

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

A.R.S. § 41-1954

	<b>FY 2001 Actual</b>	<b>FY 2002 Estimate</b>	<b>FY 2003 Approved</b>
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	339.0	373.0	354.5 <sup>1/</sup>
Personal Services	2,785,100	2,717,600	2,954,800
Employee Related Expenditures	634,400	684,000	762,300
Professional and Outside Services	354,500	582,800	582,800
Travel - In State	112,700	96,600	96,600
Other Operating Expenditures	562,300	326,100	326,100
Equipment	79,800	354,000	354,000
Lump Sum Reduction	0	0	(210,100)
<i>Operating Subtotal</i>	4,528,800	4,761,100	4,866,500
Case Management	3,644,200	3,064,300	3,224,300
Home and Community Based Services	21,261,400	28,536,500	27,555,400 <sup>2/</sup>
Institutional Services	147,600	294,900	294,900
Arizona Training Program at Coolidge	5,159,400	5,561,700	5,809,100
State-Funded Long Term Care Services	17,038,900	16,298,300	20,234,800
<b>TOTAL APPROPRIATIONS</b>	<b>51,780,300</b>	<b>58,516,800</b>	<b>61,985,000</b> <sup>3/4/5/6/7/8/</sup>
<b>FUND SOURCES</b>			
General Fund	38,189,800	42,769,500	43,954,500
<u>Other Appropriated Funds</u>			
Long Term Care System Fund	13,590,500	15,747,300	18,030,500
<i>Subtotal - Other Appropriated Funds</i>	13,590,500	15,747,300	18,030,500
<b>TOTAL APPROPRIATIONS</b>	<b>51,780,300</b>	<b>58,516,800</b>	<b>61,985,000</b>

<sup>1/</sup> Includes 263.3 GF and 2 OF FTE Positions funded from Special Line Items in 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 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, 2003. (General Appropriation Act footnote)

<sup>5/</sup> General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

<sup>6/</sup> The Department of Economic Security shall submit a report to the Joint Legislative Budget Committee by August 31, 2002 on procedures the department plans to implement in order to improve cost of care collections for services to developmentally disabled clients. (General Appropriation Act footnote)

<sup>7/</sup> The amounts appropriated to the Department of Economic Security include an estimated \$7,745,300 of state General Fund monies, \$1,407,400 Long Term Care System Fund monies and \$10,379,500 federal Title XIX monies to increase contracted community service providers and independent service agreement providers disbursements paid through the Developmental Disabilities and Long Term Care cost centers. It is the intent of the Legislature that increased funding be incorporated into current contracted rates effective July 1, 2002. Subject to the availability of funds, the adjustment shall be directed toward raising rates paid to providers receiving less than the average rate paid to all similar providers providing similar levels of service for the same service types in a manner and time to be determined by the department. Monies for the rate increases shall be allocated only to providers with contracts or agreements for eligible services in effect as of January 1, 2002. The adjustment shall be distributed by August 1, 2002. Prior to the distribution of the adjustment, the department shall submit its plan and methodology for distributing the adjustment to the Joint Legislative Budget Committee for its review. The adjustment in this section is exempt from the provisions of Title 41, Chapter 23, Arizona Revised Statutes, related to procurement, as well as the provisions of A.R.S. § 36-557B. (General Appropriation Act footnote)

<sup>8/</sup> The Department of Economic Security shall submit a report to the Joint Legislative Budget Committee by August 31, 2002 detailing the procurement rules it has adopted for the Division of Developmental Disabilities and its procedures for modifying those rules. (General Appropriation Act footnote)

**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.*

PERFORMANCE MEASURES	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	89/89	90/95
• Cost per member year - Arizona Training Program - Coolidge (in \$)	7,800/89,100	89,600/89,000	90,900/94,400	93,700
• Average number of Arizona Training Program - Coolidge clients	175/179	175/171	175/162	175

**Infrastructure Improvements** — The approved amount includes \$354,000 for one-time equipment. The monies are for replacement vehicles.

**Member Year Estimates** — The approved amount is based upon member-year caseload estimates in the DD program. *Table 1* below summarizes the caseload estimates for the Special Line Items:

<u>Special Line Item</u>	<u>Clients</u>
Home and Community Based Services	4,037
Institutional Services	3
Arizona Training Program at Coolidge	56
<b>TOTAL</b>	<b>4,096</b>

**Special Line Items**

**Case Management** — This line item funds case management services to clients in the DD program. In addition to the approved amount, 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 84.3 GF FTE Positions.

**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 amount includes a decrease of \$(1,073,000) below FY 2002 for enforcement of cost-of-care (“co-pay”) provisions and adjustments related to a provider rate increase. The approved amount includes a \$(500,000) decrease below FY 2002, which assumes that DES will better enforce its cost-of-care (“co-pay”) provisions. A new footnote requires that DES report to JLBC on its efforts. *(See footnote #6 on the previous page for further details.)*

The approved amount also includes a \$(573,000) decrease below FY 2002 for adjustments related to a provider rate increase. These monies are being transferred to the Long Term Care cost center. Even after the transfer, this line item contains an estimated \$2,558,700 that the department can apply toward raising current contract rates for low-paid providers. *(See footnote #7 on the previous page for further details.)*

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

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

This line item includes 48.4 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 amount is unchanged from FY 2002 and is 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 amount does 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 \$102,700.

The approved amount is expected to provide a total of 56 member years of service in FY 2003, 44 in LGLFs and 12 in SOGHs. The total population at ATP-C, including clients funded through the LTC program, is estimated to be 171 in FY 2003.

This line item includes 130.6 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 amount includes an increase of \$2,278,600 Long Term Care System Fund (LTCSF) above FY 2002 for higher caseloads and adjustments related to a provider rate increase. The approved amount includes a \$871,200 Other Funds (OF) increase above FY 2002 for a 5% increase in services. The approved amount also includes a \$1,407,400 OF increase above FY 2002 for adjustments related to a provider rate increase. The department can apply these monies toward raising current contract rates for low-paid providers. (See footnote #7 on the previous page for further details.)

Table 3 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>Table 3</b>		
<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	\$12,000,000
Third Party Liability	298,300	298,300
Foster Care Client Trust	1,287,300	1,500,000
Mesa Land	374,000	296,300
LTCSF Interest	2,849,700	3,844,200
PASARR	87,100	91,700
Total – LTCSF	15,748,100	18,030,500
General Fund	2,204,300	2,204,300
<b>TOTAL -- Sources</b>	<b>\$17,951,600</b>	<b>\$20,234,800</b>
<b>Uses</b>		
Non-reimbursable LTC services	\$17,425,500	\$19,704,100
Food	226,200	226,200
PASARR	87,100	91,700
Stipends and Allowances	212,800	212,800
<b>TOTAL -- Uses</b>	<b>\$17,951,600</b>	<b>\$20,234,800</b>

This line item includes 2 OF FTE Positions.

**Additional Legislation: Health; Budget Reconciliation: 2002-2003 (Chapter 329)** — This act, the Health Omnibus Reconciliation Bill, includes a provision requiring the department to fully implement a published rate system by FY 2005, subject to the availability of funds. The act also provides the department with rulemaking exemptions to aid in the transition to a published rate system.

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