

Arizona Health Care Cost Containment System

Long Term Care

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DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
SPECIAL LINE ITEMS			
ALTCS Lump Sum Appropriation	975,040,700	1,099,329,800	1,182,589,400
Medicare Clawback Payments	18,647,700	20,428,900	21,220,900
Dual Eligible Part D Copay Subsidy	550,600	470,300	470,300
Board of Nursing	355,600	209,700	209,700
PROGRAM TOTAL	994,594,600	1,120,438,700	1,204,490,300
FUND SOURCES			
General Fund	135,725,800	145,675,800	164,314,300
SUBTOTAL - Appropriated Funds	135,725,800	145,675,800	164,314,300
<u>Expenditure Authority Funds</u>			
County Funds	221,196,800	242,744,500	257,502,600
Federal Title XIX Funds	637,672,000	732,018,400	782,673,400
SUBTOTAL - Expenditure Authority Funds	858,868,800	974,762,900	1,040,176,000
SUBTOTAL - Appropriated/Expenditure Authority Funds	994,594,600	1,120,438,700	1,204,490,300
TOTAL - ALL SOURCES	994,594,600	1,120,438,700	1,204,490,300

CHANGE IN FUNDING SUMMARY

	<u>FY 2008 to FY 2009 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	18,638,500	12.8%
Expenditure Authority Funds	65,413,100	6.7%
Total Appropriated/Expenditure Authority Funds	84,051,600	7.5%
Total - All Sources	84,051,600	7.5%

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 income limit is about 222% of the Federal Poverty Limit. 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, per-capita costs, 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 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2009 JLBC
<ul style="list-style-type: none"> • % of members utilizing Home and Community Based Services (HCBS) Comments: In order to prevent premature institutionalization, AHCCCS encourages clients to utilize HCBS services as a cost effective alternative to long term care. 	62	63	64	67
<ul style="list-style-type: none"> • % of ALTCS eligibility as measured by quality control sample 	99	99	97	99

ALTCS Lump Sum Appropriation		General Fund	\$152,146,700
		County Contributions	247,874,200
		Federal Expenditure Authority	782,568,500

The JLBC includes \$1,182,589,400 for Arizona Long Term Care System (ALTCS) expenditures in FY 2009. This amount consists of:

FY 2009 adjustments would be as follows:

Formula Growth	GF	18,197,200
	EA	65,062,400

This adjustment would be an increase of \$83,259,600 in FY 2009 for caseload and capitation rate growth. These amounts consist of:

General Fund	18,197,200
County Contributions	14,407,400
Federal Title XIX Expenditure Authority	50,655,000

AHCCCS ALTCS enrollment growth is estimated at 3.3%, or approximately 630 member years, from June 2008 to June 2009. This growth would result in approximately 26,000 member years being served in FY 2009.

Additionally, the JLBC includes capitation rate increases of approximately 6% above FY 2009. Other components of the ALTCS program, such as Fee-For-Service, Reinsurance, and Medicare Premiums programs, are expected to increase by 11%, which includes both inflation and population growth.

While ALTCS is appropriated its expenditures by lump sum, Capitation, Fee-For-Service, Reinsurance, and Medicare premiums make up the estimated cost for the ALTCS Lump Sum Appropriation.

The Capitation category includes monthly payments made to AHCCCS health plans for the cost of care provided to enrolled members. Contracts are awarded to health plans for a 5-year period upon the completion of a competitive bidding process in which the health plans respond to a Request for Proposal from AHCCCS. The next 5-year contracts will take effect October 2012.

Clients also contribute to the cost of their care based on their income and living arrangement with institutionalized members contributing more of their income to the cost of their care. For FY 2007, AHCCCS estimates that client contributions reduced costs by 7.8%.

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 prior year (FY 2007) ALTCS utilization.
3. Each county's contribution is then limited to 90¢ per \$100 of net assessed property value. In FY 2009, this provision provides 3 counties with a total of \$3,999,200 in relief.
4. In counties with an "on-reservation" population of at least 20%, the contribution is limited by an alternative formula specified in statute. In FY 2009, this provision provides 3 counties with a total of \$10,177,200 in relief.

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. In FY 2009, no counties qualify for this relief.
6. The state pays for county costs above the average statewide per capita (\$42.46 in FY 2009). In FY 2009, this provision provides 8 counties with a total of \$11,028,900 in relief.

