

**Department of Economic Security**  
**Developmental Disabilities**

A.R.S. § 41-1954

JLBC Analyst: Stefan Shepherd

|  | <b>FY 2000<br/>Actual</b> | <b>FY 2001<br/>Estimate</b> | <b>FY 2002<br/>Approved</b>           | <b>FY 2003<br/>Approved</b>           |
|--|---------------------------|-----------------------------|---------------------------------------|---------------------------------------|
| <b>OPERATING BUDGET</b>                    |                           |                             |                                       |                                       |
| Full Time Equivalent Positions             | 339.0                     | 339.0                       | 373.0 <sup>1/</sup>                   | 373.0 <sup>1/</sup>                   |
| Personal Services                          | 2,998,500                 | 2,773,100                   | 2,860,600                             | 3,003,000                             |
| Employee Related Expenditures              | 658,100                   | 639,100                     | 716,600                               | 694,800                               |
| Professional and Outside Services          | 390,900                   | 118,700                     | 582,800                               | 582,800                               |
| Travel - In State                          | 114,700                   | 96,600                      | 96,600                                | 96,600                                |
| Other Operating Expenditures               | 511,700                   | 320,200                     | 326,100                               | 326,100                               |
| Equipment                                  | 44,800                    | 0                           | 354,000                               | 325,400                               |
| <i>Operating Subtotal</i>                  | 4,718,700                 | 3,947,700                   | 4,936,700                             | 5,028,700                             |
| Case Management                            | 3,601,100                 | 1,956,600                   | 3,086,300                             | 3,172,300                             |
| Home and Community Based Services          | 20,414,000                | 29,980,100                  | 28,550,000 <sup>2/</sup>              | 28,603,100 <sup>2/</sup>              |
| Institutional Services                     | 125,400                   | 294,900                     | 294,900                               | 294,900                               |
| Arizona Training Program at Coolidge       | 5,260,400                 | 5,174,700                   | 5,598,200                             | 5,743,000                             |
| State-Funded Long Term Care Services       | 15,287,000                | 17,409,400                  | 17,952,400                            | 18,826,800                            |
| <b>TOTAL APPROPRIATIONS</b>                | <b>49,406,600</b>         | <b>58,763,400</b>           | <b>60,418,500</b> <sup>3/4/5/6/</sup> | <b>61,668,800</b> <sup>3/4/5/6/</sup> |
| <b>FUND SOURCES</b>                        |                           |                             |                                       |                                       |
| General Fund                               | 38,954,300                | 44,813,000                  | 45,925,100                            | 46,301,000                            |
| <u>Other Appropriated Funds</u>            |                           |                             |                                       |                                       |
| Long Term Care System Fund                 | 10,452,300                | 13,950,400                  | 14,493,400                            | 15,367,800                            |
| <i>Subtotal - Other Appropriated Funds</i> | 10,452,300                | 13,950,400                  | 14,493,400                            | 15,367,800                            |
| <b>TOTAL APPROPRIATIONS</b>                | <b>49,406,600</b>         | <b>58,763,400</b>           | <b>60,418,500</b>                     | <b>61,668,800</b>                     |

<sup>1/</sup> Includes 279.1 FTE Positions funded from Special Line Items in FY 2002 and FY 2003.

<sup>2/</sup> It is the intent of the Legislature that any available surplus monies for developmental disability programs be applied toward the waiting list, unless there are insufficient monies to annualize these costs in the subsequent year. The children's waiting list shall receive first priority. The amount appropriated for Developmental Disabilities shall be used to provide for services for non-Title XIX eligible clients. The amount shall not be used for other purposes, unless a transfer of monies is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)

<sup>3/</sup> It is the intent of the Legislature that monies appropriated for services relating to adult day services in the Division of Developmental Disabilities budget be transferred to the Division of Employment and Rehabilitation Services, Rehabilitation Services Administration to accommodate individuals who are determined by the Division of Developmental Disabilities to need vocational independence in a supported work environment. These monies may be transferred back to the Division of Developmental Disabilities if a supported work environment is no longer the most appropriate day placement for a client. (General Appropriation Act footnote)

