

Who we serve by the numbers

FY 2015 Projections

- Medical Assistance average monthly enrollees **1,053,409**
- MinnesotaCare average monthly enrollees **86,869**
- Nursing facilities average monthly recipients **15,209**
- HCBS waiver & Alternative Care avg. monthly recipients ... **60,977**
- MFIP average monthly persons **97,568**
- Child care (MFIP/BSF) average monthly families **16,803**
- Background studies conducted in CY 2014 **310,000**
- SNAP recipients (average monthly for FY 2014) **517,949**

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Department of Human Services Federal Funding
All Funds Spending by Budget Activity (November 2014 Forecast)

| Ln # | Budget Program and Activity (in \$ 000's) | BACT | All Funds Base Spending FY 2016-17 | Percent of General Fund | Percent of Other Funds | Percent of Federal Funds | Primary Federal Grants | Federal Matching | Federal MOE | Fed. Block Grant + MOE | Other Fed. Block Grant | Other Federal provision |
|------|--|-------|---------------------------------------|-------------------------|------------------------|--------------------------|---|------------------|-------------|------------------------|------------------------|-------------------------|
| 1 | Central Office Operations | 11-15 | \$762,537 | 26% | 34% | 40% | Systems federal shares; Non-dedicated FFP to general fund; other direct federal funds | X | | | | X |
| 2 | Forecasted Grant Programs | | | | | | | | | | | |
| 3 | Minnesota Family Investment Program (MFIP) / Diversionary Work Program | 21 | \$655,177 | 28% | 0% | 72% | TANF Block Grant; Supplemental Nutrition Assistance Program (SNAP) | | | X | | |
| 4 | MFIP Child Care (includes TANF transfers) | 22 | \$336,772 | 61% | 0% | 39% | Child Care and Development Block Grant (CCDF) | | | X | | |
| 5 | General Assistance (GA) | 23 | \$114,570 | 100% | 0% | 0% | none | | | | | |
| 6 | Minnesota Supplemental Grants (MSA) | 24 | \$80,847 | 100% | 0% | 0% | none | | X | | | |
| 7 | Group Residential Housing | 25 | \$328,539 | 99% | 1% | 0% | none | | X | | | |
| 8 | MinnesotaCare (Feb. 2015 Forecast) | 31 | \$1,511,092 | 0% | 60% | 40% | Basic Health Program (BHP) | | | | | X |
| 9 | Medical Assistance (MA) | 33 | \$24,758,404 | 40% | 2% | 58% | Medicaid | X | | | | |
| 10 | Alternative Care (AC) | 34 | \$131,525 | 66% | 3% | 30% | Medicaid | X | | | | |
| 11 | Chemical Dependency Entitlement Grants | 35 | \$319,103 | 51% | 11% | 39% | Medicaid; Federal CD Block Grant | X | | X | | |
| 12 | Grant Programs | | | | | | | | | | | |
| 13 | Support Services Grants | 41 | \$214,522 | 10% | 0% | 90% | TANF Block Grant | | | X | | |
| 14 | Basic Sliding Fee Child Care (includes TANF transfers) | 42 | \$192,919 | 48% | 0% | 52% | Child Care and Development Block Grant (CCDF) | | | X | | |
| 15 | Child Care Development Grants | 43 | \$28,350 | 12% | 22% | 65% | Child Care and Development Block Grant (CCDF) | X | | X | | |
| 16 | Child Support Enforcement Grants (Feb. 2015 Forecast) | 44 | \$3,356 | 3% | 89% | 8% | Title IV-D Child Support Grants | | | | | X |
| 17 | Children's Services Grants | 45 | \$55,916 | 44% | 12% | 44% | Foster Care Title IV-E | X | | | | |

