

Department of Economic Security
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>	1,278.4	1,311.2	1,405.9	1,358.4
Personal Services	9,212,700	9,472,900	8,888,100	8,594,200
Employee Related Expenditures	2,157,200	2,473,400	2,240,000	2,163,800
Professional and Outside Services	2,476,000	2,124,600	1,875,400	1,119,300
Travel - In State	468,300	284,100	262,700	268,500
Travel - Out of State	0	400	400	400
Other Operating Expenditures	2,582,300	1,166,400	879,100	757,700
Equipment	958,700	2,798,400	2,783,100	1,861,900
OPERATING SUBTOTAL	17,855,200	18,320,200	16,928,800	14,765,800
SPECIAL LINE ITEMS				
Case Management	17,373,700	22,511,300	26,723,000	25,600,800
Home and Community Based Services	244,186,800	305,557,100	367,398,600	304,639,600
Institutional Services	12,072,300	12,156,700	12,254,400	12,117,900
Medical Services	52,731,500	60,361,500	58,884,200	66,453,400
Arizona Training Program at Coolidge	11,243,100	11,690,900	11,277,400	11,252,900
PROGRAM TOTAL	355,462,600	430,597,700	493,466,400	434,830,400
FUND SOURCES				
General Fund	135,179,600	142,972,800	161,560,900	141,291,700
<u>Other Appropriated Funds</u>				
Long Term Care System Fund (Federal Match)	220,283,000	287,624,900	331,905,500	293,538,700
SUBTOTAL - Other Appropriated Funds	220,283,000	287,624,900	331,905,500	293,538,700
SUBTOTAL - Appropriated Funds	355,462,600	430,597,700	493,466,400	434,830,400
TOTAL - ALL SOURCES	355,462,600	430,597,700	493,466,400	434,830,400

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	(1,681,100)	(1.2%)
Federal Funds	5,913,800	2.1%
Total Appropriated Funds	4,232,700	1.0%

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-funded 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.*

PERFORMANCE MEASURES	FY 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Recommend.
• % of consumer satisfaction with case management services	90	90	95	95
• Cost per member year at 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

RECOMMENDED CHANGES FROM FY 2003

		FY 2004
Standard Changes	GF	\$ (60,700)
	TF	(572,000)

Funding Sources

The Long Term Care 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) and deposited into the Long Term Care System Fund (LTCSF). The JLBC recommendation includes the appropriation of GF monies and Total Fund (TF) expenditure authority, which includes both the GF and the Title XIX capitation revenues in the LTCSF.

Long Term Care	GF	16,024,800
Caseload Growth	TF	55,414,800

The JLBC recommends a General Fund and LTCSF increase for caseload and capitation rate growth in the Long Term Care program, including 91.2 TF FTE Positions. The JLBC projects caseload growth of 9.5% from June 2003 through June 2004. This caseload growth will result in an average monthly caseload of 15,538 clients. JLBC assumes capitation rate growth of 3.0% in Federal Fiscal Year (FFY) 2004. JLBC assumes that the FFY 2004 rate will be \$2,637.40 per member per month, excluding the behavioral health portion passed through to the Department of Health Services and the other transfers in and out of the cost center listed below. JLBC assumes a FFY 2004 Federal Matching Assistance Percentage (FMAP) of 67.26%; this FMAP requires that the state provide \$32.74 to draw down \$67.26 of matching LTCSF monies.

The JLBC recommends that this increase be allocated throughout the LTC cost center as follows:

Program/Line Item	GF Total	TF Total
Operating Budget	483,200	1,476,000
Case Management	1,078,100	3,292,800
Home & Comm. Based Services	12,463,500	44,537,300
Medical Services	<u>2,000,000</u>	<u>6,108,700</u>
TOTAL	16,024,800	55,414,800

The operating budget increase includes 8.9 GF and 28.2 TF FTE Positions for administrative support, along with \$77,300 GF and \$236,100 TF for one-time equipment. The Case Management increase includes 20.6 GF and 63 TF FTE Positions for case managers, supervisors, and other support staff, along with \$162,200 GF and \$495,300 TF for one-time equipment.

Eliminate One-Time Equipment	GF	(244,800)
	TF	(715,300)

The JLBC recommends a General Fund and LTCSF decrease to reflect the elimination of one-time equipment added to the Case Management line item in the FY 2003 budget.

Operating Lump Sum Reduction	GF	(910,900)
	TF	(2,782,200)

The JLBC recommends a General Fund and LTCSF decrease for a 15% lump sum reduction in administrative operating expenses, excluding case management/direct care staff. The recommendation also includes a (10) GF and (30) TF FTE Position decrease.

Consolidate Districts	GF	(236,300)
	TF	(708,800)

The JLBC recommends a General Fund and LTCSF decrease for consolidation of the division's district structure. The recommendation also includes a (5) GF and (15) TF FTE Positions. The division is currently divided into 6 districts; the recommendation assumes the division will consolidate its districts and eliminate any duplication of services between districts. (See JLBC Recommended Statutory Changes in the Developmental Disabilities cost center for more information.)

Include Parental Income for Eligibility	GF	(16,775,600)
	TF	(51,238,900)

The JLBC recommends a General Fund and LTCSF decrease associated with including parental income in determining program eligibility. Currently, parental income is excluded from calculating financial eligibility for clients under 18 years of age. About 1,620 clients whose families are above the current income maximum (about 221% of the Federal Poverty Level (FPL)) will no longer be eligible for the program. (See JLBC Recommended Statutory Changes for more information.)

Implement Monthly Premium	GF	(1,079,500)
	TF	0

The JLBC recommends a General Fund decrease and LTCSF increase associated with implementing a monthly premium for clients under the age of 18. Currently, these clients do not pay anything towards the cost of services (except for room and board charges). This recommendation assumes that families between 100% and 221% FPL will be charged monthly premiums of 6% of income. The state will retain approximately 1/3 of all premiums, which will be deposited into the LTCSF as part of the state's match for the LTC program. The other 2/3 will be returned to the Federal government. (See JLBC Recommended Statutory Changes for more information.)

Technical Changes	GF	1,601,900
	TF	4,835,100

The JLBC recommends a General Fund increase and LTCSF decrease for technical realignments in the department. The recommendation also includes a 0.3 GF and 1 TF FTE Position increase. (Please see the Agency Summary for realignment details.)

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JLBC RECOMMENDED FORMAT — Detailed Line Item for the Program. *(In the FY 2003 budget, the division had an Operating Lump Sum with Special Line Items Item for the Program format.)*

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

All monies in the Long Term Care System Fund unexpended and unencumbered at the end of FY 2004 revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System.

Before implementation of any changes in capitation rates for the Long Term Care program, the Department of Economic Security shall report its EXPENDITURE plan to the Joint Legislative Budget Committee for its review.

Deletion of Prior Year Footnotes

The JLBC recommends deleting the footnote concerning reports on automation improvements.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends modifying statute to include parental income in determining financial eligibility and permit charging monthly premiums. *(See the “Include Parental Income for Eligibility” and “Implement Monthly Premiums” policy issues for more information.)*

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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