

**Department of Economic Security**  
**Long Term Care**

A.R.S. § 41-1954

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		<b>FY 2000 Actual</b>	<b>FY 2001 Estimate</b>	<b>FY 2002 Approved</b>	<b>FY 2003 Approved</b>
<b>OPERATING BUDGET</b>					
Full Time Equivalent Positions	(GF)	293.1	305.4	339.1 <sup>1/</sup>	369.6 <sup>1/</sup>
	(TF)	1,145.2	1,187.1	1,278.4 <sup>1/2/</sup>	1,365.7 <sup>1/2/</sup>
Personal Services	(GF)	2,628,500	2,089,600	2,487,900	2,902,900
	(TF)	8,384,400	7,958,000	9,169,700	10,477,900
Employee Related Expenditures	(GF)	574,400	442,300	578,800	636,200
	(TF)	1,832,300	1,792,600	2,350,000	2,379,800
Professional and Outside Services	(GF)	471,900	98,000	880,900	1,420,500
	(TF)	1,504,900	626,400	2,913,300	4,489,500
Travel - In State	(GF)	97,200	64,900	73,200	78,300
	(TF)	310,100	259,800	284,100	299,200
Travel - Out of State	(GF)	0	0	0	0
	(TF)	0	400	400	400
Other Operating Expenditures	(GF)	365,700	193,000	301,400	419,700
	(TF)	1,166,300	850,300	1,166,400	1,512,000
Equipment	(GF)	37,000	0	963,100	356,000
	(TF)	118,200	0	2,798,400	1,026,000
<i>Operating Subtotal</i>	(GF)	4,174,700	2,887,800	5,285,300 <sup>3/</sup>	5,813,600 <sup>3/</sup>
	(TF)	13,316,200	11,487,500	18,682,300 <sup>3/</sup>	20,184,800 <sup>3/</sup>
Case Management	(GF)	4,441,400	4,570,500	5,797,100	6,759,900
	(TF)	12,216,700	16,128,900	19,537,700	22,174,900
Home and Community Based Services	(GF)	71,911,000	77,445,900	106,095,900	121,496,200
	(TF)	205,344,700	260,893,000	287,829,900	336,452,300
Institutional Services	(GF)	3,760,200	3,195,400	3,394,500	3,589,000
	(TF)	10,250,400	10,790,200	11,438,400	11,981,700
Medical Services	(GF)	14,432,700	13,971,100	16,774,900	20,294,300
	(TF)	40,330,000	46,720,000	54,812,200	64,852,900
Arizona Training Program at Coolidge	(GF)	3,501,900	2,920,200	3,062,400	3,139,000
	(TF)	9,854,100	10,763,400	11,327,200	11,546,900
<b>TOTAL APPROPRIATIONS</b>	<b>(GF)</b>	<b>102,221,900</b>	<b>104,990,900</b>	<b>140,410,100</b>	<b>161,092,000</b>
	<b>(TF)</b>	<b>291,312,100</b>	<b>356,783,000</b>	<b>403,627,700</b> <sup>4/5/6/</sup>	<b>467,193,500</b> <sup>4/5/6/</sup>
<b>FUND SOURCES</b>					
General Fund		102,221,900	104,990,900	140,410,100	161,092,000
Medical Services Stabilization Fund		0	17,012,900	0	0
Long Term Care System Fund		189,090,200	234,779,200	263,217,600	306,101,500
<b>TOTAL APPROPRIATIONS</b>		<b>291,312,100</b>	<b>356,783,000</b>	<b>403,627,700</b>	<b>467,193,500</b>

<sup>1/</sup> Includes 268.9 GF and 987.6 TF FTE Positions funded from Special Line Items in FY 2002 and 289.2 GF and 1,045.6 TF FTE Positions in FY 2003.  
<sup>2/</sup> A.R.S. § 36-2953 establishes a Long Term Care System Fund. Subject to legislative appropriation, this fund consists of all AHCCCS monies, state appropriations and other grants used to finance long term care to developmentally disabled clients. The above chart displays the Total Expenditure Authority (TF) of the Long Term Care System Fund, but does not include costs expended in the Administration cost center from this fund.  
<sup>3/</sup> Before the expenditure of any monies for improvements to the Division of Developmental Disabilities automation system, the Department of Economic Security shall submit a report to the Joint Legislative Budget Committee for its review. The report shall discuss how the automation improvements will ensure coordination between the Division of Developmental Disabilities and other eligibility-based programs in the Department of Economic Security. (General Appropriation Act footnote)  
<sup>4/</sup> All monies in the Long Term Care System Fund unexpended and unencumbered at the end of the fiscal year revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System. (General Appropriation Act footnote)  
<sup>5/</sup> Monies for the Long Term Care program are appropriated for the capitation rates effective on October 1, 2000. No monies may be expended for a change in these capitation rates unless an expenditure plan is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)  
<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 Long Term Care (LTC) Program provides services to individuals with mental retardation, cerebral palsy, autism, and epilepsy, who are eligible for the federal Title XIX Program. Title XIX is an entitlement program in which any individual meeting the financial and functional requirements must receive assistance. To qualify for federal funding, an individual must have an income below 300% of the Supplemental Security Income (SSI) eligibility limit and have certain functional needs. Clients not eligible for the federal program can receive services funded through the 100% state Developmental Disabilities (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	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	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 \$)	87,800/89,100	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.