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|------|--|------|---------------------------------------|-------------------------|------------------------|--------------------------|---|------------------|-------------|------------------------|------------------------|-------------------------|
| 18 | Northstar Care for Children | 26 | \$163,585 | 58% | 0% | 42% | Adoption Assistance/ Foster Care Title IV-E | X | | | | |
| 19 | Children & Community Services Grants | 46 | \$174,076 | 65% | 0% | 35% | Social Services Block Grant-Title XX (SSBG) | | | | X | |
| 20 | Children & Economic Support Grants | 47 | \$1,173,018 | 4% | 0% | 96% | SNAP; Community Services Block Grant (CSBG) | | | | X | X |
| 21 | Refugee Grants | 48 | \$11,512 | 0% | 0% | 100% | Refugee Social Services | | | | | X |
| 22 | Health Care Grants | 51 | \$35,520 | 2% | 19% | 79% | HIT; Money Follows the Person | | | | | X |
| 23 | Aging & Adult Services Grants | 53 | \$100,341 | 55% | 0% | 45% | Support Programs for the Aging; Vulnerable Elder Rights Protection Grants | X | X | | | |
| 24 | Deaf & Hard of Hearing Grants | 54 | \$4,288 | 87% | 13% | 0% | none | | | | | |
| 25 | Disabilities Grants | 55 | \$99,285 | 61% | 25% | 14% | Money Follows the Person; Ryan White (HIV/AIDS) Care Formula Grants | | X | | | |
| 26 | Adult Mental Health Grants | 57 | \$147,194 | 89% | 3% | 8% | Block Grants for Community Mental Health Services; | | | X | | |
| 27 | Children's Mental Health Grants | 58 | \$41,272 | 100% | 0% | 0% | none | | | | | |
| 28 | Chemical Dependency Non-Entitlement Grants | 59 | \$12,671 | 18% | 14% | 67% | Federal CD Block Grant | | | X | | |
| 29 | State Operated Services | | | | | | | | | | | |
| 30 | SOS Mental Health | 61 | \$248,054 | 93% | 7% | 0% | none | | | | | |
| 31 | SOS Enterprise Services | 62 | \$0 | | | | | | | | | |
| 32 | Minnesota Security Hospital | 63 | \$150,304 | 99% | 1% | 0% | none | | | | | |
| 33 | Sex Offender Program | 71 | \$159,490 | 97% | 3% | 0% | none | | | | | |

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|------|--|------|---------------------------------------|-------------------------|------------------------|--------------------------|------------------------|------------------|-------------|------------------------|------------------------|-------------------------|
| 34 | Fiduciary Activities | 81 | \$5,840 | 0% | 100% | 0% | none | | | | | |
| 35 | Technical Activities | 91 | \$1,123,758 | na | na | na | see examples below | | | | | |
| 36 | Examples of Technical Activities: | | | | | | | | | | | |
| 37 | <i>Medicaid Administration</i> | | \$602,668 | | | | | | | | | |
| 38 | <i>Title IV-D Child Support Admin</i> | | \$226,224 | | | | | | | | | |
| 39 | <i>SNAP Administration</i> | | \$90,112 | | | | | | | | | |
| 40 | <i>SNAP - Group Residential Housing</i> | | \$31,738 | | | | | | | | | |
| 41 | <i>Title IV-E Foster Care</i> | | \$60,550 | | | | | | | | | |
| 42 | <i>Title IV-E Adopt Assistance</i> | | \$15,190 | | | | | | | | | |
| 43 | <i>State Survey & Certification</i> | | \$13,886 | | | | | | | | | |
| 44 | Total | | \$33,143,837 | 38% | 6% | 56% | | | | | | |

Source: MMB BPAS data for November 2014 adjusted (except MinnesotaCare and Child Support Enforcement are as of February 2015 Forecast.)

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Department of Human Services Federal Funding — Notes on Federal Requirements/Provisions by DHS Budget Program or Activity

Central Office Operations

All Department of Human Services (DHS) Central Office administrative costs, regardless of Fund, are allocated in accordance with a federally required and approved cost allocation plan. The first step is to allocate these administrative costs between the benefitting state, federal, private and fee-based programs. In the second step costs allocated to (i.e. benefitting) federal programs are claimed for federal reimbursement at the Federal Financial Participation (FFP) rate applicable to each federal program. Upon receipt of the reimbursement from the federal agency, state law specifies whether these funds are deposited in the General Fund (GF) as non-dedicated revenue, or they are retained by DHS for spending (for example FFP earned on Systems operations is retained by DHS). Historically, the actual federal reimbursement deposited in the GF, as a percentage of GF expenditures, has been approximately 35%. As a reimbursement, any reduction in appropriation for state funded services or administration would result in a reduction in FFP going to the state's General Fund. With respect to Systems operations, the federal reimbursement retained in the DHS Systems fund for systems operation has been approximately: 71% for MMIS, 52% for MAXIS/MEC2, 66% for PRISM, and 41% for SSIS.¹

Operations

The federal Adam Walsh Child Protection Act requires states to comply with the background study requirements in order to continue to receive federal funding under Title IV-E of the Social Security Act for services provided to children in child care placements and adoptive homes.

