

Arizona Health Care Cost Containment System

Administration

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DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
OPERATING BUDGET			
Full Time Equivalent Positions	3,159.4	3,179.0	3,179.0
Personal Services	36,328,800	39,231,300	39,231,300
Employee Related Expenditures	13,772,000	14,940,900	14,940,900
Professional and Outside Services	3,079,600	3,079,900	3,079,900
Travel - In State	173,800	232,100	232,100
Travel - Out of State	63,400	29,600	29,600
Other Operating Expenditures	11,204,100	11,628,900	11,628,900
Equipment	1,797,200	964,900	964,900
OPERATING SUBTOTAL	66,418,900	70,107,600	70,107,600
SPECIAL LINE ITEMS			
ADOA Data Center Charges	6,321,200	5,717,500	5,717,500
Indian Advisory Council	212,100	232,900	232,900
DES Eligibility	51,963,100	55,687,400	55,687,400
DES Title XIX Pass-Through	236,300	357,800	357,800
Healthcare Group Administration and Reinsurance	3,766,600	16,468,700	6,521,000
Office of Administrative Hearings	226,300	271,300	271,300
KidsCare - Administration	10,914,900	9,445,300	7,411,100
Proposition 204 - AHCCCS Administration	10,702,100	11,401,700	11,401,700
Proposition 204 - DES Eligibility	35,216,200	40,229,100	40,229,100
Computer System Planning	250,700	0	0
Claims Computer System Replacement	0	2,090,900	2,090,900
DES Eligibility System Upgrade	0	2,600,000	2,600,000
2-1-1 System	1,783,800	3,422,400	2,822,400
PROGRAM TOTAL	188,012,200	218,032,600	205,450,700
FUND SOURCES			
General Fund	85,636,200	98,728,700	89,514,800
<u>Other Appropriated Funds</u>			
Budget Neutrality Compliance Fund	2,531,900	2,683,100	2,841,000
Children's Health Insurance Program Fund	8,496,800	7,219,100	5,640,900
Healthcare Group Fund	3,766,600	8,468,700	6,521,000
SUBTOTAL - Other Appropriated Funds	14,795,300	18,370,900	15,002,900
SUBTOTAL - Appropriated Funds	100,431,500	117,099,600	104,517,700
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	87,580,300	100,933,000	100,933,000
Third Party Collections	400	0	0
SUBTOTAL - Expenditure Authority Funds	87,580,700	100,933,000	100,933,000
SUBTOTAL - Appropriated/Expenditure Authority Funds	188,012,200	218,032,600	205,450,700
Other Non-Appropriated Funds	78,049,600	71,609,500	74,470,400
Federal Funds	597,300	5,942,900	5,942,900
TOTAL - ALL SOURCES	266,659,100	295,585,000	285,864,000
CHANGE IN FUNDING SUMMARY			
	<u>FY 2008 to FY 2009 JLBC</u>		
	<u>\$ Change</u>	<u>% Change</u>	
General Fund	(9,213,900)	(9.3%)	
Other Appropriated Funds	(3,368,000)	(18.3%)	
Expenditure Authority Funds	0	0.0%	
Total Appropriated/Expenditure Authority Funds	(12,581,900)	(5.8%)	
Non Appropriated Funds	2,860,900	3.7%	
Total - All Sources	(9,721,000)	(3.3%)	

COST CENTER DESCRIPTION — Administration responsibilities related to health plan contracting include rate negotiations, health plan auditing and financial oversight, and assisting with the formulation of new health plans. Other major Administration responsibilities include the development and maintenance of the management information system, policy development and research, and agency finance and accounting. Additionally, the program provides funding for eligibility determinations.