**Funding Sources** — The LTC cost center is funded from 2 sources: the General Fund (GF) and federal Title XIX capitation revenues received from the Arizona Health Care Cost Containment System (AHCCCS). The LTC appropriation includes the appropriation of GF monies and Total Fund (TF) expenditure authority, which includes both the GF and the Title XIX capitation revenues. The FY 2002 and FY 2003 appropriations are based upon an estimate of total program enrollment and projected revenues from Title XIX capitation rates. If caseload or capitation rate estimates upon which the revenue estimates are based are too low or too high, the appropriation may need to be adjusted accordingly.

As the AHCCCS-authorized provider of DD services, DES receives federal monies through prepaid monthly capitation payments based on rates for types of clients. AHCCCS negotiates these rates with DES, taking into account factors such as risk, length of time between enrollment and placement, and others. For federal fiscal year (FFY) 2001, which started on October 1, 2000, DES receives one of 2 capitated rates depending on client type:

- **Enrolled** (\$2,566.62 per member per month): Covers all clients who qualify for the LTC program based on disability and financial status except for Ventilator Dependent clients (*see below*). The approved amounts assume an average of 12,947 members per month in FY 2002 and 14,167 members per month in FY 2003 will qualify for this rate.
- **Ventilator Dependent** (\$8,861.26 per member per month): Covers clients who qualify for the LTC program based on their disability and financial status

and who require a ventilator to function. The approved amounts assume an average of 52 members per month in FY 2002 and 52 members per month in FY 2003 will qualify for this rate.

The approved amounts reflect estimated FY 2002 and FY 2003 capitation rates, which are based on estimated FFY 2002 and FFY 2003 capitation rates. The estimated FFY 2002 capitation rate assumes 5.5% growth above the FFY 2001 capitation rate; the estimated FFY 2003 capitation rate assumes 5.5% growth above the estimated FFY 2002 rate.

The state is required to contribute 34.82% of the cost of the LTC program in FY 2002. This percentage is based on the estimated FY 2002 Federal Matching Assistance Percentage (FMAP), which blends the FFY 2001 and FFY 2002 FMAPs. The approved amount for FY 2003 assumes a FY 2003 blended FMAP of 34.54%.

The GF appropriation and TF expenditure authority do not include funds passed through to the Division of Administration. The approved amounts assume that \$8,006,800 TF will be spent in FY 2002 and \$8,674,400 TF will be spent in FY 2003 within the Administration Division.

Table 1 on the following page summarizes the funding for this program.

**FY 2001 Supplemental** — The FY 2001 supplemental bill included an increase of \$31,292,000 (TF) expenditure authority for higher-than-expected capitation rate and

**Table 1**

<u>Capitation Category</u>	<u>Member Years</u>	<u>Monthly Capitation Rate</u>	<u>Title XIX Share</u>	<u>State GF Match</u>	<u>Total</u>
<b>FY 2002</b>					
Enrolled	12,947	\$2,672.37	\$270,670,300	\$ 144,702,000	\$ 415,372,300
Ventilator Dependent	<u>52</u>	\$8,861.26	<u>3,604,000</u>	<u>1,925,500</u>	<u>5,529,500</u>
Total	12,999		274,274,300	146,627,500	420,901,800
Division of Administration (Pass-through)			(5,269,300)	(2,737,500)	(8,006,800)
Expenditure Controls			(7,214,700)	(3,854,200)	(11,068,900)
Salary Adjustment and Other Adjustments			<u>1,427,300</u>	<u>374,300</u>	<u>1,801,600</u>
<b>FY 2002 LTC Total</b>			<b>\$263,217,600</b>	<b>\$ 140,410,100</b>	<b>\$ 403,627,700</b>
<b>FY 2003</b>					
Enrolled	14,167	\$2,819.37	\$313,944,900	\$ 165,568,200	\$ 479,513,100
Ventilator Dependent	<u>52</u>	\$8,861.26	<u>3,619,600</u>	<u>1,909,900</u>	<u>5,529,500</u>
Total	14,219		317,564,500	167,478,100	485,042,600
Division of Administration (Pass-through)			(5,636,600)	(3,037,800)	(8,674,400)
Expenditure Controls			(7,865,200)	(4,150,100)	(12,015,300)
Salary Adjustment and Other Adjustments			<u>2,038,800</u>	<u>801,800</u>	<u>2,840,600</u>
<b>FY 2003 LTC Total</b>			<b>\$306,101,500</b>	<b>\$161,092,000</b>	<b>\$467,193,500</b>

population increases. The increase was appropriated to the Case Management and Home and Community Based Services Special Line Items and includes authority for 5.9 FTE Positions. The supplemental assumes that state matching funds totaling \$17,012,900 will be received from the Medical Services Stabilization Fund (MSF). This transfer was approved by the JLBC at its May 31, 2001 meeting. These funds are reflected in the FY 2001 Estimate column as part of the TF expenditure authority.

