

MEDICAL SERVICES, LONG-TERM CARE SERVICES, AND HEALTHY STEPS

MEDICAL SERVICES FUNDING, EXCLUDING LONG-TERM CARE

The 2005-07 executive recommendation for medical services includes a total of \$587.4 million. Of this total, \$174.7 million is from the general fund.

The executive budget projects that 52,909 individuals will be eligible for the medical assistance program during the 2005-07 biennium, 1,377 more than the 51,532 originally projected by the department at the beginning of the 2003-05 biennium. The actual number of eligible individuals in September 2004 was 52,370.

The schedule below summarizes medical services funding, including funding for community-based developmental disabilities services but excluding funding for nursing facility care and other long-term care services, the Healthy Steps program, and intergovernmental transfer payments.

	2001-03 Actual Expenditures	2003-05 Appropriation	2003-05 Projected Expenditures*	2005-07 Executive Budget	2005-07 Increase (Decrease) to 2003-05 Projected
Federal funds	\$333,400,309	\$363,595,378	\$394,531,246	\$387,241,229	(\$7,290,017)
General fund	123,097,004	146,717,523	153,391,633	174,690,185	21,298,552
Other funds	22,182,191	13,280,972	16,142,872	25,430,091	9,287,219
Total	\$478,679,504	\$523,593,873	\$564,065,751	\$587,361,505	\$23,295,754

*Based upon actual expenditures incurred through September 2004.

The federal medical assistance percentage (FMAP) for the medical assistance program is as follows:

Federal Fiscal Year	FMAP	Fiscal Relief FMAP	Federal Fiscal Year	FMAP	
1998	70.43%		2005	67.49%	
1999	69.94%		2006	65.85%	
2000	70.42%		2007	63.23%	Estimate
2001	69.99%				
2002	69.87%				
2003	68.36%	72.82% ¹			
2004	68.31%	71.31% ¹			

¹ The federal fiscal relief FMAP was in effect for five quarters, from April 2003 through June 2004.

The following schedule compares recent inflationary adjustments provided to the inflationary adjustments recommended in the executive budget:

	Actual		Actual		Recommended	
	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment
Inpatient hospital	2.20%	0.00%	0.00%	2.70% ¹	2.00%	2.00%
Outpatient hospital	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Home health	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Dental services	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Drugs	Undeterminable	Undeterminable	7.00%	7.00%	13.80%	13.80%
Physician services	2.20%	0.00%	0.00%	1.83% ¹	2.00%	2.00%
Community-based DD care	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%

¹ Effective April 2004

The following schedule compares the 2001-03 biennium actual expenditures and 2003-05 biennium projected expenditures for medical assistance to the 2005-07 executive budget recommendation:

