

Department of Economic Security
Long Term Care

JLBC: Stefan Shepherd
 OSPB: Stephen Pawlowski

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,393.4	1,445.4	1,485.4
Personal Services	9,562,300	9,503,200	9,503,200
Employee Related Expenditures	2,933,100	2,866,700	2,952,200
Professional and Outside Services	1,757,500	11,663,200	12,749,100
Travel - In State	294,700	280,300	280,300
Other Operating Expenditures	2,897,300	854,000	768,500
Equipment	659,700	2,232,000	2,232,000
OPERATING SUBTOTAL	18,104,600	27,399,400	28,485,300
SPECIAL LINE ITEMS			
Case Management	20,947,900	29,119,300	30,511,800
Home and Community Based Services	345,724,400	419,974,400	449,673,100
Institutional Services	11,981,400	15,409,000	16,409,000
Medical Services	64,749,000	82,686,900	87,686,900
Arizona Training Program at Coolidge	13,302,100	11,708,600	11,708,600
PROGRAM TOTAL	474,809,400	586,297,600	624,474,700
FUND SOURCES			
General Fund	151,276,800	190,971,700	205,493,900
SUBTOTAL - Appropriated Funds	151,276,800	190,971,700	205,493,900
<u>Expenditure Authority Funds</u>			
Long Term Care System Fund (Federal Match)	323,532,600	395,325,900	418,980,800
SUBTOTAL - Expenditure Authority Funds	323,532,600	395,325,900	418,980,800
SUBTOTAL - Appropriated/Expenditure Authority Funds	474,809,400	586,297,600	624,474,700
TOTAL - ALL SOURCES	474,809,400	586,297,600	624,474,700

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	14,522,200	7.6%
Expenditure Authority Funds	23,654,900	6.0%
Total Appropriated/Expenditure Authority Funds	38,177,100	6.5%
Total - All Sources	38,177,100	6.5%

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 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 JLBC
• % of consumer satisfaction with case management services	95	95	95	95
• % of consumers living at home who are satisfied with services and supports (NEW)	NA	70	--	75
• % of families of children under 18 who are satisfied with services and supports (NEW)	61	NA	--	65
• % of families or individuals 18 years or older, who do not live at home with family, who are satisfied with services and supports (NEW)	81	NA	--	85
• Cost per member year - Arizona Training Program - Coolidge (in \$)	102,700	108,500	114,000	--
• Average number of Arizona Training Program - Coolidge clients	148	141	145	--

Comments: The case management result shows the number of recipients or family members who responded “Yes” to the question “Are you satisfied with the assistance provided to you by your Support Coordinator?” The new performance measures are conducted every 2 years. The agency did not submit information for any measure labeled as “NA.”

RECOMMENDED CHANGES FROM FY 2005

Overview

The LTC 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). The LTC appropriation includes the appropriation of GF monies and federal expenditure authority. The state is required to contribute about one-third of the cost of the Long Term Care program.

As the AHCCCS-authorized provider of DD services, the Department of Economic Security (DES) receives federal monies through prepaid monthly capitation payments based on rates for types of clients. The recommended amount makes the following assumptions:

- Caseload growth: Growth is estimated at 7.3% from June 2005 to June 2006, equivalent to the annual growth rate in September and October. The caseload growth will result in an average monthly caseload of 17,750 clients, including both regular and ventilator dependent clients.
- Capitation rate: AHCCCS has approved capitation rates for the period from January 1, 2005 through June 30, 2006. The JLBC recommendation assumes one

modification to these rates: it holds the Administrative component flat at the current rate.

- Federal Matching Assistance Percentage (FMAP): This rate will decline from 67.45% in Federal Fiscal Year (FFY) 2005 to 66.98% in FFY 2006, which means the state will have to contribute slightly more in state monies to generate \$1 in total funds.

Table 1 below summarizes member years, capitation rates, and the state and federal share of funding for the LTC program. Table 2 on the following page summarizes the average monthly caseload estimates for the Special Line Items. Please note that all clients are eligible for Medical Services and Case Management as necessary, but not all clients access other services in any particular month.