**Technical Changes** — The approved FY 2002 amount includes a reduction of \$(43,800) GF and \$(126,000) TF below FY 2001 for one-time FY 2001 equipment expenditures. The approved FY 2002 and FY 2003 amounts include a transfer of \$80,300 GF and \$235,100 TF to the Administration cost center.

**Support Staff** — The approved FY 2002 amount includes an increase of \$1,253,900 and 25.4 TF FTE Positions for assorted administrative support personnel associated with caseload growth. This amount includes \$172,500 TF of one-time equipment costs. The approved FY 2003 amount includes an increase of \$2,215,600 and 49.4 TF FTE Positions above FY 2001 for further additional administrative support personnel. This amount includes \$165,600 TF of one-time equipment costs. *(Please see discussions below for further details on caseloads and additional case management staff. Please see the Technical Changes discussion above for further details on one-time costs.)*

**Automation Project** — The approved FY 2002 and FY 2003 amounts include increases for a new automation project for the division. The approved FY 2002 amount includes an increase of \$4,695,000 and 5.8 TF FTE Positions above FY 2001. This amount includes

\$1,739,800 of one-time equipment costs. The FY 2003 amount includes an increase of \$5,010,300 and 1.1 TF FTE Positions above FY 2001. This amount includes \$46,200 of one-time equipment costs.

The automation project will replace the ASSISTS computer system and other information systems with an integrated case management, payment and management information system.

These appropriations will also require additional funding in the Developmental Disabilities cost center. Laws 2001, Chapter 235, appropriates \$1,876,100 in FY 2002 and \$2,002,100 in FY 2003 from the General Fund to the Developmental Disabilities cost center for improvements to the division's automation system. These appropriations are contingent on the availability of excess revenues in FY 2001 and FY 2002. *(See the Triggered Appropriations discussion in the Developmental Disabilities cost center and the Automation Project discussion above for more detail on the conditions of these appropriations.)* If the department can find other funding within its budget for matching funding in the Developmental Disabilities cost center, however, the department may proceed with the project.

**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 \$308,500 GF and \$886,100 TF above FY 2001. This amount would replace phone systems for \$303,100 TF and furniture and copiers for \$583,000 TF. The approved FY 2003 amount includes an increase of \$283,500 GF and \$814,200 TF above FY 2001, which would fund replacement vehicles. These monies match

\$679,400 GF approved over the biennium in the Developmental Disabilities cost center.

**Member Year Estimates** — The approved FY 2002 and FY 2003 amounts are based upon member-year caseload estimates in the LTC program. *Table 2* summarizes the average monthly caseload estimates for the Special Line Items. Caseloads are estimated to increase 9.4% above FY 2001 in FY 2002, with an additional 9.4% increase in FY 2003. Please note that all clients receive Case Management and are eligible for Medical Services, but not all clients access other services in any particular month.

<b>Special Line Item</b>	<b>FY 2002</b>	<b>FY 2003</b>
Home and Community Based Services	10,970	12,001
Institutional Services	279	305
Arizona Training Program at Coolidge	<u>115</u>	<u>115</u>
Subtotal	11,364	12,421
Case Management / Medical Services only	<u>1,635</u>	<u>1,798</u>
<b>TOTAL</b>	<b>12,999</b>	<b>14,219</b>

**Special Line Items**

**Case Management** — Monies in this line item fund case management services to clients in the DD program. The approved FY 2002 amounts, \$5,797,100 GF and \$19,537,700 TF, include an increase of \$1,075,900 GF and \$3,098,500 TF above FY 2001 for 22.9 GF and 66 TF FTE Positions for additional case management personnel to address increased caseloads. Of these amounts, \$161,700 GF and \$465,800 TF are for one-time equipment expenditures.

The approved FY 2003 amounts, \$6,759,900 GF and \$22,174,900 TF, include an increase of \$1,863,900 GF and \$5,344,500 TF above FY 2001 for 43.2 GF and 124 TF FTE Positions for additional case management personnel to address increased caseloads.

This line item includes a total of 125.6 GF and 468.9 TF FTE Positions in FY 2002 and 145.9 GF and 526.9 TF FTE Positions in FY 2003.