<sup>4/</sup> The Department of Economic Security shall report all new placements into a state-owned ICF-MR or the Arizona Training Program at Coolidge Campus in FY 2002 and FY 2003 to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee, and the reason why this placement, rather than a placement into a privately run facility for the developmentally disabled, was deemed as the most appropriate placement. The department should also report if no new placements were made. This report shall be made available by July 15, 2002 and July 15, 2003. (General Appropriation Act footnote)

<sup>5/</sup> This amount does not include a triggered appropriation made by Laws 2001, Chapter 235 for new Developmental Disabilities automation funding. Triggered appropriations in FY 2002 and FY 2003 depend on the availability of excess revenues. *For more information, refer to the "Triggered Appropriations" description in this cost center and the "Summary of Appropriations Triggered by Revenues" table at the front of this report.*

<sup>6/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

**COST CENTER DESCRIPTION** — *The Developmental Disabilities (DD) program provides 100% state-funded services to individuals with mental retardation, cerebral palsy, autism or epilepsy. Clients eligible for federal Title XIX program services are funded through the Long Term Care (LTC) Program; 100% state-funded services to these LTC clients are provided in the DD program. Besides contracting for services, the program: a) operates the Arizona Training Program at Coolidge (ATP-C) and smaller state-operated group homes, and b) provides case management services to recipients.*

| <b>PERFORMANCE MEASURES</b>   | FY 1999<br>Est./Actual | FY 2000<br>Est./Actual | FY 2001<br>Estimate | FY 2002-03<br>Estimate |
|---|------------------------|------------------------|---------------------|------------------------|
| • % of consumer satisfaction with case management services  | 85/85                  | NA/87                  | 89                  | 90/95                  |
| • % of consumers (people who live at home) who are satisfied with services and support (biennial survey)* | NA                     | NA/65                  | NA                  | 75/NA                  |
| • Average number of clients served monthly, including state only and Long Term Care                       | 17,205/16,566          | 17,734                 | 18,934              | 20,049/21,269          |
| • Cost per member year - Arizona Training Program at Coolidge (in \$)                                     | 7,800/89,100           | 89,600/89,000          | 90,900              | 93,700                 |
| • Average number of Arizona Training Program at Coolidge clients  | 175/179                | 175/171                | 175                 | 175                    |

\* The second consumer satisfaction measure is conducted every other year.

**FY 2001 Supplemental** — The FY 2001 supplemental bill included an increase of \$986,100 Other Funds (OF) to address a shortfall in the State-Funded Long Term Care Services line item. *(Please see the **State-Funded Long Term Care Services** discussion for further details on the line item.)*

**Base Realignment** — The approved FY 2002 and FY 2003 amounts include a shift of \$1,680,200 GF from the Home and Community Based Services (HCBS) line item to the operating budget, Case Management, and ATP-Coolidge Special Line Items. This shift will address reduced federal revenues associated with the Targeted Case Management program. Previous years' deficits resulting from these reduced revenues have been covered from surpluses in the HCBS line. The Targeted Case Management program provides DES with Federal Funds from the Arizona Health Care Cost Containment System (AHCCCS) for providing case management services to DD clients receiving AHCCCS acute care services but not eligible for the LTC program.

**Infrastructure Improvements** — The approved FY 2002 and FY 2003 amounts include increases for one-time equipment. The approved FY 2002 amount includes an increase of \$354,000 above FY 2001, which would replace phone systems for \$121,100 and furniture and copiers for \$232,900. The approved FY 2003 amount includes an increase of \$325,400 above FY 2001, which would fund replacement vehicles. These monies match \$1,700,300 Total Funds (TF) approved over the biennium in the Long Term Care cost center.

