

Arizona Health Cost Care Containment System
Long-Term Care

A.R.S. § 36-2901

		FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
OPERATING BUDGET					
ALTCS Lump Sum Appropriation	(SM)	19,738,100	34,946,300	48,213,300	58,449,900
	(TF)	498,818,200	568,039,100	632,968,900	694,667,900
Board of Nursing	(SM)	0	68,300	104,800	104,800
	(TF)	209,700	209,700	209,700	209,700
TOTAL APPROPRIATIONS	(SM)	19,738,100	35,014,600	48,318,100	58,554,700
	(TF)	499,027,900	568,248,800	633,178,600 ^{1/2/3/}	694,877,600 ^{1/2/3/}
FUND SOURCES					
General Fund		19,738,100	35,014,600	48,318,100 ^{4/5/}	58,554,700 ^{4/5/}
<u>Other Appropriated Funds</u>					
County Funds		154,588,000	157,415,200	168,759,700	178,879,600
Federal Title XIX Funds		324,701,800	375,819,000	416,100,800	457,443,300
<i>Subtotal - Other Appropriated Funds</i>		<u>479,289,800</u>	<u>533,234,200</u>	<u>584,860,500</u>	<u>636,322,900</u>
TOTAL APPROPRIATIONS		499,027,900	568,248,800	633,178,600	694,877,600

SM = State Match, and consists of the state General Fund and County Funds.
TF = Total Funds, and represents the sum of the State Match and Federal Funds.

- ^{1/} Any Federal Funds that the Arizona Health Care Cost Containment System Administration passes through to the Department of Economic Security for use in long-term administration care for the developmentally disabled shall not count against the Long-Term Care expenditure authority above. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated by Special Line Items for the Program.
- ^{3/} Before making fee-for-service program or rate changes that pertain to hospital, nursing facility, or home and community based services rates or for any of the other fee-for-service rate categories that have increases that, in the aggregate, are 2% above and \$1,500,000 from the state General Fund greater than budgeted medical inflation in FY 2002 and FY 2003, the Arizona Health Care Cost Containment System Administration shall report its plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote)
- Before implementation of capitation rate changes that have a budgetary impact, the Arizona Health Care Cost Containment System Administration shall report its plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote)
 - The administration shall provide the Joint Legislative Budget Committee staff an implementation plan for the provider rate adjustment by September 1, 2001. (General Appropriation Act footnote)
 - It is the intent of the Legislature that the agency distribute 100% of the increase intended for providers to contracted community treatment providers. (General Appropriation Act footnote)
 - It is the intent of the Legislature that the provider rate increase be incorporated into contracted rates. Since this increase in the contracted rate would not be competitively procured, the adjustment in this section is exempt from the provisions of Arizona Revised Statutes, Title 41, Chapter 23, related to procurement. (General Appropriation Act footnote)
 - It is the intent of the Legislature that independent providers are eligible for these increases. (General Appropriation Act footnote)
 - It is the intent of the Legislature that community treatment providers allocate the adjustments for salary increases to direct care staff who provide direct care services for more than 80% of their time weekly and who earn less than \$13.00 per hour. (General Appropriation Act footnote)
 - It is the intent of the Legislature that these funds be spent for ongoing pay adjustments and salary-related Employee Related Expenses such as Workers' Compensation, Unemployment Insurance, and FICA. (General Appropriation Act footnote)
 - Each contract provider receiving a rate adjustment shall report to the agency by June 1, 2002 on how the adjustment was used. The Arizona Health Care Cost Containment System shall summarize this information and report it to the Joint Legislative Budget Committee by July 1, 2002. (General Appropriation Act footnote)
 - It is the intent of the Legislature that the adjustment be directed toward raising rates paid to providers receiving less than other providers providing similar levels of service for the same service types, if applicable. (General Appropriation Act footnote as added by Laws 2001, Chapter 385)
- ^{4/} This amount represents a direct appropriation. All other expenditures are part of total expenditure authority.
- ^{5/} Pursuant to A.R.S. § 11-292B, the FY 2002 nonfederal portion of the costs of providing long-term care system services is \$217,077,800. The state contribution is \$48,318,100 and the county contribution is \$168,759,700. The FY 2003 nonfederal portion of the costs of providing long-term care services is \$237,434,300. The state contribution is \$58,554,700 and the county contribution is \$178,879,600. (General Appropriation Act footnote)

COST CENTER DESCRIPTION — *The Arizona Long-Term Care System (ALTCS) was established in 1989 to provide federal Medicaid long-term care services to persons meeting federally-prescribed income and resource standards and at risk of being institutionalized. Prior to FY 1998, ALTCS program costs were funded entirely with county and federal dollars. Beginning in FY 1998, the state and the counties share in the cost of ALTCS program growth pursuant to a formula based on utilization, net assessed property value growth, and reservation populations. The state continues to fund the non-federal share of the administrative cost of ALTCS. The AHCCCS Administration conducts ALTCS eligibility and is also responsible for contracting with providers. As in the Acute Care program, providers receive a monthly capitation payment that covers the full range of ALTCS services, including acute medical services.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of nursing facility residents that receive influenza immunization	91/78	95/80	82	85
• % of members utilizing Home and Community Based Services (HCBS)	41/41	41/46	47	49
• % of ALTCS applications processed on time (within 45 days)	96/93	93/93	91	90
• % of financial redeterminations processed on time (within 12 months)	96/96	96/96	93	90

Lump Sum Appropriation — The approved FY 2002 amount is based on 20,539 average annual member years and an average cost of \$2,388 per member per month. The approved amount reflects the cost of Capitation, Fee-for-Service, Reinsurance, and Medicare Premiums. The estimate reflects a projected increase in population of 6%, combined with a 3.5% cost increase for medical inflation.