In addition to the FY 2002 and FY 2003 increases, the FY 2001 supplemental bill includes an increase of \$287,900 and 5.9 FTE Positions of TF expenditure authority. The FY 2001 supplemental bill also assumes that matching funds of \$149,600 and 3.1 FTE Positions will be received from the Medical Services Stabilization Fund.

**Home and Community Based Services (HCBS)** — Monies in this line item fund 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 FY 2002 amount of \$106,095,900 GF and \$287,829,900 TF includes an increase of \$32,470,500 GF and \$85,681,300 TF above FY 2001 for expected caseload growth of 9.4%. The approved FY 2002 amount is expected to provide 10,970 member years of service. The approved amount also includes a decrease of \$(3,854,200) GF and \$(11,068,900) TF for unspecified expenditure controls.

The approved FY 2003 amount of \$121,496,200 GF and \$336,452,300 TF includes an increase of \$48,137,100 GF and \$135,184,600 TF above FY 2001 for expected further caseload growth of 9.4%. The approved FY 2003 amount is expected to provide 12,001 member years of service. The approved amount also includes a decrease of \$(4,150,100) GF and \$(12,015,300) TF for unspecified expenditure controls.

*Table 3* below indicates how estimated caseloads are expected to be allocated among HCBS settings:

<b>HCBS Setting</b>	<b>FY 2002</b>	<b>FY 2003</b>
At Home With Family	7,972	8,723
Adult Developmental Foster Home	427	469
Group Home	2,310	2,529
Child Developmental Foster Home	205	224
Independent Living	4	4
State-Operated Group Home	<u>52</u>	<u>52</u>
<b>TOTAL</b>	<b>10,970</b>	<b>12,001</b>

This line item includes 100.2 TF FTE Positions, 19.6 of which are funded from the General Fund. The positions represent division employees in state-operated facilities.

In addition to the FY 2002 and FY 2003 increases, the FY 2001 supplemental bill includes an increase of \$31,004,100 of TF expenditure authority. The FY 2001 supplemental bill also assumes that matching funds of \$16,863,300 will be received from the Medical Services Stabilization Fund.

**Institutional Services** — Monies in this line item fund residential and day programs to clients with more severe developmental disabilities. These clients reside in Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) or other nursing facilities.

The approved FY 2002 amount of \$3,394,500 GF and \$11,438,400 TF includes an increase of \$174,100 GF and \$500,000 TF above FY 2001 for expected caseload growth of 9.4%. The approved FY 2002 amount is expected to provide 279 member years of service.

The approved FY 2003 amount of \$3,589,000 GF and \$11,981,700 TF includes an increase of \$349,200 GF and \$1,000,000 TF above FY 2001 for expected further caseload growth of 9.4%. The approved FY 2002 amount is expected to provide 305 member years of service.

This line item includes 78.5 TF FTE Positions, 15.4 of which are funded from the General Fund. The positions represent division employees in state-operated facilities.

**Medical Services** — Monies in this line item fund Acute Care services to clients enrolled in the LTC program. The approved FY 2002 amount of \$16,774,900 GF and \$54,812,200 TF includes an increase of \$2,785,600 GF and \$8,000,000 TF above FY 2001 for expected caseload growth of 9.4% and a 7.2% acute care capitation rate increase. The approved FY 2002 amount is expected to provide 12,999 member years of service.

The approved FY 2003 amount of \$20,294,300 GF and \$64,852,900 TF includes an increase of \$6,287,600 GF and \$18,000,000 TF above FY 2001 for expected further caseload growth of 9.4% and an additional acute care capitation rate increase of 8.2%. The approved FY 2003 amount is expected to provide 14,219 member years of service.

This line item includes 37 TF FTE Positions, 5.3 of which are funded from the General Fund. The positions represent division employees in the Managed Care unit.

**Arizona Training Program at Coolidge** — Monies in this line item fund an entire range of services for DD clients residing at the ATP-C campus, either in ICF/MRs or state-operated group homes (SOGHs).

The approved amounts, \$3,062,400 GF and \$11,327,200 TF in FY 2002 and \$3,139,000 GF and \$11,546,900 TF in FY 2003, 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 115 member years of service in FY 2002 and FY 2003, allocated as shown in *Table 4* below:

<b>ATP-C Setting</b>	<b>FY 2002</b>	<b>FY 2003</b>
ICF/MR	88	88
SOGH	<u>27</u>	<u>27</u>
<b>TOTAL</b>	115	115

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 303 FTE Positions, 103 of which are funded from the General Fund. The positions represent ATP-C employees.

**Capital Outlay Appropriations: Chapter 237** — Appropriates \$155,900 from the General Fund to the department in FY 2003 for renovations to meet Title XIX requirements at a facility that houses a day program at the ATP-C campus.

**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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