PERFORMANCE MEASURES	FY 2005	FY 2006	FY 2007	FY 2009
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> % of applications processed on time Comments: AHCCCS is required by federal law to maintain a 95% on time rate for error-free applications. AHCCCS indicates that it is unable to meet its target rate primarily because it has been unable to recruit and maintain the staff necessary to process the large number of applications. 	68	84	91	95
<ul style="list-style-type: none"> Customer satisfaction rating for eligibility determination clients (Scale 1-8) Comments: AHCCCS did not submit information for this measure in FY 2007 as required by the General Appropriation Act. AHCCCS reports that the equipment for the data survey is no longer operational, but it has developed a new survey which they plan to mail out in October 2007. 	NA	NA	NA	6.0

Operating Budget

The JLBC includes \$70,107,600 and 1,058.9 FTE Positions for the operating budget in FY 2009. These amounts consist of:

General Fund	\$28,585,800
Federal Expenditure Authority	41,521,800

These amounts are unchanged from FY 2008.

ADOA Data Center Charges

The JLBC includes \$5,717,500 for the Arizona Department of Administration (ADOA) Data Center Charges in FY 2009. This amount consists of:

General Fund	1,724,700
Federal Expenditure Authority	3,992,800

These amounts are unchanged from FY 2008.

This Special Line Item reflects costs associated with the agency's usage of mainframe computing services provided by ADOA.

Indian Advisory Council

The JLBC includes \$232,900 and 3.6 FTE Positions for the Indian Advisory Council in FY 2009. These amounts consist of:

General Fund	116,600
Federal Expenditure Authority	116,300

These amounts are unchanged from FY 2008.

The Advisory Council on Indian Healthcare assists in developing a comprehensive healthcare delivery system for Arizona's Native American population.

DES Eligibility

The JLBC includes \$55,687,400 and 991.6 FTE Positions for the Department of Economic Security (DES) Eligibility services in FY 2009. These amounts consist of:

General Fund	26,466,700
Federal Expenditure Authority	29,220,700

These amounts are unchanged from FY 2008.

Through an intergovernmental agreement, DES performs eligibility determinations for the Acute Care program.

DES Title XIX Pass-Through

The JLBC includes \$357,800 and 4.3 FTE Positions for DES Title XIX Pass-Through funding in FY 2009. These amounts consist of:

General Fund	154,000
Federal Expenditure Authority	203,800

These amounts are unchanged from FY 2008.

This Special Line Item contains funding for both the DES Disability Determination Services Administration (DDSA) and the DES Preadmission Screening and Annual Resident Review (PASARR) programs, which are administered by DES through an intergovernmental agreement. DES-DDSA determines disability entitlement for the Arizona Long-Term Care System and the Federal Emergency Services program. DES-PASARR screens all individuals with developmental disabilities before they enter the Long

Proposition 204 - AHCCCS Administration

The JLBC includes \$11,401,700 and 202.3 FTE Positions for Proposition 204 AHCCCS Administration costs in FY 2009. These amounts consist of:

General Fund	5,723,600
Federal Expenditure Authority	5,678,100

These amounts are unchanged from FY 2008.

Proposition 204 expanded AHCCCS coverage up to 100% of the FPL. This Special Line Item contains funding for AHCCCS administration costs of the Proposition 204 program, while funding for the services to this population are included in the Acute Care Cost Center.

Proposition 204 - DES Eligibility

The JLBC includes \$40,229,100 and 683.2 FTE Positions for Proposition 204 DES Eligibility costs in FY 2009. These amounts consist of:

General Fund	20,350,800
Budget Neutrality Compliance Fund	2,841,000
Federal Expenditure Authority Funds	17,037,300

FY 2009 adjustments would be as follows:

Statutory Adjustment	GF	(157,900)
	OF	157,900

This adjustment would be an increase of \$157,900 from the Budget Neutrality Compliance Fund (BNCF) and a corresponding General Fund decrease in FY 2009 to reflect a statutorily required increase of county contributions. The BNCF is comprised of contributions from Arizona counties for administrative costs of the implementation of Proposition 204. Prior to the proposition, the counties funded and administered the health care program for some of the Proposition 204 population.

Pursuant to A.R.S. § 11-292P, the JLBC Staff is required to adjust the prior year county contribution to the BNCF based on inflationary and population growth. In accordance with this requirement, JLBC Staff used inflationary growth of 2.7%, as measured by the October 2007 estimate of the calendar year 2007 Gross Domestic Product (GDP) price deflator, and population growth of 3.1%, as estimated by the DES Population Statistics Unit. Using these rates, JLBC Staff calculated a FY 2009 increase of \$157,900 above the FY 2008 contribution amount of \$2,683,100. (Please see Table 3 in the Acute Care Cost Center for contributions by county.)

