2024-2025 and 2026-2027 biennia, 0.3% and 0.2% respectively. These forecast savings are primarily the result of base adjustments due to lower-than-expected average payments for Elderly and Disabled enrollees in recent claims data. Lower projected average payments for this population results in General Fund forecast reductions of \$10 million in the 2024-2025 biennium and \$10 million in the 2026-2027 biennium.

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*	4,052,544,215	10.07%
	2025*	4,543,925,488	12.13%
	2026*	4,966,114,489	9.29%
	2027*	5,272,619,813	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

FEBRUARY 2024 FORECAST HIGHLIGHTS

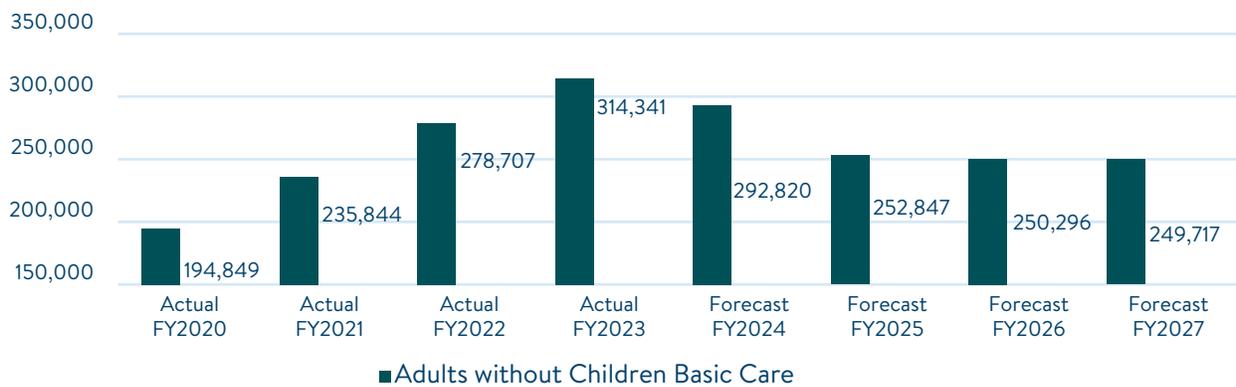
General Fund

Changes from the November 2023 forecast

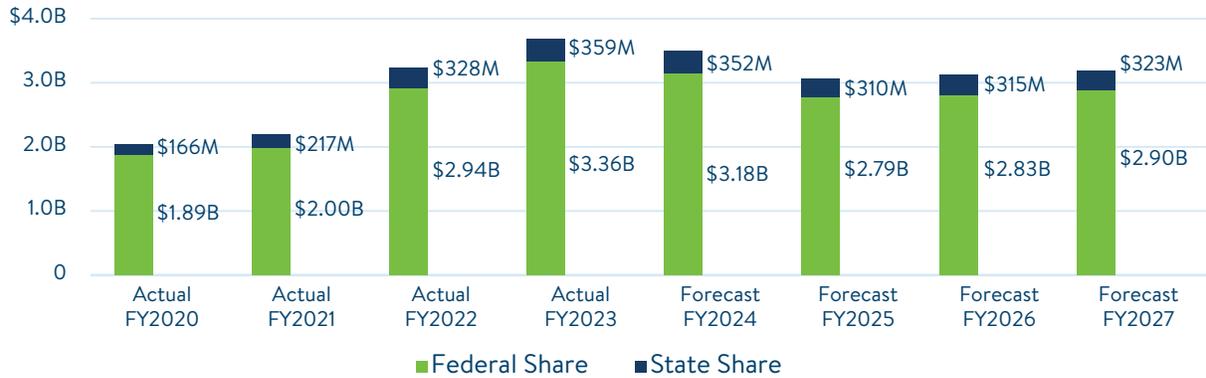
- No change in 2022-2023 biennium (+0.0%)
- No change in 2024-2025 biennium (+0.0%)
- Decrease of \$2.8 million in 2026-2027 biennium (-0.4%)

Reasons: The February forecast for MA Adults without Children Basic Care is unchanged except for a small (0.4%) reduction in the 2026-2027 biennium. This forecast adjustment is the result of a projected caseload reduction due to lower unemployment relative to November projections.