A new background study system to conduct fingerprint based background studies is funded with a combination of state and federal funds. Federal funding is contingent on state match. The current match is roughly \$3 in federal funding for every \$1 in state funding.

Federal Medicaid regulations require states with a Medicaid program to fund and maintain Surveillance and Integrity Review (SIRS) units. SIRS is responsible for MA regulatory compliance and fraud investigations.

The state Fraud Prevention Investigation (FPI) prevents program fraud through county investigation structures and state goals and guidelines. Federal match (50%) is contingent on state funding.

¹ These FFP rates are used in FY2016-17 biennial budget development and fiscal notes.

Forecasted Grant Programs

Minnesota Family Investment Program (MFIP) / Diversionary Work Program

The MFIP / DWP program is funded with a combination of state funds and federal Temporary Assistance for Needy Families (TANF) funds. States have broad flexibility to spend federal TANF funds that meet the purposes of the TANF program: (a) Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (b) End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (c) Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (d) Encourage the formation and maintenance of two-parent families.

To receive the federal block grant, there is also a state maintenance of effort (MOE) requirement. States must spend 75 to 80 percent of historic spending amounts on programs that meet the purposes of TANF. Minnesota meets the MOE requirement through state expenditures in the MFIP program as well as other state programs.

States must also meet a federal work participation requirement (WPR)². Fifty percent of work-eligible individuals who receive TANF assistance must meet minimum hourly requirements in federally specified work activities such as paid work, job search, and job skills training. The state maintenance of effort spending requirement is based on whether it meets the WPR requirement. In Minnesota, the maintenance of effort requirement is \$176.6 million if the WPR is met, and \$188 million if the state does not meet the WPR.

MFIP Child Care and Basic Sliding Fee Child Care

The child care assistance programs are funded with a combination of state funds, federal Child Care Development Funds (CCDF) and federal TANF funds. CCDF and TANF funds are block grants to states that have maintenance of effort requirements. In addition, the CCDF has a matching requirement for drawing the maximum funds available.

Minnesota Supplemental Aid and Group Residential Housing

MSA and GRH base payments are included in Minnesota's state supplement to Supplemental Security Income (SSI). MSA is paid to people who receive SSI or who would receive SSI, but their income is just over the SSI limit. Maintenance of the state supplement to SSI is a mandatory federal requirement for a state to be in compliance with the maintenance of effort requirement with the Social Security Administration and is a mandatory federal requirement for a state to be eligible for federal financial participation for Medical Assistance payments.

² Minnesota also measures performance using the Self-Sufficiency Index, which measures long-term work outcomes of the MFIP program.

For MSA, Minnesota agrees to provide State supplementary payments to recipients of SSI and agrees to pass along increases in federal SSI benefits. For the MSA program, the amount that is considered part of our MOE agreement is the MSA base supplement (MSA standards). Excluded from the MOE requirement are all special needs items including special diets and other special needs payments, which include money for special diets, payment for representative payee services, guardian or conservator service fees and necessary non-recurring home repairs and help with high housing costs. Of total state MSA expenditures, all but around \$5 million per year are included in the MOE requirement.

For GRH, the base rate payment to individuals who qualify for GRH based on MSA/SSI eligibility is part of this MOE requirement. Individuals who qualify for GRH under GA or supplemental service payments would not be included in the MOE.

MinnesotaCare

Beginning January 1, 2015, MinnesotaCare is operated under section 1331 of the Patient Protection and Affordable Care Act (P.L. 111-148) as a Basic Health Program (BHP). Minnesota submitted a BHP Blueprint to the Centers for Medicaid and Medicare Services (CMS) for certification and to qualify for federal funds.

As a BHP, MinnesotaCare is funded with a combination of state funds and federal BHP funding. The federal BHP funding equates to a per person subsidy equal to 95 percent of the federal subsidy amount that would have been received had they purchased insurance through the health insurance exchange. The federal share of BHP funding is deposited into a BHP Trust Fund Account in the state's Federal Fund and can only be used to purchase health care coverage for enrollees, reduce enrollee premiums and cost sharing, or provide additional enrollee benefits.

