

Arizona Health Care Cost Containment System

Long-Term Care

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Subcommittee: Health & Welfare

DESCRIPTION	FY 2002	FY 2003	FY 2004	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	0.0	0.0	0.0	0.0
SPECIAL LINE ITEMS				
ALTCS Lump Sum Appropriation	624,178,500	734,731,100	808,764,200	813,141,600
Board of Nursing	209,700	209,700	209,700	209,700
PROGRAM TOTAL	624,388,200	734,940,800	808,973,900	813,351,300
FUND SOURCES				
General Fund	45,008,200	52,542,200	57,053,400	51,000,400
<u>Other Appropriated Funds</u>				
County Funds	169,893,300	189,957,500	207,265,900	208,797,500
Federal Title XIX Funds	409,182,500	492,441,100	544,654,600	553,553,400
Medical Services Stabilization Fund	304,200	0	0	0
SUBTOTAL - Other Appropriated Funds	579,380,000	682,398,600	751,920,500	762,350,900
SUBTOTAL - Appropriated Funds	624,388,200	734,940,800	808,973,900	813,351,300
TOTAL - ALL SOURCES	624,388,200	734,940,800	808,973,900	813,351,300

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	(1,541,800)	(2.9%)
County Funds	18,840,000	9.9%
Federal Title XIX Funds	61,112,300	12.4%
Total Appropriated Funds	78,410,500	10.7%

COST CENTER DESCRIPTION — *The Arizona Long-Term Care System (ALTCS) provides federal Medicaid long-term care services to persons meeting federally-prescribed income and resource standards and at risk of being institutionalized. 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 funds 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 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Recommend.
• % of nursing facility residents that receive influenza immunization	85	86	85	86
• % of members utilizing Home and Community Based Services (HCBS)	49	54	49	54
• % of ALTCS applications processed on time (within 45 days)	90	94	90	94
• % of financial redeterminations processed on time (within 12 months)	90	96	90	96

RECOMMENDED CHANGES FROM FY 2003

ALTCS Growth **FY 2004**
GF 0
TF 84,048,400

The JLBC recommends freezing the state contribution to the ALTCS program at the FY 2003 level. Accordingly, the JLBC recommends an increase of \$19,144,200 from County Contributions, and a Total Funds increase of \$78,015,800 for the ALTCS program.

The JLBC recommendation for the ALTCS program is based on 8% population growth for FY 2004, producing 24,802 member years. The recommendation also includes a 3.5% increase for medical inflation for FY 2004 for an average per member per month cost of \$2,399 for Capitation in FY 2004. Fee-For-Service, Reinsurance, Medicare Premiums, and Nurse-Aid Training costs are expected to increase by 12%, which includes both inflation and population growth. In FY 2002 the ALTCS population grew from approximately 19,799 member years to 21,255 member years, or by approximately 7.4%.

For FY 2004, the JLBC recommendation would require a total General Fund ALTCS contribution of \$52,741,600 and a county contribution of \$208,797,500. The estimated contribution for each county in each FY 2004 is shown in the following table:

	FY 2004 Estimate
Apache	\$ 911,159
Cochise	5,608,799
Coconino	2,199,866
Gila	2,868,284
Graham	1,060,374
Greenlee	195,634
La Paz	747,670
Maricopa	126,942,067
Mohave	6,347,597
Navajo	2,063,937
Pima	36,889,189
Pinal	7,637,779
Santa Cruz	1,881,969
Yavapai	7,808,476
Yuma	5,634,728
Total	\$208,797,528

Replace One-Time Funding **GF 304,200**
TF 0

The JLBC Recommends a General Fund and Total Funds increase to replace one-time funding. In FY 2003, the General Fund ALTCS appropriation was decreased by \$(304,200) because one-time funding was available from other sources. This funding is no longer available.

Expansion of Cost-Sharing Measures **GF (1,846,000)**
TF (5,637,900)

The JLBC recommends expanding the current cost-sharing measures available to the State. An AHCCCS report on potential state savings estimates that state savings of approximately \$(1,846,000) could be achieved in the ALTCS program by assessing a monthly premium on families with incomes above 221% of the Federal Poverty Level (FPL). The state would need to obtain a waiver from the Centers for Medicare and Medicaid Services to impose these enrollment fees. Additional savings are discussed in the Acute Care and Proposition 204 Cost Centers. *(See JLBC Recommended Statutory Changes.)*

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JLBC RECOMMENDED FORMAT — Special Line Items for the Program

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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.

Pursuant to A.R.S. § 11-292B, the FY 2004 nonfederal portion of the costs of providing Long-Term Care System services is \$259,797,900. The state contribution is \$51,000,400 and the county contribution is \$208,797,500.

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 2004, the Arizona Health Care Cost Containment System Administration shall report its plan to the Joint Legislative Budget Committee for review.

Before implementation of any changes in capitation rates, the Arizona Health Care Cost Containment System Administration shall report its EXPENDITURE plan to the Joint Legislative Budget Committee for review.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends amending ALTCS statutes to allow for the establishment of monthly premiums on families with incomes over 221% FPL. *(See "Expansion of Cost-Sharing Measures" policy issue for more information.)*

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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