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*	3,530,514,410	(5.11%)
	2025*	3,099,811,170	(12.20%)
	2026*	3,149,165,966	1.59%
	2027*	3,227,493,275	2.49%
	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

FEBRUARY 2024 FORECAST HIGHLIGHTS

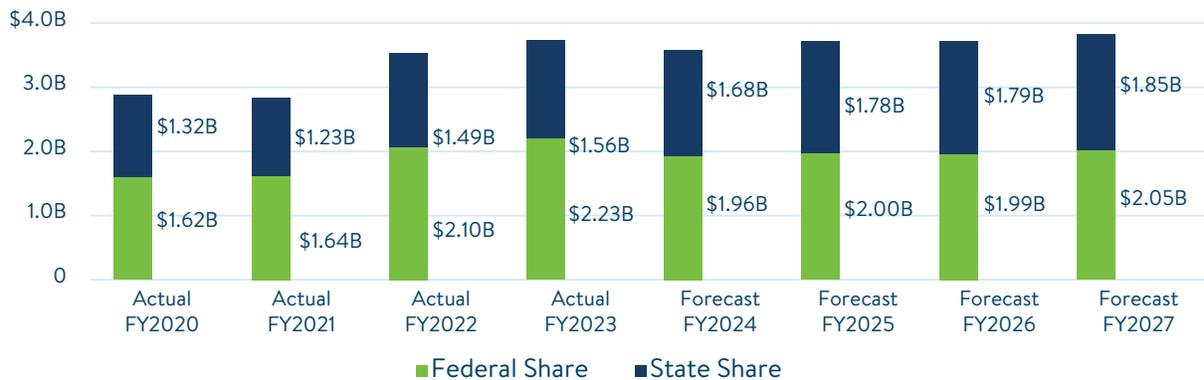
General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$5.0 million in 2024-2025 biennium (+0.2%)
- Increase of \$1.0 million in 2026-2027 biennium (+0.0%)

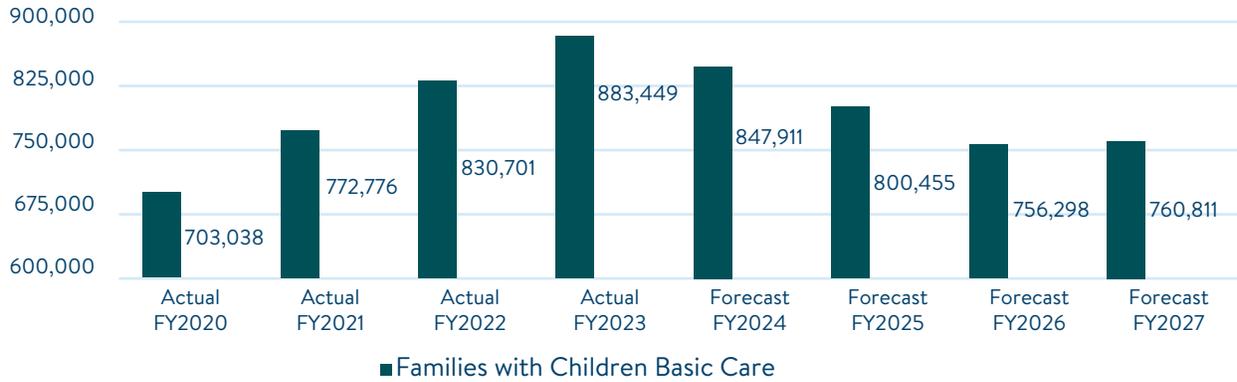
Reasons: The February forecast for MA Families with Children Basic Care produces small General Fund increases of roughly 0.2% in the 2024-2025 biennium and less than 0.1% in the 2026-2027 biennium. These forecast increases are primarily due to increased projected costs of about \$5 million in each biennium for MnChoices assessments. These increases are based on higher-than-expected quarterly billing for MnChoices. It is unclear what is driving these higher costs, but they are likely due to higher numbers of assessments coming out of the pandemic and/or more time needed for each assessment.

