

Arizona Health Cost Care Containment System
Long-Term Care

A.R.S. § 36-2901

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
SPECIAL LINE ITEMS			
ALTCS Lump Sum Appropriation	716,011,300	825,194,700	893,106,500
Board of Nursing	0	209,700	209,700
PROGRAM TOTAL	716,011,300	825,404,400	893,316,200^{1/2/3/4/}
FUND SOURCES			
General Fund	50,954,000	52,847,800	71,614,900
<u>Other Appropriated Funds</u>			
County Contribution Fund	0	7,446,500	7,446,500
SUBTOTAL - Other Appropriated Funds	0	7,446,500	7,446,500
SUBTOTAL - Appropriated Funds	50,954,000	60,294,300	79,061,400
<u>Expenditure Authority Funds</u>			
County Funds	189,257,600	179,451,000	206,380,500 ^{5/}
Federal Title XIX Funds	475,403,600	585,659,100	607,874,300
Third Party Collections	396,100	0	0
SUBTOTAL - Expenditure Authority Funds	665,057,300	765,110,100	814,254,800
SUBTOTAL - Appropriated/Expenditure Authority Funds	716,011,300	825,404,400	893,316,200
TOTAL - ALL SOURCES	716,011,300	825,404,400	893,316,200

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.

- ^{1/} 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. (General Appropriation Act footnote)
- ^{2/} General Appropriation Act funds are appropriated by Special Line Item by Program.
- ^{3/} 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 2005, the Arizona Health Care Cost Containment System Administration shall report its expenditure plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote)
- ^{4/} 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. Unless required for compliance with federal law, before the administration implements any changes in policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services, the administration shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result in additional state costs of \$500,000 or greater for a given fiscal year, the administration shall submit the policy changes to the Joint Legislative Budget Committee for review. The administration shall also report quarterly to the Joint Legislative Budget Committee itemizing all policy changes with fiscal impacts of less than \$500,000 in state costs. (General Appropriation Act footnote)
- ^{5/} Pursuant to A.R.S. § 11-292B the county portion of the FY 2005 non-federal portion of the costs of providing long-term care systems services is \$206,380,500. This amount is included in the expenditure authority fund source. (General Appropriation Act footnote)

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• % of nursing facility residents that receive influenza immunization	85	NA	86	--
• % of diabetic members who receive a Hemoglobin A1C test annually	NA	NA	NA	50
• % of members utilizing Home and Community Based Services (HCBS)	49	54	54	54
• % of ALTCS applications processed on time (within 45 days)	90	94	94	94
• % of financial redeterminations processed on time (within 12 months)	90	95	96	96

Comments: The agency no longer measures the percent of nursing facility residents receiving influenza vaccinations, due to the stabilization of the measure and the high cost of the measure. The percent of diabetic members receiving a Hemoglobin A1C test has been added as a replacement measure.

Special Line Items

ALTCS Lump Sum Appropriation

The budget provides \$893,106,500 for Arizona Long Term Care System (ALTCS) expenditures in FY 2005. This amount consists of \$71,510,100 from the General Fund, \$206,380,500 in County Funds, \$7,446,500 from the County Contribution Fund, and \$607,769,400 in Federal Expenditure Authority. These amounts would fund the following adjustments:

Caseload and Capitation Rate Growth

The budget provides increases of \$12,767,100 from the General Fund, \$8,929,500 in County Funds, and \$43,911,800 in Federal Expenditure Authority for caseload and capitation rate growth in FY 2005.

The budget assumes AHCCCS ALTCS enrollment growth of approximately 6%, or approximately 1,500 member months from June 2004 to June 2005. This would result in approximately 25,344 member years being served in FY 2005. Additionally, the approved amount includes capitation rate increases of approximately 5.1% above FY 2004. Other components of the ALTCS program, such as Fee-For-Service, Reinsurance, and Medicare Premiums programs, are expected to increase by 10%, which includes both inflation and population growth.

Pursuant to A.R.S. § 11-292, the state and the counties share in the growth of the ALTCS program, as defined by the following formula:

1. The growth is split 50% to the state, 50% to the counties.
2. The counties' portion is allocated among the counties based on their FY 2003 ALTCS utilization.
3. Each county's contribution is then limited to 90 cents per \$100 of net assessed property value.
4. In counties with an "on-reservation" population of at least 20%, the contribution is limited by an alternative formula specified in statute.

5. If any county would still pay more under the above provisions than under the previous statutory percentages, that county's contribution is limited by a further alternative formula specified in statute.

Table 1 details the individual county contribution amounts recommended by the JLBC, as calculated according to the statutory formula described above.

Budgeted County Contributions	
	FY 2005
Apache	\$ 481,800
Cochise	5,497,300
Coconino	1,445,400
Gila	2,917,300
Graham	916,000
Greenlee	170,200
La Paz	726,000
Maricopa	125,610,000
Mohave	6,808,700
Navajo	1,993,000
Pima	36,806,800
Pinal	8,787,600
Santa Cruz	1,924,900
Yavapai	6,833,100
Yuma	5,462,400
Total	\$206,380,500

Elimination of Enhanced Federal Match Rate

The budget provides an increase of \$6,000,000 from the General Fund and decrease of \$(6,000,000) in Expenditure Authority for the loss of one-time federal monies in FY 2005. The Expenditure Authority amount includes an increase of \$18,000,000 in County Contributions and a decrease of \$(24,000,000) in Federal Expenditure Authority. The FY 2004 appropriation included \$24,000,000 in additional Federal Funds that were received as part of the enhanced Federal Matching Assistance Percentage (FMAP) along with General Fund

and County Funds savings of \$(6,000,000) and \$(18,000,000), respectively. Savings resulting from this enhanced FMAP were distributed between the counties and the state in proportions consistent with the overall portion of the ALTCS cost paid by the counties and the state. *(Please see AHCCCS Summary section for more information on the FY 2004 FMAP savings.)*

County Contribution Fund

Laws 2003, Chapter 263 created the County Contribution Fund and directs deposits from counties in FY 2004 and FY 2005 as specified in *Table 2*. This fund is subject to appropriation, and is directed for state operations. The approved amount continues to use this fund for state contributions to the ALTCS program in FY 2005, as it was in FY 2004. *(Please see page 346 of FY 2004 Appropriations Report for more information on the County Contribution Fund.)*

<u>County Contribution Fund Deposits</u>	
	<u>FY 2005</u>
Apache	\$ 32,400
Cochise	447,000
Coconino	463,300
Gila	101,000
Graham	38,100
Greenlee	19,400
La Paz	27,900
Maricopa	0
Mohave	583,200
Navajo	89,400
Pima	3,827,600
Pinal	705,500
Santa Cruz	67,800
Yavapai	687,500
Yuma	<u>356,400</u>
Total	\$7,446,500

Board of Nursing

The budget provides \$209,700 for the Board of Nursing in FY 2005. This amount consists of \$104,800 from the General Fund and \$104,900 in Federal Expenditure Authority. These amounts are unchanged from FY 2004. This Special Line Item reflects amounts to be passed through to the Board of Nursing for the cost of administering the Nurse Aid Training program.

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