	2001-03 Actual Expenditures	2003-05 Projected Expenditures*	Percentage Change from Previous Biennium	2005-07 Executive Budget	Percentage of Total	2005-07 Executive Budget Increase (Decrease) to 2003-05	Percentage Increase (Decrease)
Inpatient hospital	\$66,953,484	\$79,342,681	18.50%	\$80,035,720	13.63%	\$693,039	0.87%
Outpatient hospital	37,108,605	42,014,049	13.22%	33,808,948	5.76%	(8,205,101)	(19.53%)
Home health	4,644,285	4,515,619	(2.77%)	5,078,120	0.86%	562,501	12.46%
Premiums	10,643,838	14,719,355	38.29%	15,412,408	2.62%	693,053	4.71%
Physicians' services	47,725,831	56,768,638	18.95%	55,395,968	9.43%	(1,372,670)	(2.42%)
Drugs (net)	82,358,261	98,191,860	19.23%	107,930,917	18.38%	9,739,057	9.92%
Durable medical equipment	3,971,117	4,429,993	11.56%	4,161,208	0.71%	(268,785)	(6.07%)
Treatment services for children	7,109,659	9,633,827	35.50%	10,660,644	1.82%	1,026,817	10.66%
Rural health clinics	3,773,318	3,663,953	(2.90%)	3,855,040	0.66%	191,087	5.22%
Indian health services	16,373,612	20,236,816	23.59%	22,325,368	3.80%	2,088,552	10.32%
Community-based developmental disabilities care	163,293,000	186,044,385	13.93%	206,232,292	35.11%	20,187,907	10.85%
Chiropractic services	404,618	393,756	(2.68%)	436,884	0.07%	43,128	10.95%
Dental	11,366,799	12,878,064	13.30%	13,148,796	2.24%	270,732	2.10%
Hospice services	2,099,543	5,106,974	143.24%	1,105,300	0.19%	(4,001,674)	(78.36%)
Private duty nursing	10,910	5,563	(49.01%)	6,656	0.00%	1,093	19.65%
Other, excluding Healthy Steps	20,842,624	26,120,218	25.32%	27,767,236	4.72%	1,647,018	6.31%
Total - Excluding intergovernmental transfer	\$478,679,504	\$564,065,751	17.84%	\$587,361,505	100.00%	\$23,295,754	4.13%
Federal funds	\$333,400,309	\$394,531,246	18.34%	\$387,241,229	65.93%	(\$7,290,017)	(1.85%)
General fund	123,097,004	153,391,633	24.61%	174,690,185	29.74%	21,298,552	13.89%
Other funds	22,182,191	16,142,872	(27.23%)	25,430,091	4.33%	9,287,219	57.53%
Total - Excluding intergovernmental transfer	\$478,679,504	\$564,065,751	17.84%	\$587,361,505	100.00%	\$23,295,754	4.13%
Intergovernmental transfer program	\$50,298,973	\$28,318,634	(43.70%)	\$0		(\$28,318,634)	(100.00%)
Total - Including intergovernmental transfer	\$528,978,477	\$592,384,385	11.99%	\$587,361,505	100.00%	(\$5,022,880)	(0.85%)
Federal funds	\$368,570,773	\$414,727,068	12.52%	\$387,241,229	65.93%	(\$27,485,839)	(6.63%)
General fund	138,225,513	161,514,445	16.85%	174,690,185	29.74%	13,175,740	8.16%
Other funds	22,182,191	16,142,872	(27.23%)	25,430,091	4.33%	9,287,219	57.53%
Total - Including intergovernmental transfer	\$528,978,477	\$592,384,385	11.99%	\$587,361,505	100.00%	(\$5,022,880)	(0.85%)

*Based upon actual expenditures incurred through September 2004.

LONG-TERM CARE SERVICES FUNDING

The 2005-07 executive recommendation for the long-term care services totals \$400.6 million. Of this total, \$150.7 million is from the general fund.

The schedule below presents the total funding recommended for long-term care services.

	2001-03 Actual Expenditures	2003-05 Appropriation	2003-05 Projected Expenditures *	2005-07 Executive Budget	2005-07 Increase (Decrease) to 2003-05 Projected
Federal funds	\$214,590,424	\$232,604,115	\$228,905,860	\$246,904,106	\$17,998,246
General fund	91,419,711	122,422,157	113,130,207	150,658,939	37,528,732
Other funds	18,965,176	3,012,020	2,845,545	2,994,244	148,699
Total	\$324,975,311	\$358,038,292	\$344,881,612	\$400,557,289	\$55,675,677

*Based upon actual expenditures incurred through September 2004.

The federal medical assistance percentage (FMAP) for long-term care services is the same as medical services programs.

The following schedule compares recent inflationary adjustments provided to the inflationary adjustments recommended in the executive budget:

	Actual		Actual		Recommended	
	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment
Nursing facilities	3.78%	3.70%	3.66%	3.66%	3.52%	3.92%
Basic care	2.80%	1.20%	1.20%	1.20%	1.50%	1.50%
Service payments for elderly and disabled (SPED)	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Expanded SPED	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Aged and disabled waiver	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Traumatic brain injury waiver	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Targeted case management	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%

The following schedule compares 2001-03 expenditures and 2003-05 projected expenditures for long-term care services to the 2005-07 executive budget recommendation:

	2001-03 Actual Expenditures	2003-05 Projected Expenditures*	Percentage Change from Previous Biennium	2005-07 Executive Budget	Percentage of Total	2005-07 Executive Budget Increase (Decrease) to 2003-05	Percentage Increase (Decrease)
Nursing home care	\$288,449,733	\$306,803,862	6.36%	\$348,777,523	87.07%	\$41,973,661	13.68%
Basic care assistance	9,104,283	10,953,097	20.31%	12,812,722	3.20%	1,859,625	16.98%
Service payments for elderly and disabled (SPED)	13,908,262	11,383,185	(18.16%)	14,423,230	3.60%	3,040,045	26.71%
Expanded SPED	1,243,765	790,388	(36.45%)	1,188,889	0.30%	398,501	50.42%
Aged and disabled waiver	10,218,823	11,434,130	11.89%	2,573,636	0.64%	(8,860,494)	(77.49%)
Traumatic brain injury waiver	1,594,180	1,662,898	4.31%	2,330,357	0.58%	667,459	40.14%
Targeted case management	456,265	687,271	50.63%	3,789,824	0.95%	3,102,553	451.43%
Personal care option		1,166,781		14,661,108	3.66%	13,494,327	1156.54%
Total	\$324,975,311	\$344,881,612	6.13%	\$400,557,289	100.00%	\$55,675,677	16.14%

Federal funds	\$214,590,424	\$228,905,860	6.67%	\$246,904,106	61.64%	\$17,998,246	7.86%
General fund	91,419,711	113,130,207	23.75%	150,658,939	37.61%	37,528,732	33.17%
Other funds	<u>18,965,176</u>	<u>2,845,545</u>	<u>(85.00%)</u>	<u>2,994,244</u>	<u>0.75%</u>	<u>148,699</u>	<u>5.23%</u>
Total	<u>\$324,975,311</u>	<u>\$344,881,612</u>	<u>6.13%</u>	<u>\$400,557,289</u>	<u>100.00%</u>	<u>\$55,675,677</u>	<u>16.14%</u>

*Based upon actual expenditures incurred through September 2004.

The following schedule compares the 2003-05 biennium original appropriations to the 2005-07 executive recommendation for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Total Funds
Nursing home care						
2005-07 executive recommendation	\$226,187,191	\$122,590,332	\$0			\$348,777,523
2003-05 original appropriation	216,371,403	102,073,218				318,444,621
Increase (decrease)	<u>\$9,815,788</u>	<u>\$20,517,114</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$30,332,902</u>
Basic care assistance						
2005-07 executive recommendation	\$5,339,991	\$5,188,369		\$2,284,362		\$12,812,722
2003-05 original appropriation	5,363,506	747,857		2,284,362		8,395,725
Increase (decrease)	<u>(\$23,515)</u>	<u>\$4,440,512</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,416,997</u>
SPED						
2005-07 executive recommendation	\$225,720	\$13,487,628			\$709,882	\$14,423,230
2003-05 original appropriation	225,720	13,749,820			727,658	14,703,198
Increase (decrease)	<u>\$0</u>	<u>(\$262,192)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$17,776)</u>	<u>(\$279,968)</u>
Expanded SPED						
2005-07 executive recommendation		\$1,188,889				\$1,188,889
2003-05 original appropriation		834,541				834,541
Increase (decrease)	<u>\$0</u>	<u>\$354,348</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$354,348</u>
Aged and disabled waiver						
2005-07 executive recommendation	\$1,670,116	\$903,520				\$2,573,636
2003-05 original appropriation	6,441,991	3,036,121				9,478,112
Increase (decrease)	<u>(\$4,771,875)</u>	<u>(\$2,132,601)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$6,904,476)</u>
Traumatic brain injury waiver						
2005-07 executive recommendation	\$1,512,170	\$818,187				\$2,330,357
2003-05 original appropriation	1,545,558	728,514				2,274,072
Increase (decrease)	<u>(\$33,388)</u>	<u>\$89,673</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$56,285</u>
Targeted case management						
2005-07 executive recommendation	\$2,459,924	\$1,329,900				\$3,789,824
2003-05 original appropriation	752,872	354,878				1,107,750
Increase (decrease)	<u>\$1,707,052</u>	<u>\$975,022</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,682,074</u>
Personal care option						
2005-07 executive recommendation	\$9,508,994	\$5,152,114				\$14,661,108
2003-05 original appropriation	1,903,065	897,208				2,800,273
Increase (decrease)	<u>\$7,605,929</u>	<u>\$4,254,906</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,860,835</u>
Total - Long-term care programs						
2005-07 executive recommendation	\$246,904,106	\$150,658,939	\$0	\$2,284,362	\$709,882	\$400,557,289
2003-05 original appropriation	232,604,115	122,422,157	0	2,284,362	727,658	358,038,292
Increase (decrease)	<u>\$14,299,991</u>	<u>\$28,236,782</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$17,776)</u>	<u>\$42,518,997</u>