Families with Children Basic Care expenditures



Continued on next page

Families with Children Basic Care: Average monthly enrollees



HISTORICAL TABLE

FY	Families with Children Basic Care	
	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*	3,810,073,167	(3.62%)
2025*	3,953,512,211	3.76%
2026*	3,950,259,719	(0.08%)
2027*	4,070,652,838	3.05%
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

FEBRUARY 2024 FORECAST HIGHLIGHTS

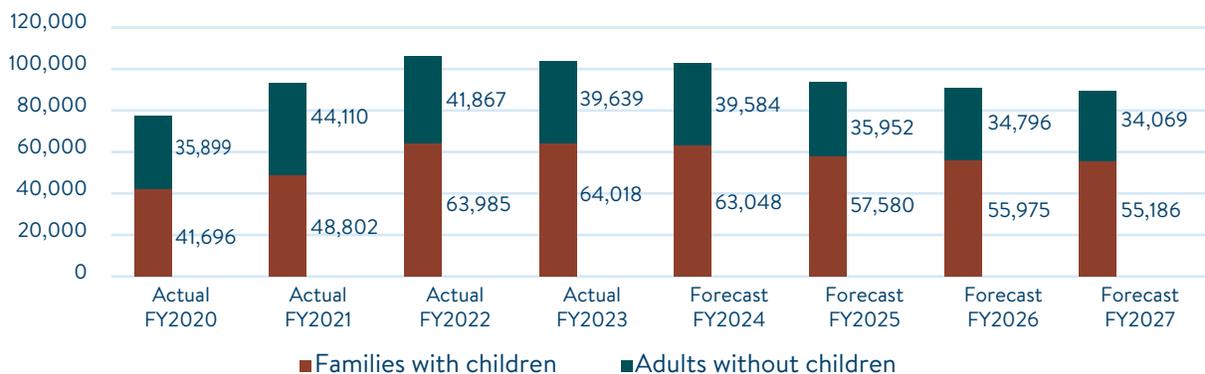
Health Care Access Fund

Changes from the November 2023 forecast

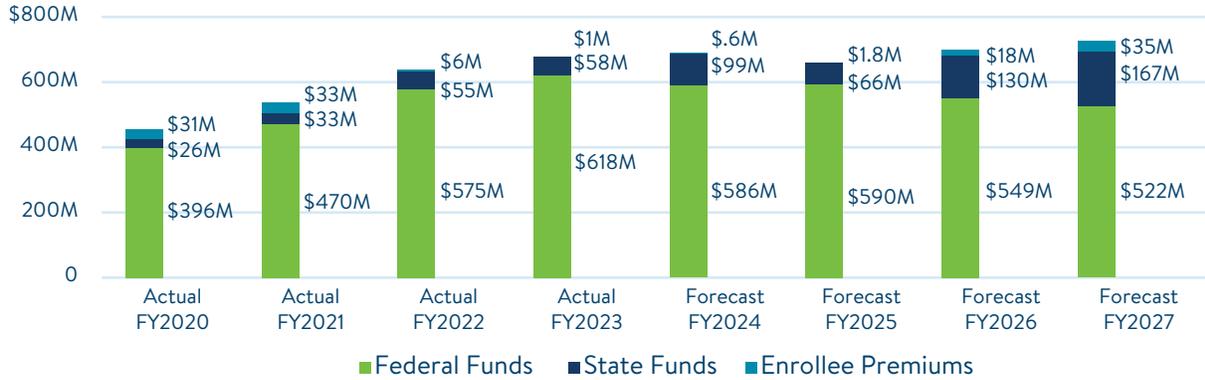
- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$2.0 million in 2024-2025 biennium (-1.2%)
- Decrease of \$1.7 million in 2026-2027 biennium (-0.6%)

Reasons: The February forecast produces small HCAF spending reductions in both forecast biennia. These changes are the result of a forecast base adjustment due to lower-than-expected state-funded MinnesotaCare enrollment in recent months.