Medical Assistance (MA)

Federal laws related to the Medicaid program (Medical Assistance, or MA, in Minnesota) place limits on state actions relating to MA spending. By accepting federal matching funds, states are subject to federal Medicaid regulations. States have some flexibility in determining what services are covered, what groups of people are covered, and in setting payment rates to providers. Actions that are out of compliance with federal law could result in a loss of federal funding or other enforcement mechanisms.

42 CFR 440.210 and 440.220 establish services that are mandated to be covered under a state's Medicaid program.³ Certain other services can be furnished under the State Plan at a state's option.

Federal law requires states to ensure that MA payments to providers are sufficient to assure adequate access to services for clients. 42 U.S.C. § 1902(a)(30)(A) requires a state plan for Medicaid to "*provide such methods and procedures relating to the utilization of, and the payment for, care and services under the plan . . . to assure that payments are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area.*"

Federal law specifies that some Medicaid eligibility groups are mandatory. Others can be included at a state's option. A recent Kaiser Family Foundation issue brief⁴ explained the distinction this way: federal funding for Medicaid was available only for specified categories of low-income individuals: children, pregnant women, parents of dependent children, individuals with disabilities, and people age 65 and older. States were required to cover individuals in these groups up to federal minimum income thresholds, but also had the option to expand coverage to people at higher income levels. State options exercised in Minnesota include MA for employed persons with disabilities, and medically needy people with incomes above the MA limit who are eligible for MA under a spend down. Under the Patient Protection and Affordable Care Act, Minnesota also exercised a newer option to cover childless adults.

Section 2001 of the Patient Protection and Affordable Care Act prohibits states from initiating changes to Medicaid eligibility standards, methodologies and practices that are more restrictive than those in place on March 23, 2010. The prohibition on restricting eligibility for adults is effective until the date an Exchange is established, and for children is effective through September 30, 2019.

The federal matching rate, or FMAP, that applies for most groups and most services is based on the state's per capita income. Minnesota's FMAP is generally 50%.⁵

³ The mandatory Medicaid services for the categorically needy and/or medically needy include: Inpatient hospital services; Outpatient hospital services and rural health clinic services; Laboratory and X-ray services; nursing facility services for individuals age 21 or older (other than services in an institution for mental disease (IMD)); early periodic screening, diagnosis, and treatment (EPSDT) services for children under age 21; family planning services and supplies; physician services; medical and surgical services of a dentist; home health services and medical equipment and supplies; home health services for beneficiaries who are entitled to nursing facility services under the state's Medicaid plan, including intermittent or part-time nursing services; federally qualified health center services; nurse midwife services; nurse practitioner services; and pregnancy-related services (through 60 days postpartum) and services for other conditions that might complicate pregnancy.

⁴ Paradise, Julia, *Medicaid Moving Forward*, (March 2015 Issue Brief: The Kaiser Commission on Medicaid and the Uninsured.)

⁵ The Medicaid expansion group of low income childless adults has a different FMAP percentage: 100 percent in calendar years 2014-2016, 95 percent in calendar year 2017, 94 percent in calendar year 2018, 93 percent in calendar year 2019, and 90 percent in calendar years 2020 and beyond.

Alternative Care

The Alternative Care (AC) program is funded with a combination of state funds and federal funds participation under a Medicaid 1115 demonstration project waiver. Effective November 1, 2013, the state receives a 50% federal share for AC.

Chemical Dependency Entitlement and Chemical Dependency Non-Entitlement Grants

These grants are partially funded with the federal Substance Abuse Treatment and Prevention block grant, which includes a maintenance of effort requirement. The state must maintain spending for substance abuse and related activities that is not less than the average spent in the prior two years.

Grant Programs

Support Services Grants

These grants include the MFIP Consolidated Funds which is funded primarily with TANF. The state share of the fund is used in meeting TANF MOE and as a match to draw federal SNAP Employment and Training funds.

Basic Sliding Fee (BSF) Child Care - see MFIP Child Care (page 2 above). There is also a county share of \$2.9 million per year statewide.

Child Care Development Grants

These grants are funded primarily with the federal CCDF block grant which includes a maintenance of effort and a match requirement.

Child Support Enforcement Grants

See **Title IV-D Child Support** under **Technical Activities** (page 8 below).

Children's Services Grants

These grants include federal funding through Title IVB-1 (Child Welfare Services), Title IVB-2 (Promoting Safe and Stable Families) which require a 25% state match, and Child Abuse and

Prevention Treatment Act (no state match requirement). Grants are also funded through Title IV-E. The state and county⁶ pays the non-federal share for eligible IV-E foster care placement services, and administrative and training activities, with reimbursement based on the state's FMAP, which is 50 percent. In addition, the federal Chafee Foster Care Independence Program (a separate part of Title IV-E) requires a 20 percent match.

