

April 2002

DEPARTMENT OF HUMAN SERVICES - STATUS OF SELECT GRANT PROGRAM EXPENDITURES

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2001 Legislative Assembly appropriated \$25.6 million, \$4 million of which is from the general fund, for the temporary assistance for needy families (TANF) program for the 2001-03 biennium. Temporary assistance for needy families program expenditures through February 2002 were \$9.4 million, \$1.3 million more than estimated expenditures of \$8.1 million. Actual expenditures were more than estimated due to the number of cases exceeding estimates by up to 381 cases per month and average monthly payments exceeding estimates by up to \$20 per month (Appendix A). For the biennium, the department anticipates actual expenditures may exceed the funds appropriated by \$3.8 million. As a result, the department may seek Emergency Commission and Budget Section approval to spend additional federal TANF block grant funds for this program. If approved, the federal TANF block grant funds that were anticipated to be carried forward and available during the 2003-05 biennium would be reduced by \$3.8 million, from \$8.9 million to \$5.1 million.

MEDICAL ASSISTANCE

The 2001 Legislative Assembly appropriated \$796.1 million, \$219 million of which is from the general fund, for medical assistance grants for the 2001-03 biennium.

In November 2001, the department revised its projected Medicaid expenditures for the biennium. Compared to the legislative appropriation, these revised projections increased estimated expenditures by \$30 million. Of the \$30 million increase, \$14.4 million is from the general fund.

Major factors causing the projected changes include:

1. An anticipated **decrease** in North Dakota's federal medical assistance percentage of 1.51 percent, from 69.87 percent in federal fiscal year 2002 to 68.36 percent in federal fiscal year 2003. The budget approved by the Legislative Assembly anticipated the federal medical assistance percentage to remain at 69.87 percent for federal fiscal year 2003. The November revised projections reflect an additional \$4.7 million of general fund costs for the final nine months of this biennium due to the

federal medical assistance percentage change.

2. The number of anticipated persons eligible for medical assistance increasing by 1,874, from 42,510 to 44,384, a 4.4 percent increase.
3. The actual cost per recipient for inpatient hospital services exceeding original estimates by 7 percent.
4. The actual cost per unit for outpatient hospital services exceeding original estimates by 10 percent.
5. The actual net cost of drugs exceeding original estimates by 5 percent.
6. The utilization of physicians' services increasing 14.8 percent more than anticipated.
7. Payments of \$1.1 million charged to the 2001-03 biennium for costs incurred during the 1999-2001 biennium; \$300,000 of the \$1.1 million is from the general fund. These amounts were charged to the 2001-03 biennium appropriation because inadequate appropriation authority remained in the medical assistance grants line item to charge these payments to the 1999-2001 biennium.

In addition to the factors discussed above, the department is projecting estate collections for the biennium to be \$3.3 million, \$900,000 less than the \$4.2 million anticipated to be collected. This will also result in additional funding needed from the general fund.

Since December 2001, actual general fund expenditures have been \$934,000 less than the November rejections. As a result, the department currently anticipates the general fund share of Medicaid costs for the biennium to be \$13.5 million more than was appropriated by the Legislative Assembly.

See Appendix B for detailed expenditure information relating to medical assistance.

SERVICE PAYMENTS FOR THE ELDERLY AND DISABLED

The 2001 Legislative Assembly appropriated \$13.4 million, \$5.8 million of which is from the general fund, for the service payments for the elderly and disabled (SPED) program for the 2001-03 biennium. Through February 2002, the department has spent \$4.2 million, \$400,000 more than estimated expenditures of \$3.8 million. Actual expenditures have exceeded estimates due to caseloads exceeding

estimates by up to 147 cases per month and average monthly payments exceeding estimates by up to \$25 per month (Appendix C). For the biennium, the department anticipates actual expenditures may exceed the funds appropriated by \$1 million.

EXPANDED SPED

The 2001 Legislative Assembly appropriated \$1.2 million from the general fund for the expanded

SPED program for the 2001-03 biennium. Through February 2002, actual expenditures were \$392,000, \$48,000 more than estimated expenditures of \$344,000. Although the program's caseload has been averaging seven cases fewer per month, the average monthly payments have exceeded estimates by approximately \$47 per month. For the biennium, the department anticipates expenditures will exceed the appropriated amount by \$92,000.