MinnesotaCare Enrollment



MinnesotaCare/BHP funding by source



HISTORICAL TABLE

FY	MinnesotaCare Total Expenditures	
	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*	686,421,718	1.47%
2025*	657,910,768	(4.15%)
2026*	696,578,410	5.88%
2027*	724,248,257	3.97%
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

FEBRUARY 2024 FORECAST HIGHLIGHTS

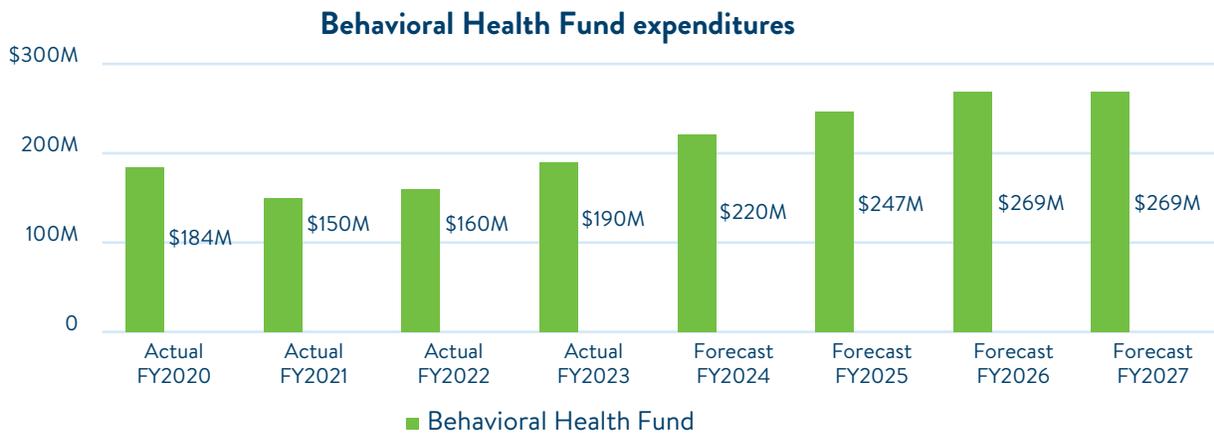
Data for FY 2023

General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$0.7 million in 2024-2025 biennium (+0.4%)
- Increase of \$0.2 million in 2026-2027 biennium (+0.1%)

Reasons: The February forecast for the Behavioral Health Fund produces small General Fund increases in both forecast biennia. These projected increases are primarily the result of increased costs for Peer Recovery Support, a service ancillary to both residential and non-residential treatment, which are partially offset by decreases for lower utilization of Mental Health Room and Board.



HISTORICAL TABLE

FY	Behavioral Health Fund Total Expenditures	
	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*	220,277,231	16.04%
2025*	246,829,695	12.05%
2026*	269,088,618	9.02%
2027*	268,518,724	(0.21%)
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