In addition, Laws 2001, Chapter 235, appropriates \$1,876,100 in FY 2002 and \$2,002,100 in FY 2003 from the General Fund for improvements to the division's automation system. The project would replace the ASSISTS computer system and other information systems with an integrated case management, payment and management information system. These appropriations are contingent on the availability of excess revenues in FY 2001 and FY 2002. *(See **Triggered Appropriations** in this cost center and **Automation Project** in the Long Term Care cost center for more detail on the conditions of these appropriations.)*

**Member Year Estimates** — The approved FY 2002 and FY 2003 amounts are based upon member-year caseload estimates in the Developmental Disabilities (DD) program. *Table 1* below summarizes the caseload estimates for the Special Line Items:

| <b>Special Line Item</b>             | <b>FY 2002</b> | <b>FY 2003</b> |
|--------------------------------------|----------------|----------------|
| Home and Community Based Services    | 4,017          | 4,037          |
| Institutional Services               | 3              | 3              |
| Arizona Training Program at Coolidge | 56             | 56             |
| <b>TOTAL</b>                         | <b>4,076</b>   | <b>4,096</b>   |

**Special Line Items**

**Case Management** — This line item funds case management services to clients in the DD program. The approved amounts, \$3,086,300 GF in FY 2002 and \$3,172,300 GF in FY 2003, include an increase of \$1,011,900 GF in both years associated with the **Base Realignment** transfer discussed above. In addition to these amounts, it is assumed that the department will receive \$1,199,000 of non-appropriated Federal Funds

yearly from AHCCCS for implementing targeted case management. This line item includes 88.7 GF FTE Positions. (Please see the **Base Realignment** discussion for further details.)

**Home and Community Based Services** — This line item funds residential programs, day programs, and support services for clients in a broad range of settings, from those living independently at home to those living in group homes. The approved amounts, \$28,550,000 GF in FY 2002 and \$28,603,100 GF in FY 2003, include a decrease of \$(1,680,200) GF in both years associated with the **Base Realignment** transfer discussed above.

The approved amounts are expected to provide a total of 4,037 member years of service in FY 2002 and FY 2003, allocated as shown in *Table 2*.

| <b>HCBS Setting</b>                | <b>FY 2002</b> | <b>FY 2003</b> |
|------------------------------------|----------------|----------------|
| At Home with Family                | 3,459          | 3,478          |
| Adult Developmental Foster Home    | 62             | 62             |
| Group Home                         | 400            | 401            |
| Children Developmental Foster Home | 43             | 43             |
| Independent Living                 | 42             | 42             |
| State-Operated Group Home          | <u>11</u>      | <u>11</u>      |
| <b>TOTAL</b>                       | <b>4,017</b>   | <b>4,037</b>   |

This line item includes 50.9 GF FTE Positions. The positions represent division employees in state-operated facilities.

**Institutional Services** — This line item funds residential and day programs to clients with more severe developmental disabilities. These clients reside in Large Group Living Facilities (LGLFs) or other nursing facilities.

The approved FY 2002 and FY 2003 amounts, \$294,900 GF, are unchanged from FY 2001 and are expected to provide 3 member years of service in LGLFs each year.

**Arizona Training Program at Coolidge** — This line item funds an entire range of services for DD clients residing at the ATP-C campus, either in LGLFs or state-operated group homes (SOGHs).

The approved amounts, \$5,598,200 GF in FY 2002 and \$5,743,000 GF in FY 2003, include an increase of \$209,500 GF in both years associated with the **Base Realignment** transfer discussed above. The approved amounts do not include costs associated with case management, certain occupancy-related costs, other indirect administration, and Stipends and Allowances. The approximate blended cost per DD client at ATP-C (excluding these other costs) will be \$99,000 in FY 2002 and \$101,100 in FY 2003.

The approved amounts are expected to provide a total of 56 member years of service in FY 2002 and FY 2003, allocated as shown in *Table 3*.

| <b>ATP-C Setting</b>        | <b>FY 2002</b> | <b>FY 2003</b> |
|-----------------------------|----------------|----------------|
| Large Group Living Facility | 44             | 44             |
| State-Operated Group Home   | <u>12</u>      | <u>12</u>      |
| <b>TOTAL</b>                | <b>56</b>      | <b>56</b>      |

The total population at ATP-C, including clients funded through the LTC program, is estimated to be 171 in FY 2002 and FY 2003.

