

Department of Economic Security
Developmental Disabilities

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	327.5	316.5	197.9
Personal Services	1,914,000	2,476,300	2,476,300
Employee Related Expenditures	596,000	712,300	712,300
Professional and Outside Services	201,500	171,300	171,300
Travel - In State	53,100	57,500	57,500
Other Operating Expenditures	251,000	326,400	326,400
Equipment	58,900	0	0
OPERATING SUBTOTAL	3,074,500	3,743,800	3,743,800
SPECIAL LINE ITEMS			
Case Management	3,429,200	4,044,000	4,044,000
Home and Community Based Services	25,571,100	34,025,300	34,855,500
Institutional Services	139,500	294,900	294,900
Arizona Training Program at Coolidge	504,000	5,689,100	500,000
State-Funded Long Term Care Services	19,535,400	21,802,400	21,802,400
PROGRAM TOTAL	52,253,700	69,599,500	65,240,600
FUND SOURCES			
General Fund	33,467,500	45,167,600	43,353,000
<u>Other Appropriated Funds</u>			
Long Term Care System Fund (Non-Federal Matched)	18,786,200	24,431,900	21,887,600
SUBTOTAL - Other Appropriated Funds	18,786,200	24,431,900	21,887,600
SUBTOTAL - Appropriated Funds	52,253,700	69,599,500	65,240,600
Other Non-Appropriated Funds	1,113,100	1,113,100	1,113,100
Federal Funds	10,591,700	10,937,900	10,937,900
TOTAL - ALL SOURCES	63,958,500	81,650,500	77,291,600
CHANGE IN FUNDING SUMMARY			
	<u>FY 2006 to FY 2007 JLBC</u>		
	<u>\$ Change</u>	<u>% Change</u>	
General Fund	(1,814,600)	(4.0%)	
Other Appropriated Funds	(2,544,300)	(10.4%)	
Total Appropriated Funds	(4,358,900)	(6.3%)	
Non Appropriated Funds	0	0.0%	
Total - All Sources	(4,358,900)	(5.3%)	

COST CENTER DESCRIPTION — The Developmental Disabilities (DD) program provides 100% state-funded services to individuals with mental retardation, cerebral palsy, autism or epilepsy. Clients eligible for federal Title XIX program services are funded through the Long Term Care (LTC) Program; 100% state-funded services to these LTC clients are provided in the 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	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
• % of consumer satisfaction with case management services	95	95	95	95
• % of consumers living at home who are satisfied with services and supports Comments: The performance measure surveys are conducted every 2 years, which results in the labels of "NA" for those measures. The JLBC recommends the survey be done annually.	NA	70	NA	70
• % of families of children under 18 who are satisfied with services and supports Comments: The performance measure surveys are conducted every 2 years, which results in the labels of "NA" for those measures. The JLBC recommends the survey be done annually.	61	NA	57	65
• % of families or individuals 18 years or older, who do not live at home with family, who are satisfied with services and supports Comments: The performance measure surveys are conducted every 2 years, which results in the labels of "NA" for those measures. The JLBC recommends the survey be done annually.	81	NA	85	89

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$3,743,800 from the General Fund for the operating budget in FY 2007. This amount is unchanged from FY 2006.

Special Line Items

Case Management

The JLBC recommends \$4,044,000 and 84.3 FTE Positions from the General Fund for Case Management in FY 2007. These amounts are unchanged from FY 2006.

This line item funds case management services to clients in the state-only DD program. There are approximately 7,956 clients in the state-only program, though not all are receiving services.

Home and Community Based Services

The JLBC recommends \$34,855,500 and 48.4 FTE Positions for Home and Community Based Services in FY 2007. These amounts consist of:

	FY 2007
General Fund	\$34,007,400
Long Term Care System Fund	848,100

These amounts would fund the following adjustments:

Provider Rate Adjustment GF 830,200

The JLBC recommends an increase of \$830,200 from the General Fund in FY 2007 for provider rate increases. This increase comes from the savings from the fund transfers within the Arizona Training Program at Coolidge as discussed below. (Please see the Arizona Training Program at Coolidge section for more information.)

Additional administrative dollars of \$2,032,100 have been generated in the Home and Community Based Services line item in the Long Term Care cost center and applied toward provider rate increases. When combined with the \$830,200 savings in the Coolidge fund transfer, this represents a total of \$2,862,300 available funds for provider rate increases or other purposes. This amount consists of \$1,509,000 in General Fund \$1,353,300 in matching federal monies. Based on the FY 2006 costs of provider rate increases, these total available funds would raise the provider rates on the published rate schedule by 0.7%. Further provider adjustments may be considered during session. (Please see the Long Term Care Cost Center narrative for more information.)

This line item funds 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. It also includes funding for state-operated facilities, excluding the Arizona Training Program at Coolidge.

The recommended amount is expected to provide a total of 4,690 member years of service, allocated as shown in Table 1.

HCBS Setting	Clients
At Home with Family	4,535
Adult Developmental Foster Home	8
Group Home	52
Children Developmental Foster Home	54
Independent Living	36
State-Operated Group Home	5
Total	4,690

Institutional Services

The JLBC recommends \$294,900 from the General Fund for Institutional Services in FY 2007. This amount is unchanged from FY 2006. This line item funds residential and day programs to clients with more severe developmental disabilities. These clients reside in Large Group Living Facilities (LGLFs) or other nursing facilities. The recommended amount is expected to provide 3 member years of service in LGLFs each year.