FEBRUARY 2024 FORECAST HIGHLIGHTS

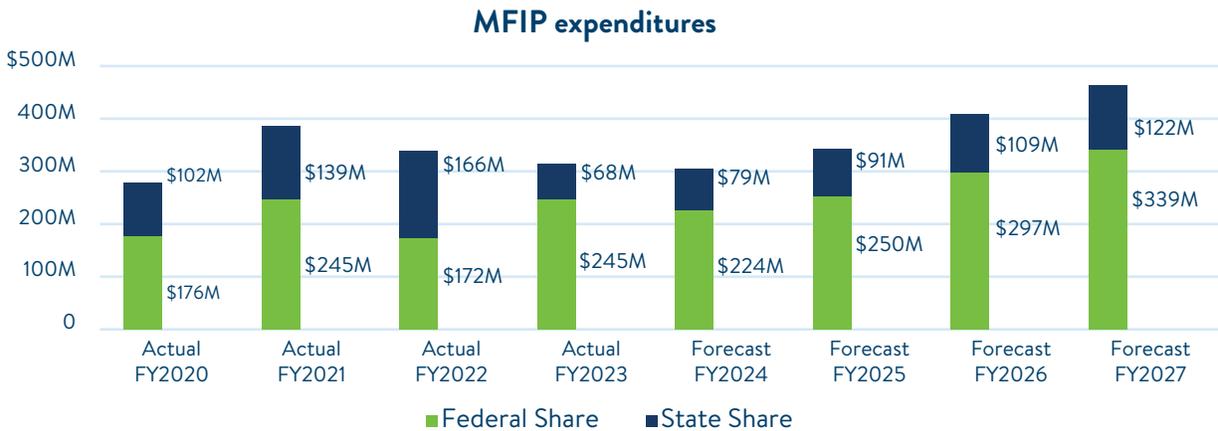
Data for FY 2023

General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$9.7 million in 2024-2025 biennium (-5.6%)
- Decrease of \$1.5 million in 2026-2027 biennium (-0.7%)

Reasons: The February MFIP forecast produces General Fund savings in both the 2024-2025 and 2026-2027 biennia. These forecast changes are primarily driven by caseload reductions due to lower-than-expected caseload in recent months and lower projected unemployment relative to the November forecast.



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*	303,051,059	(3.24%)
2025*	341,243,956	12.60%
2026*	406,140,486	19.02%
2027*	461,317,773	13.59%
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

FEBRUARY 2024 FORECAST HIGHLIGHTS

General Fund

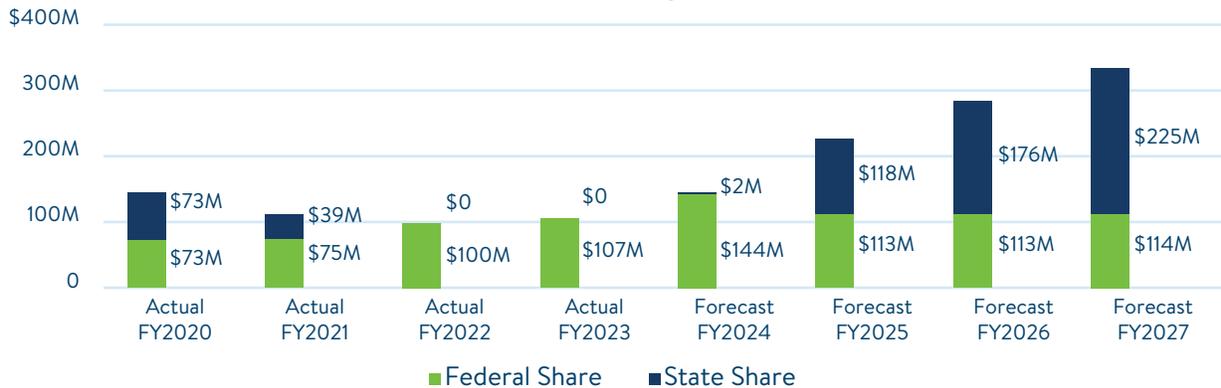
Changes from the November 2023 forecast

Data for FY 2023

- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$20.9 million in 2024-2025 biennium (-14.8%)
- Decrease of \$9.1 million in 2026-2027 biennium (-2.2%)

Reasons: The February Child Care Assistance forecast produces state savings in the 2024-2025 and 2026-2027 biennia. These forecast reductions are primarily driven by lower caseload. This projected childcare caseload reduction is tied to the lower MFIP caseload and reflects lower-than-expected actual data from recent months.

MFIP/TY Child Care expenditures



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*	146,468,655	37.39%
2025*	230,699,835	57.51%
2026*	288,748,177	25.16%
2027*	338,479,982	17.22%
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