This line item includes 137.5 GF FTE Positions.

**State-Funded Long Term Care Services** — This line item funds a variety of services ineligible for capitation-rate reimbursement from AHCCCS. The approved FY 2002 amount, \$17,952,400, includes an increase of \$1,525,500 Long Term Care System Fund (LTCSF) above FY 2001 for a 5% increase in services. The approved FY 2003 amount, \$18,826,800, includes an increase of \$2,396,700 LTCSF above FY 2001 for a 5% increase in services above FY 2002.

In addition to the FY 2002 and FY 2003 increases, the FY 2001 amount was increased by \$986,100 LTCSF in the FY 2001 supplemental bill.

*Table 4* below details the approved amounts of funding and uses for the State-Funded Long Term Care Services line item in FY 2002 and FY 2003.

| <b>State-Funded Long Term Care Services</b> | <b>FY 2002</b>      | <b>FY 2003</b>      |
|---|---------------------|---------------------|
| <b>Sources</b>                              |                     |                     |
| <i>Long Term Care System Fund</i>           |                     |                     |
| Client Billing Revenue                      | \$10,850,900        | \$11,501,800        |
| Third Party Liability                       | 298,300             | 298,300             |
| Foster Care Client Trust                    | 1,287,300           | 1,319,800           |
| Mesa Land                                   | 374,000             | 296,300             |
| LTCSF Interest                              | 1,595,000           | 1,860,500           |
| PASARR                                      | <u>87,900</u>       | <u>91,100</u>       |
| Total -- LTCSF                              | 14,493,400          | 15,367,800          |
| General Fund                                | <u>3,459,000</u>    | <u>3,459,000</u>    |
| <b>TOTAL -- Sources</b>                     | <b>\$17,952,400</b> | <b>\$18,826,800</b> |
| <b>Uses</b>                                 |                     |                     |
| Non-reimbursable LTC services               | \$17,425,500        | \$18,296,700        |
| Food  | 226,200             | 226,200             |
| PASARR                                      | 87,900              | 91,100              |
| Stipends and Allowances                     | <u>212,800</u>      | <u>212,800</u>      |
| <b>TOTAL -- Uses</b>                        | <b>\$17,952,400</b> | <b>\$18,826,800</b> |

This line item includes 2 OF FTE Positions.

**Triggered Appropriations: Conditional Appropriations: Taxation: Revenue Forecasts (Chapter 235)** — This act appropriates \$1,876,100 in FY 2002 and \$2,002,100 in FY 2003 from the General Fund for a new automation project for the division if FY 2001 General Fund revenues

exceed the forecast by \$79,708,400. Prior to September 1, 2001, JLBC and OSPB will calculate total FY 2001 revenues and determine if sufficient monies are available to trigger the appropriations.

If FY 2001 revenues do not exceed the forecast by the required amount, but FY 2002 General Fund revenues exceed the forecast by \$73,512,300, the act appropriates \$3,658,700 in FY 2003 from the General Fund for the division's new automation project. Prior to September 1, 2002, JLBC and OSPB will calculate total FY 2002 revenues and determine if sufficient monies are available to trigger the appropriation. (*See the **Automation Project** discussion in the Long Term Care cost center and the **Infrastructure Improvements** discussion above for more information. For more information on this and other triggered appropriations see the "Summary of Appropriations Triggered by Revenues" table at the front of this report.*)

**Additional Legislation: AHCCCS; Eligibility; Programs (Chapter 385)** — This legislation included language requiring the Division of Developmental Disabilities to do an annual study of the adequacy and appropriateness of Title XIX reimbursement rates. The Division is required to incorporate the results of the study in its yearly capitation rate request to AHCCCS. The legislation also included changes designed to make it easier for the Division to reduce the number of rates it has for similar services to similar types of clients.

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