<u>Capitation Category</u>	<u>Member Years</u>	<u>Monthly Capitation Rate</u>	<u>Title XIX Share</u>	<u>State GF Match</u>	<u>Total</u>
FY 2006					
Enrolled	17,750	\$ 2,932.20	\$419,053,800	\$205,519,500	\$624,573,300
Ventilator Dependent	83	\$11,893.28	7,948,200	3,897,500	11,845,700
Total	17,833		427,002,000	209,417,000	636,419,000
Administration			(6,417,700)	(3,147,000)	(9,564,700)
FFS/Reinsurance			1,298,300	636,700	1,935,000
Cost sharing			(2,901,800)	(1,412,800)	(4,314,600)
FY 2006 LTC Total			\$418,980,800	\$205,493,900	\$624,474,700

Table 2

<u>Special Line Item</u>	<u>Clients</u>
Home and Community Based Services	15,033
Institutional Services	381
Arizona Training Program at Coolidge	<u>113</u>
Subtotal	15,527
Case Management / Medical Services only	<u>2,223</u>
Total	17,750

Operating Budget

The JLBC recommends \$28,485,300 for the operating budget in FY 2006. This amount consists of \$9,394,600 from the General Fund and \$19,090,700 from Long Term Care System Fund expenditure authority. These amounts would fund the following adjustments:

Premium Tax Growth	GF	FY 2006 \$394,400
	EA	691,500

The JLBC recommends an increase of \$1,085,900 in FY 2006 for premium tax growth. This amount consist of \$394,400 from the General Fund and \$691,500 from Long Term Care System Fund expenditure authority. This increase is based on the total amount of expected premium tax payments. The premium tax includes amounts associated with the pass-through of behavioral health monies to DHS.

Special Line Items**Case Management**

The JLBC recommends \$30,511,800 and 685.5 FTE Positions for Case Management in FY 2006. This amount consists of \$10,105,000 from the General Fund and \$20,406,800 from Long Term Care System Fund expenditure authority. These amounts would fund the following adjustments:

Caseload Growth	GF	727,400
	EA	1,484,100

The JLBC recommends an increase of \$2,211,500 and 40 FTE Positions in FY 2006 for case managers and support staff related to caseload growth. These amounts consist of \$727,400 and 13.1 FTE Positions from the General Fund and \$1,484,100 and 26.9 FTE Positions from Long Term Care System Fund expenditure authority. The recommended amounts include \$467,700 for one-time equipment.

Eliminate One-Time Equipment	GF	(267,000)
	EA	(552,000)

The JLBC recommends a decrease of \$(819,000) in FY 2006 for elimination of one-time equipment. This amount consists of \$(267,000) from the General Fund and \$(552,000) from Long Term Care System Fund expenditure authority.

Home and Community Based Services

The JLBC recommends \$449,673,100 and 99.2 FTE Positions for Home and Community Based Services in FY 2006. This amount consists of \$148,543,600 from the General Fund and \$301,129,500 from Long Term Care System Fund expenditure authority. These amounts would fund the following adjustments:

Caseload Growth	GF	11,693,400
	EA	18,005,300

The JLBC recommends an increase of \$29,698,700 in FY 2006 for Long Term Care caseload growth. This amount consists of \$11,693,400 from the General Fund and \$18,005,300 from Long Term Care System Fund expenditure authority.

Monies in this line item fund 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. Monies also fund staff in state-operated group homes.

Table 3 indicates how estimated caseloads are expected to be allocated among HCBS settings:

Table 3

<u>HCBS Setting</u>	<u>Clients</u>
At Home With Family	10,929
Adult Developmental Foster Home	588
Group Home	3,177
Child Developmental Foster Home	281
Independent Living	6
State-Operated Group Home	<u>52</u>
Total	15,033

Institutional Services

The JLBC recommends \$16,409,000 and 77.7 FTE Positions for Institutional Services in FY 2006. This amount consists of \$5,397,300 from the General Fund and \$11,011,700 from Long Term Care System Fund expenditure authority. These amounts would fund the following adjustments:

Caseload Growth	GF	329,000
	EA	671,000

The JLBC recommends an increase of \$1,000,000 in FY 2006 for Long Term Care caseload growth. This amount consists of \$329,000 from the General Fund and \$671,000 from Long Term Care System Fund expenditure authority.

Monies in this line item fund residential and day programs to clients with more severe developmental disabilities. These clients reside in Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) or other nursing facilities, both privately- and state-operated. The budget is estimated to serve 381 clients.