FEBRUARY 2024 FORECAST HIGHLIGHTS

Data for FY 2023

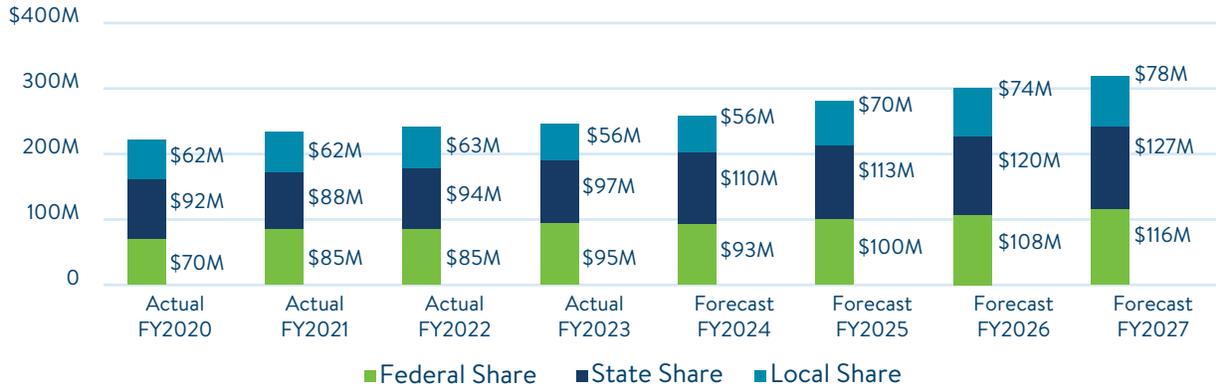
General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$1.4 million in 2024-2025 biennium (-0.6%)
- Decrease of \$6.0 million in 2026-2027 biennium (-2.4%)

Reasons: The February forecast for NorthStar Care produces General Fund savings in the 2024-2025 and 2026-2027 biennia. The forecast reductions are the result of lower-than-expected Foster Care recipients and Kinship Assistance average payments.

Northstar expenditures



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*	259,574,004	4.69%		
2025*	283,439,358	9.19%		
2026*	301,938,461	6.53%		
2027*	320,742,466	6.23%		
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.

FEBRUARY 2024 FORECAST HIGHLIGHTS

General Assistance, General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Decrease of \$0.4 million in 2024-2025 biennium (-0.4%)
- Increase of \$0.3 million in 2026-2027 biennium (+0.2%)

Reasons: The February General Assistance forecast produces General Fund savings in the 2024-2025 biennium primarily driven by lower actual caseload and average payments. In 2023, DHS was required to disregard the vocational income of MSOP clients in GA based on a ruling from a lawsuit. The income disregard results in higher projected average payments slightly offsetting the decreases in 2024-2025 biennium and becoming the primary driver of the forecast increases in the 2026-2027 biennium.

Housing Support, General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$0.2 million in 2024-2025 biennium (+0.0%)
- Increase of \$0.2 million in 2026-2027 biennium (+0.0%)

Reasons: The February forecast is almost unchanged from the November forecast. The small forecast increases are the results of base updates with actual data and changes in the Intergovernmental Transfers base rate COLA not included in the November projections.

Minnesota Supplemental Aid, General Fund

Changes from the November 2023 forecast

- No change in 2022-2023 biennium (+0.0%)
- Increase of \$0.3 million in 2024-2025 biennium (+0.2%)
- No change in 2026-2027 biennium (+0.0%)

Reasons: The February forecast increase in Minnesota Supplemental Aid in the 2024-2025 biennium is primarily due to higher actual average payments in recent months offset by lower caseload.

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

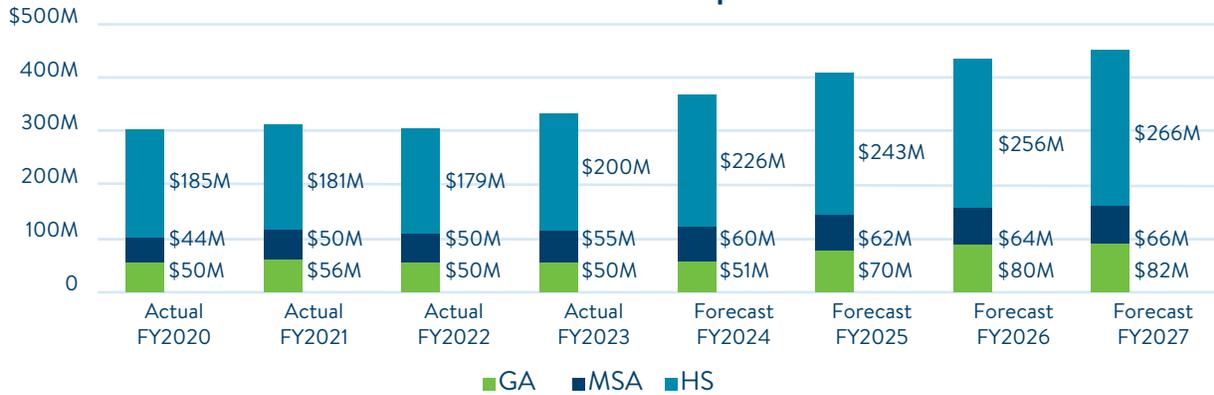
- \$200 million total spending
- \$198 million state funds

