

Department of Economic Security
Developmental Disabilities

A.R.S. § 41-1954

JLBC Analyst: Stefan Shepherd

| | FY 2002 Actual | FY 2003 Estimate | FY 2004 Approved |
|---|-------------------|---------------------|----------------------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 373.0 | 338.5 | 334.5 ^{1/} |
| Personal Services | 2,491,900 | 2,809,200 | 2,634,500 |
| Employee Related Expenditures | 584,700 | 728,500 | 647,900 |
| Professional and Outside Services | 424,900 | 195,400 | 171,300 |
| Travel - In State | 132,500 | 66,400 | 62,300 |
| Other Operating Expenditures | 573,200 | 38,800 | 75,500 |
| Equipment | 275,300 | 147,800 | 334,000 |
| OPERATING SUBTOTAL | 4,482,500 | 3,986,100 | 3,925,500 |
| SPECIAL LINE ITEMS | | | |
| Case Management | 3,761,200 | 3,224,300 | 3,193,100 |
| Home and Community Based Services | 22,298,800 | 25,127,300 | 28,696,400 ^{2/} |
| Institutional Services | 103,900 | 294,900 | 294,900 |
| Arizona Training Program at Coolidge | 4,603,200 | 5,678,800 | 5,281,700 |
| State-Funded Long Term Care Services | 16,795,200 | 19,983,100 | 19,985,500 |
| PROGRAM TOTAL | 52,044,800 | 58,294,500 | 61,377,100^{3/4/} |
| FUND SOURCES | | | |
| General Fund | 39,684,600 | 40,264,000 | 40,136,300 |
| <u>Other Appropriated Funds</u> | | | |
| Long Term Care System Fund (Appropriated) | 12,360,200 | 18,030,500 | 21,240,800 |
| SUBTOTAL - Other Appropriated Funds | 12,360,200 | 18,030,500 | 21,240,800 |
| PROGRAM TOTAL | 52,044,800 | 58,294,500 | 61,377,100 |

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 2002 Appropriation | FY 2002 Actual | FY 2003 Appropriation | FY 2004 Appropriation |
|--|--------------------------|-------------------|--------------------------|--------------------------|
| • % of consumer satisfaction with case management services | 90 | 90 | 95 | 95 |
| • Cost per member year - Arizona Training Program - Coolidge (in \$) | 93,700 | 105,500 | 93,700 | 108,500 |
| • Average number of Arizona Training Program - Coolidge clients | 175 | 154 | 175 | 152 |

^{1/} Includes 207.3 GF and 58 OF FTE Positions funded from Special Line Items in FY 2004.

^{2/} 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)

^{3/} 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 2004 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, 2004. (General Appropriation Act footnote)

^{4/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

Administrative Adjustments — The approved amount includes 2 policy changes from FY 2003 in the division’s operating budget:

- **Administrative Reduction:** A General Fund decrease of \$(210,000) and (4) FTE Positions for a 15% reduction in administrative staff.
- **General Increase:** General Fund increases of \$186,200 for unspecified equipment costs and \$50,000 for other operating expenditures.

Technical Adjustments — The FY 2004 approved amounts include technical adjustments for Employee Related Expenditures, Other Fund health and dental insurance changes, and Other Fund retirement changes. (Please see the General Provisions section at the end of this Appropriations Report for further details on these changes).

The approved amount includes a General Fund increase of \$3,128,600 above FY 2003 for technical realignments in the department, primarily in the Home and Community Based Services line item. (Please see the Summary section for further details.)

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:

| Special Line Item | Clients |
|--------------------------------------|----------------|
| Home and Community Based Services | 4,037 |
| Institutional Services | 3 |
| Arizona Training Program at Coolidge | 56 |
| TOTAL | 4,096 |

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. The approved amount is unchanged from FY 2003 except for technical adjustments. The 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 2 policy changes from FY 2003:

- **Assess Trusts for Cost of Care:** A General Fund decrease of \$(373,100) and corresponding Long Term Care System Fund increase of \$373,100 associated with billing trusts (including the trust corpus) for the cost of care of services. The Health Omnibus Reconciliation

Bill (ORB) (Laws 2003, Chapter 265) includes language permitting this.

- **Increase SSI Share of Costs:** A General Fund decrease of \$(475,000) and corresponding Long Term Care System Fund increase of \$475,000 associated with increasing the amount of Supplemental Security Income (SSI) retained by the division to offset the cost of services from 70% to 80%.

The approved amount is expected to provide a total of 4,037 member years of service in FY 2004, allocated as shown in Table 2.

| HCBS Setting | Clients |
|------------------------------------|----------------|
| 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 |
| TOTAL | 4,037 |

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 2003 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 \$108,500.

The approved amount includes a General Fund decrease of \$(2,274,000) and a corresponding Long Term Care System Fund increase of \$2,274,000 associated with requiring division clients to convert trusts to meeting Medicaid criteria in order to receive division services. By converting these trusts, the department will collect additional trust revenue and the clients will eventually become Medicaid-eligible. This change, authorized by the Health ORB, is expected to affect approximately 40 clients at ATP-C.

The approved amount is expected to provide a total of 40 member years of service in FY 2003, 33 in LGLFs and 7 in SOGHs. The total population at ATP-C, including clients funded through the LTC program, is estimated to be 152 in FY 2004.

This line item includes 74.6 GF and 56 OF FTE Positions.

State-Funded Long Term Care Services — This line item funds a variety of services ineligible for capitation-rate reimbursement from AHCCCS. The most common service provided in this line item is room and board. The approved amount is unchanged from FY 2003 except for technical adjustments. This line item includes 2 OF FTE Positions.

Table 3 below details the approved amounts of funding and uses for the State-Funded Long Term Care Services line item in FY 2003 and FY 2004.

| State-Funded Long Term Care Services | FY 2003 | FY 2004 |
|---|---------------------|---------------------|
| Sources | | |
| <i>Long Term Care System Fund</i> | | |
| Client Billing Revenue | \$12,000,000 | \$12,000,000 |
| Third Party Liability | 298,300 | 298,300 |
| Foster Care Client Trust | 1,500,000 | 1,500,000 |
| Mesa Land | 296,300 | 296,300 |
| LTCSF Interest | 3,844,200 | 3,844,200 |
| PASARR | 91,700 | 94,100 |
| Total – LTCSF | 18,030,500 | 18,032,900 |
| General Fund | 1,952,600 | 1,952,600 |
| TOTAL – Sources | \$19,983,100 | \$19,985,500 |
| Uses | | |
| Non-reimbursable LTC services | \$19,452,400 | \$19,452,400 |
| Food | 226,200 | 226,200 |
| PASARR | 91,700 | 94,100 |
| Stipends and Allowances | 212,800 | 212,800 |
| TOTAL – Uses | \$19,983,100 | \$19,985,500 |

Additional Legislation: Health; Budget Reconciliation; Health & Welfare (Chapter 265) — This bill exempts DES from rulemaking requirements for 2 years to implement changes related to billing trusts for cost of care and converting trusts to Medicaid criteria.

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