Northstar Care for Children

These grants include funding through counties⁷, state funds and federal funds through Title IV-E Foster Care. This Title IV-E funding is for monthly maintenance payments for children in foster care or Kinship care and for Adoption assistance, provided they are eligible. The federal financial participation rate is 50 percent. Some tribes receive a higher federal rate (typically 83 percent) which is earned by the organization that pays for the eligible child's costs. Also included are kinship assistance and adoption assistance.

Children & Community Services Grants

These grants include the state Vulnerable Children and Adults Act grant funds, federal Title XX Social Services block grant funds, and federal TANF. There is no match or MOE requirement for the Social Services Block Grant.

Children & Economic Support Grants

The largest expenditure under this budget activity is the 100% federally funded Supplemental Nutritional Assistance Program (SNAP) benefits. Other grants issued under this budget activity include state funds and federal Community Services Block Grant funds. There is no match or MOE requirement for the Community Services Block Grant.

Health Care Grants

Grants in this area include Health Information Technology (HIT) grants, which are federal grants from Center for Medicare and Medicaid Services (CMS), under the ARRA-HITECH law. Incentive payments to eligible Medicaid providers that meet program requirements are 100% federally funded. Program implementation and administration are 90% federally funded with a 10% state match (from the DHS Systems fund).

⁶ County spending on IV-E eligible children is outside of the BPAS budget and SWIFT accounting systems, and is not reflected in the associated table of All Funds Spending by Budget Activity.

⁷ County spending on children in the Northstar Care for Children program is outside of the BPAS budget and SWIFT accounting systems, and is not reflected in the associated table of All Funds Spending by Budget Activity.

This budget activity also includes funding for navigator grants to community organizations throughout the state. These organizations receive 'per enrollment' compensation through navigator grants for each person enrolled in MA or MinnesotaCare.⁸ Payments to navigators for enrolling someone in MA are matched with 50% federal funding. Payments for enrolling someone in MinnesotaCare do not earn federal match.

It also includes federal funding for a Medicaid Incentives for the Prevention of Chronic Diseases grant. Authorized by the Patient Protection and Affordable Care Act, this is a CMS research project to evaluate the effectiveness of offering monetary incentives in weight loss/diabetes prevention for MA recipients. No state matching or maintenance of effort required.

Aging & Adult Services Grants

State Senior Nutrition, Information and Assistance, and Prescription Drug grants provide the state match and MOE for federally mandated Older Americans Act (OAA) core services that are provided through the Area Agencies on Aging. The following services are mandatory under the federal OAA: Access and in-home services; Senior nutrition and nutrition services incentive program; Preventative health/health promotion services; and Caregiver support services.

The match requires that 7.5% or 12.5% of funds (depending upon the program) must be from state funding. There is also an MOE requirement for the state match.

Disabilities Grants

The Ryan White HIV /AIDS program provides federal funding that helps people with HIV /AIDS get access to necessary medical care and support services, and that helps people living with AIDS maintain private health insurance coverage. It does not have a match requirement but does have a Maintenance of Effort requirement.

The federal Money Follows the Person grant — called Moving Home Minnesota — also has a Maintenance of Effort requirement; it does not have a match requirement.

⁸ Certified navigators are: persons who help individuals and families achieve successful enrollments into health plans through the MNsure marketplace; listed on the MNsure website; and obligated to help any consumer that contacts them for assistance. Navigators are not insurance agents or brokers. They help people work through the process of applying and enrolling.

Adult Mental Health Grants

These grants are partially funded with the federal Community Mental Health Services block grant, which has a Maintenance of Effort requirement. The state must maintain spending for community mental health services that is not less than the average spent in the prior two years.

Chemical Dependency Non-Entitlement Grants - see Chemical Dependency Entitlement Grants (page 5 above)

Technical Activities

Medicaid Administration

The federal government matches state and county administrative spending. The matching rate sometimes varies; the standard rate is 50 percent.

Title IV-D Child Support

In order for states to have a Temporary Assistance for Needy Families program and receive that federal block grant, federal law requires each state to have a child support enforcement program. The federal government matches 66 percent of state and county administrative spending on child support enforcement activities.