

Arizona Health Care Cost Containment System

Long-Term Care

JLBC: Tim Sweeney
 OSPB: Derik Leavitt

DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
ALTCS Lump Sum Appropriation	716,011,300	825,194,700		915,308,900
Board of Nursing	0	209,700		209,700
PROGRAM TOTAL	716,011,300	825,404,400		915,518,600
FUND SOURCES				
General Fund	50,954,000	52,847,800		74,200,400
<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		81,646,900
<u>Expenditure Authority Funds</u>				
County Funds	189,257,600	179,451,000		211,020,100
Federal Title XIX Funds	475,403,600	585,659,100		622,851,600
Third Party Collections	396,100	0		0
SUBTOTAL - Expenditure Authority Funds	665,057,300	765,110,100		833,871,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	716,011,300	825,404,400		915,518,600
TOTAL - ALL SOURCES	716,011,300	825,404,400		915,518,600

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	21,352,600	40.4%
Other Appropriated Funds	0	0.0%
Expenditure Authority Funds	68,761,600	9.0%
Total Appropriated/Expenditure Authority Funds	90,114,200	10.9%
Total - All Sources	90,114,200	10.9%

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 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Recommend.
• % 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.

Table 2**County Contribution Fund Deposits**

	FY 2005
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 JLBC recommends \$209,700 for the Board of Nursing in FY 2005. This amount includes \$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.

* * *

JLBC RECOMMENDED FORMAT — Special Line Items by 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.

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.

THE ADMINISTRATION SHALL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE BY MARCH 31 OF EACH YEAR ON PRELIMINARY ACTUARIAL ESTIMATES OF THE CAPITATION RATE INCREASES FOR THE FOLLOWING FISCAL YEAR. 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. *(The JLBC recommends adding these provisions in order to improve the accuracy of capitation rate forecasts and to monitor more closely policy changes that have an effect on capitation rates).*

Pursuant to A.R.S. § 11-292B, the FY 2005 nonfederal portion of the costs of providing long-term care system services is \$292,667,000. Of this amount, \$74,200,400 is appropriated from the state General Fund, \$7,446,500 is appropriated from the County Contribution Fund and the county contribution is \$211,020,100.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends suspending ALTCS statutory growth formulas for the purposes of restoring state and county funds to fill-in the one-time FY 2004 savings due to the temporary federal match rate change. The statutory formula bases the FY 2005 county contribution on the FY 2004 county and General Fund appropriations. The JLBC recommendation bases the FY 2005 county contribution amount on what the FY 2004 appropriations would have been without the additional Federal Funds generated by the enhanced FMAP. *See Elimination of Enhanced Federal Match Rate Policy issue and the AHCCCS Summary section for more information.*

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

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