**HEALTHY STEPS FUNDING
(CHILDREN'S HEALTH INSURANCE PROGRAM)**

The 2005-07 executive recommendation for the Healthy Steps program includes a total of \$10.0 million, \$2.5 million of which is from the general fund. Compared to the 2003-05 projected expenditures, the executive budget is recommending an increase of \$1.4 million, \$575,000 of which is from the general fund.

The executive budget recommends continuing eligibility requirements for the program at 140 percent of poverty based on net income and serving an average caseload of 2,300 children each month of the 2005-07 biennium. In September 2004, 2,214 children were covered by the program. The executive budget includes funding for a monthly premium increase of \$27.09 or 17.5 percent, from \$154.78 to \$181.87.

The schedule below compares the 2003-05 projected expenditures to the 2005-07 executive budget recommendation.

	2001-03 Expenditures	2003-05 Projected Expenditures*	2005-07 Executive Budget	2005-07 Executive Budget Increase (Decrease) to 2003-05	Percentage Increase (Decrease)
Healthy Steps	\$7,036,901	\$8,630,854	\$10,039,224	\$1,408,370	14.03%
Federal funds	\$5,558,447	\$6,738,764	\$7,572,416	\$833,652	11.01%
General fund	1,478,454	1,892,090	2,466,808	574,718	23.30%
Other funds	0	0	0	0	
Total	\$7,036,901	\$8,630,854	\$10,039,224	\$1,408,370	14.03%

*Based upon actual expenditures incurred through September 2004.

The schedules below represent statistical information regarding the Healthy Steps program, including the federal medical assistance percentage (FMAP) for the program, North Dakota's allocation of federal funds, the average number of children enrolled each year, and premium expenditures and premium rates in effect for the majority of the year for the majority of children covered.

Federal Fiscal Year Ending	FMAP	North Dakota Allocation \1
September 30, 1998	79.30%	\$5,041,000
September 30, 1999	78.96%	\$5,017,000
September 30, 2000	79.29%	\$5,656,000
September 30, 2001	78.99%	\$6,576,000
September 30, 2002	78.91%	\$5,333,000
September 30, 2003	77.85%	\$5,437,000
September 30, 2004	77.82%	\$5,437,000
September 30, 2005	77.24%	\$5,437,000
September 30, 2006	76.10%	\$5,437,000
September 30, 2007 Estimate	74.26%	\$5,437,000

\1 The federal government allows states two years to spend their federal fund allocation.

State Fiscal Year Ending	Children Enrolled	Premium Expenditures	Premium Rates	
June 30, 2000	1,168	\$1,321,417	\$108.64	
June 30, 2001	2,092	\$2,955,445	\$110.35	
June 30, 2002	2,534	\$3,823,196	\$127.17	
June 30, 2003	2,099	\$3,213,705	\$127.67	
June 30, 2004	2,301	\$4,220,838	\$154.30	
June 30, 2005	2,300 \1	\$4,271,928 \1	\$154.78	
June 30, 2006	2,300 \1	\$5,019,612 \1	\$181.87	Executive recommendation
June 30, 2007	2,300 \1	\$5,019,612 \1	\$181.87	Executive recommendation

\1 This amount is projected.

NOTE: The Healthy Steps program began on October 1, 1999.