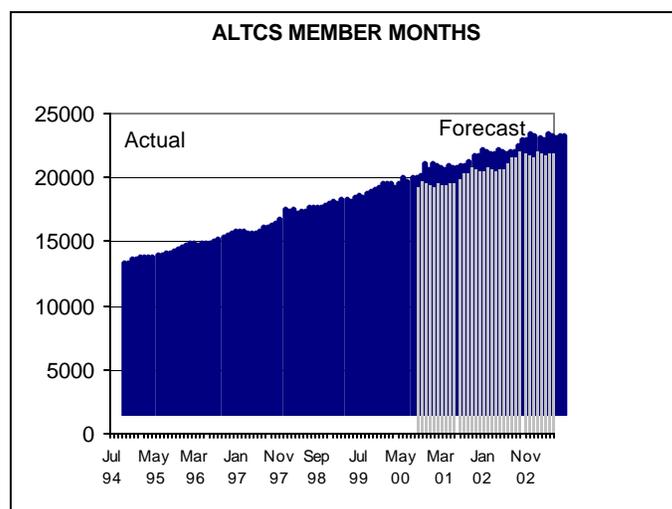
The approved FY 2003 amount is based on 21,772 average annual member years and an average cost of \$2,472 per member per month. This reflects a projected increase in population of 6% and a 3.5% cost increase for medical inflation.

In addition, the approved amounts include an additional increase of 3.7% in FY 2002 above the standard medical inflation amount for increases in Home and Community Based Services and nursing facilities reimbursement rates. The rate increase is intended to provide salary increases to direct care staff earning less than \$13 per hour. Several footnotes provide additional specifications for implementing the increase, which were amended by Laws 2001, Chapter 385.

- AHCCCS shall provide an implementation plan to the Joint Legislative Budget Committee (JLBC) by September 1, 2001.
- It is the intent of the Legislature that 100% of the increase be distributed to providers.
- The rate increase is to be incorporated into the contracted rates (including independent providers) and the adjustment is exempt from procurement statutes.
- The increase is intended to raise the rates of providers receiving a lower reimbursement rate for similar types and levels of service.

- The salary increase is intended for persons spending more than 80% of their time providing direct care services and earning less than \$13 per hour.
- The monies may be used for employee related costs associated with the pay increase.
- Each provider receiving an increase shall report to AHCCCS by June 1, 2002 on how the increase is used and AHCCCS shall summarize and report this information to the JLBC by July 1, 2002.

Demographic and Funding Information — The chart below shows the actual and forecasted population growth of the ALTCS program. As the chart shows, the ALTCS population has been growing at a linear rate of 6 to 9% per year. In the recent past the growth rate has been at the lower end of that range. The population is projected to grow at 6% for FY 2002 and FY 2003.



Pursuant to A.R.S. § 11-292, the state and the counties share in the growth of the ALTCS program. In FY 2002 and FY 2003, the state and county shares of the growth are based on the following formula:

1. The growth is split 50% to the state, 50% to the counties.
2. The counties' portion is allocated among the counties based on their expenditures for ALTCS from FY 2000.
3. Each county's contribution is then limited to 90 cents per \$100 of net assessed property value.
4. In counties with an "on-reservation" population of at least 20%, the contribution is limited by an alternative formula specified in statute.
5. If any county would still pay more under the above provisions than under the previous statutory percentages, that county's contribution is limited by a further alternative formula specified in statute.

The FY 2002 approved amount includes a total General Fund ALTCS contribution of \$48,318,100, which is an increase of \$13,303,500 above FY 2001. The FY 2003 approved amount includes a total General Fund ALTCS contribution of \$58,554,700, which is an increase of \$23,540,100 above FY 2001.

The approved FY 2002 amount also includes a county contribution of \$168,759,700, which is an increase of \$11,344,500 above the FY 2001 contribution. The approved amount for FY 2003 includes a county contribution of \$178,879,600, which is an increase of \$21,464,400 above FY 2001. *Table 1* shows the allocation of the county contribution among the counties for FY 2002 and FY 2003.

Board of Nursing — This Special Line Item reflects amounts to be passed through to the Board of Nursing for the cost of administering the Nurse Aid Training program.

Additional Legislation: AHCCCS; Eligibility; Programs (Chapter 385) — This bill amended the footnotes in the General Appropriation Act relating to the Long-Term Care provider rate increase. (*See the Lump Sum Appropriation section for further information.*)

[Click here to return to the Table of Contents](#)

Table 1		
County Contributions		
	<u>FY 2002</u>	<u>FY 2003</u>
Apache	\$ 402,661	\$ 242,486
Cochise	4,537,174	4,623,676
Coconino	1,207,983	1,281,013
Gila	2,827,307	2,978,664
Graham	826,625	856,765
Greenlee	205,923	218,958
La Paz	595,894	632,650
Maricopa	101,077,241	107,352,292
Mohave	5,590,563	5,929,770
Navajo	1,665,552	1,766,245
Pima	31,220,238	33,152,291
Pinal	6,471,781	6,976,958
Santa Cruz	1,635,342	1,734,376
Yavapai	5,710,366	6,055,599
Yuma	<u>4,785,034</u>	<u>5,077,880</u>
TOTAL	\$168,759,700	\$178,879,600