MSA

- \$55 million total spending, all state funds

Data for FY 2023

Non-MFIP cash assistance expenditures



HISTORICAL TABLE

FY	General Assistance (GA)		Minnesota Supplemental Aid (MSA)		Housing Support (HS)	
	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*	51,458,240	2.35%	59,971,377	9.88%	226,198,508	13.22%
2025*	70,111,582	36.25%	61,857,999	3.15%	243,494,797	7.65%
2026*	80,136,712	14.30%	63,720,038	3.01%	255,685,971	5.01%
2027*	82,280,429	2.68%	65,696,312	3.10%	266,379,563	4.18%
Avg. Annual Increase 2012-2023		0.13%		3.92%		4.61%

*Projected

February 2024 forecast changes: In a nutshell

<i>Millions of dollars</i>	2022-2023 Biennium	2024-2025 Biennium	2026-2027 Biennium
General Fund Total Change	0.0	(9.9)	16.5
General Fund Percent Change	0.0%	(0.1%)	0.1%
Detail Changes By Budget Activity			
MA LTC Facilities:	0.0	1.2	4.6
Nursing Facilities: average payment (+0.2%)	0.0	1.0	4.1
Other changes	0.0	0.2	0.5
MA LTC Waivers:	0.0	30.0	38.8
CADI: average payment (+1%), recipients (+1%)	0.0	48.4	59.9
DD: average payment (-0.5%), recipients (-0.1%)	0.0	(13.0)	(19.6)
Other changes	0.0	(5.4)	(1.5)
MA Elderly and Disabled Basic:	0.0	(14.9)	(9.2)
Enrollment elderly (+0.7%) disabled (-0.6%)	0.0	(2.8)	(1.5)
Average payments elderly (-0.3%) disabled (-0.2%)	0.0	(10.1)	(9.5)
Other changes	0.0	(2.0)	1.8
MA Adults with No Children	0.0	0.0	(2.8)
MA Families with Children Basic:	0.0	5.0	1.0
MnChoices	0.0	4.7	4.7
Other changes	0.0	0.3	(3.7)

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	2022-2023 Biennium	2024-2025 Biennium	2026-2027 Biennium
February 2024 Forecast Changes			
Behavioral Health Fund	0.0	0.7	0.2
Minnesota Family Investment Program	0.0	(9.7)	(1.5)
Lower caseload	0.0	(10.3)	(1.6)
Other changes	0.0	0.6	0.1
Child Care Assistance	0.0	(20.9)	(9.1)
Lower caseload	0.0	(18.4)	(9.1)
Other changes	0.0	(2.5)	0.0
Northstar Care for Children	0.0	(1.4)	(6.0)
General Assistance	0.0	(0.4)	0.3
Housing Support	0.0	0.2	0.2
Minnesota Supplemental Aid	0.0	0.3	0.0
Health Care Access Fund Total Change	0.0	(2.0)	(1.7)
Health Care Access Fund Percent Change	0.0%	(0.1%)	(0.1%)
MinnesotaCare HCAF Funding	0.0	(2.0)	(1.7)
MA HCAF Funding	0.0	0.0	0.0
TANF Total Change	0.0	(2.6)	(1.7)
TANF Percentage Change	0.0%	(1.3%)	(0.6%)
Minnesota Family Investment Program	0.0	(2.6)	(1.7)

Note: Represents the change from the November 2023 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/>

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

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