This Special Line Item contains funding for DES Eligibility costs, in DES, of the Proposition 204 program. This funding primarily represents eligibility services provided by DES.

Computer System Planning

The JLBC includes no funding for Computer System Planning in FY 2009. This amount is unchanged from FY 2008.

This line item provided funding for AHCCCS to study and plan for the replacement of its claims computer system. This study was completed in FY 2007 and the FY 2008 budget provided funding for the replacement of the claims computer system in a separate line item.

Claims Computer System Replacement

The JLBC includes \$2,090,900 and 2.4 FTE Positions for Claims Computer System Replacement in FY 2009. These amounts consist of:

General Fund	500,000
Federal Expenditure Authority	1,590,900

These amounts are unchanged from FY 2008.

This line item is used to replace the claims computer system used by AHCCCS to pay provider claims for fee-for-service charges. This funding implements the computer system planning study completed in FY 2007. The claims system is one of AHCCCS' oldest systems and processes a high volume of requests. Expenditures from this line include equipment, internal information technology (IT) support and contracted programming, and system development. The claims system is one of many systems used by AHCCCS. AHCCCS anticipates replacing additional systems once the claims system replacement has been completed. AHCCCS announced it is not currently working on this project.

DES Eligibility System Upgrade

The JLBC includes \$2,600,000 and 11 FTE Positions for the new DES Eligibility System Upgrade Special Line Item in FY 2009. These amounts consist of:

General Fund	1,300,000
Federal Expenditure Authority	1,300,000

These amounts are unchanged from FY 2008.

These monies are part of a \$45,000,000 total fund multi-year IT upgrade project to replace the current case management/eligibility determination system used by DES for Medicaid, TANF, General Assistance, and other welfare programs. AHCCCS is expected to seek \$24,730,000 over the project lifetime, of which approximately half would be sought from the General Fund and half would be Federal Expenditure Authority. The remaining costs would be covered by DES, with \$12,722,500 from the General Fund and \$7,547,500 in non-appropriated federal monies. Expenditures from this

line include equipment, internal IT support, and contracted programming and system development. (See the *Eligibility System Upgrade discussion in the DES Benefits and Medical Eligibility Division for more details.*)

2-1-1 System

The JLBC includes \$2,822,400 and 11.2 FTE Positions from the General Fund for the 2-1-1 System in FY 2009. FY 2009 adjustments would be as follows:

Eliminate One-Time Equipment GF (600,000)

This adjustment would be a decrease of \$(600,000) from the General Fund in FY 2009 for elimination of one-time FY 2008 equipment monies.

Arizona 2-1-1 online, www.az211.gov, became operational on June 29, 2005. The online 2-1-1 system provides referrals to available health and human services in Arizona. The 2-1-1 system can also be used to communicate updates during emergencies. The online component of 2-1-1 was initially funded with federal grants. The telephone component of 2-1-1 consists of funding for call center infrastructure, with the intent that local governments would fund the actual call centers and personnel. To date, no local call centers have been established.

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FORMAT — Operating Lump Sum with Special Line Items by Program

FOOTNOTES

Standard Footnotes

The amounts appropriated for the Department of Economic Security Eligibility line item shall be used for intergovernmental agreements with the Department of Economic Security for the purpose of eligibility determination and other functions. The General Fund share may be used for eligibility determination for other programs administered by the Division of Benefits and Medical Eligibility based on the results of the Arizona Random Moment Sampling Survey.

Deletion of Prior Year Footnotes

The JLBC deletes the footnote on reporting the agency's use of cost savings resulting from an agreement with another state, because this has been a long-standing agreement that is not anticipated to change significantly.

The JLBC deletes the footnote on reporting reimbursement from the federal government under the Medicaid Direct Services Claiming Act, because this money goes directly to school districts.

The JLBC deletes the one-time footnote on the General Fund appropriation for Healthcare Group.

The JLBC deletes the footnote on the Department of Administration Data Center Charges, because the agency has the flexibility to transfer funds between its other Special Line Items.