Arizona Training Program at Coolidge

The JLBC recommends \$500,000 and 12 FTE Positions from the General Fund for the Arizona Training Program at Coolidge in FY 2007.

This amount would fund the following adjustments:

Eligibility Shift Transfer	GF	(2,644,800)
	OF	(2,544,300)

The JLBC recommends a decrease of \$(5,189,100) and (118.6) FTE Positions in FY 2007 for an eligibility shift transfer. These amounts consist of:

General Fund	(2,644,800)
Long Term Care System Fund	(2,544,300)

An equivalent amount of total funds are also being recommended for increase in the LTC ATP-C line item; however, more state funds will be used as matching funds to draw down additional Federal Funds. The net result is a General Fund savings of \$830,200. These savings have been placed into Home and Community Based Services for provider rate increases.

Laws 2003, Chapter 265, Section 7 required all ATP-C clients to modify trusts to become Title XIX eligible. By October 2004, all 39 former state-only clients had become Title XIX eligible, resulting in the shift of their funding to the LTC ATP-C line item (*see Long Term Care Cost Center narrative for more details*). The Long Term Care System Fund in this line item consisted of trust fund revenues from clients during the Title XIX eligibility conversion process. As all clients are now Title XIX eligible, there will not be significant ongoing revenues from client trusts. (*Please see Table 2 for more detail.*)

A total of \$500,000 General Fund is still needed in ATP-C on the state-only side for 3 primary purposes: (1) clients who temporarily become Title XIX ineligible, such as after receiving inheritances, (2) temporary residents at ATP-C, and (3) the maintenance and operations of ATP-C state facilities.

The total population at ATP-C, including clients funded through the LTC program, is budgeted at 145 in FY 2007. The approximate blended cost per budgeted DD client at ATP-C (excluding these other costs) will be \$122,900.

Sources	
<i>DD ATP-C</i>	
General Fund	\$2,644,800
Long Term Care System Fund	<u>2,544,300</u>
Total – Sources	5,189,100
Uses	
<i>LTC ATP-C</i>	
General Fund	1,814,600
Federal Title XIX	3,374,500
Provider Rate Adjustment	<u>830,200</u>
Total – Uses	\$6,019,300
*The uses are \$830,200 higher than the sources because General Fund monies were used to generate \$3,374,500 federally-matched dollars.	

State-Funded Long Term Care Services

The JLBC recommends \$21,802,400 and 2 FTE Positions for State-Funded Long Term Care Services in FY 2007. These amounts consist of:

General Fund	762,900
Long Term Care System Fund	21,039,500

These amounts are unchanged from FY 2006.

This line item funds a variety of services ineligible for Federal Fund reimbursement from AHCCCS. The most common service provided in this line item is room and board.

Table 3 details the recommended amounts of funding and uses for the State-Funded Long Term Care Services line item in FY 2006 and FY 2007.

	<u>FY 2006</u>	<u>FY 2007</u>
Sources		
Long Term Care System Fund		
Client Billing Revenue	\$15,394,600	\$15,394,600
Foster Care Client Trust	1,600,000	1,600,000
Mesa Land	100,000	100,000
LTCFSF Interest	3,844,200	3,844,200
Preadmission Screening and Annual Resident Review (PASARR)	<u>100,700</u>	<u>100,700</u>
Total – LTCFSF	21,039,500	21,039,500
General Fund	<u>762,900</u>	<u>762,900</u>
Total – Sources	\$21,802,400	\$21,802,400
Uses		
Non-reimbursable LTC Services	\$21,262,700	\$21,262,700
Food	226,200	226,200
PASARR	100,700	100,700
Stipends and Allowances	<u>212,800</u>	<u>212,800</u>
Total – Uses	\$21,802,400	\$21,802,400

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Program

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

It is the intent of the Legislature that any available surplus monies for developmental disability programs be applied toward the waiting list, unless there are insufficient monies to annualize these costs in the subsequent year. The children's waiting list shall receive first priority. The amount appropriated for Developmental Disabilities shall be used to provide for services for non-Title XIX eligible clients. The amount shall not be used for other purposes, unless a transfer of monies is reviewed by the Joint Legislative Budget Committee.

The Department of Economic Security shall report all new placements into a state-owned ICF-MR or the Arizona Training Program at Coolidge Campus in FY 2007 to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee, and

the reason why this placement, rather than a placement into a privately run facility for the developmentally disabled, was deemed as the most appropriate placement. The department should also report if no new placements were made. This report shall be made available by July 15, 2007.

Deletion of Prior Year Footnotes

The JLBC recommends deleting the footnote detailing the use of an FY 2006 appropriation for provider rate increases.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Auditor General Recommendation

The Auditor General's report 05-07 found 2 issues within the division with budgetary implications. First, the division probably is paying low rates to therapists because of the division's reliance on an outdated rate report done in the mid-1990's. Second, the division could generate revenue from having a more systematic process to identify individuals who should be billed for a portion of their services.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