In FY 2009, provisions 2 through 6 of the ALTCS formula result in the state providing a total of \$25,205,300 in relief to 12 counties. *(Please see Table 1 on the following page for more information.)*

These estimates also include additional General Fund monies and County Contributions (and reduced Federal Expenditure Authority) to reflect the lowering of the Federal Medical Assistance Percentage (FMAP), effective October 1, 2008. *(Please see Table 1 for contributions by county.)*

Medicare Clawback Payments

The JLBC includes \$21,220,900 for Medicare Clawback Payments in FY 2009. This amount consists of:

General Fund	11,592,500
County Contributions	9,628,400

FY 2009 adjustments would be as follows:

Caseload Growth	GF	441,300
	EA	350,700

This adjustment would be an increase of \$792,000 in FY 2009 for caseload growth. These amounts consist of:

General Fund	441,300
County Contributions	350,700

These amounts are based upon the estimated 3.3% caseload growth for FY 2009.

The line item is used to make payments to Medicare, as required by the Medicare Modernization Act (MMA). As part of the MMA, effective January 1, 2006, AHCCCS is not required to pay for prescription drug costs for members that are also eligible for Medicare. Instead, AHCCCS is required to make "Clawback" payments to Medicare based on 86% of the estimated prescription drug cost of this population in FY 2009. The state's share of 86% declines annually by 1.7% and the Clawback cost per member is annually increased based on national health trend information.

Table 1

County Assessed vs. Paid ALTCS Contributions

	<u>FY 2008 Base</u>	<u>50% Growth</u>	<u>FY 2009 Base</u>	<u>Relief Provided</u>	<u>FY 2009 Revised Contribution</u>	<u>FY 2008 Contribution</u>	<u>Change From FY 2008</u>
Apache	\$ 5,983,000	\$ 344,000	\$ 6,327,000	\$ (5,695,700)	\$ 631,300	\$ 594,500	\$ 36,800
Cochise	7,822,800	495,900	8,318,700	(2,257,000)	6,061,700	5,444,200	617,500
Coconino	4,688,200	273,900	4,962,100	(3,068,100)	1,894,000	1,783,800	110,200
Gila	3,864,900	245,500	4,110,400	(1,230,900)	2,879,500	2,288,100	591,400
Graham	1,675,500	110,200	1,785,700	(569,700)	1,216,000	1,042,800	173,200
Greenlee	108,700	10,000	118,700	-	118,700	132,300	(13,600)
La Paz	877,100	55,100	932,200	(500)	931,700	856,200	75,500
Maricopa	154,230,800	9,705,000	163,935,800	(1,816,900)	162,118,900	152,779,700	9,339,200
Mohave	8,360,900	516,000	8,876,900	(722,300)	8,154,600	7,988,900	165,700
Navajo	6,064,500	385,700	6,450,200	(3,838,700)	2,611,500	2,459,300	152,200
Pima	42,285,400	2,650,000	44,935,400	(3,794,400)	41,141,000	39,528,700	1,612,300
Pinal	12,222,600	736,400	12,959,000	-	12,959,000	10,974,800	1,984,200
Santa Cruz	2,181,600	138,600	2,320,200	(348,700)	1,971,500	1,822,600	148,900
Yavapai	9,161,000	619,500	9,780,500	(1,862,400)	7,918,100	8,591,700	(673,600)
Yuma	6,482,600	412,500	6,895,100	-	6,895,100	6,456,900	438,200
Total	\$266,009,600	\$16,698,300	\$282,707,900	\$(25,205,300)	\$257,502,600	\$242,744,500	\$14,758,100

Dual Eligible Part D Copay Subsidy

The JLBC includes \$470,300 from the General Fund for Dual Eligible Part D Copay Subsidy in FY 2009. This amount is unchanged from FY 2008.

The line item is used to pay the prescription drug copayments of low income individuals qualifying for both Medicare and Medicaid, known as “dual eligibles.” Prior to the federal government taking over prescription drug costs from the state for dual eligibles on January 1, 2006, these individuals did not pay for their prescriptions. As part of the benefit, however, recipients make copayments for prescription drugs ranging from \$1.05 to \$6.01, depending on the class of the drug as well as the recipient’s income.

Board of Nursing

The JLBC includes \$209,700 for the Board of Nursing in FY 2009. This amount consists of:

General Fund	104,800
Federal Expenditure Authority	104,900

These amounts are unchanged from FY 2008.

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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FORMAT — Special Line Items by Program

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.

Pursuant to A.R.S. § 11-292B, the county portion of the FY 2009 nonfederal portion of the costs of providing long-term care system services is \$257,502,600. This amount is included in the Expenditure Authority fund source.

STATUTORY CHANGES

As session law, the JLBC would set the FY 2009 county Long Term Care contribution at \$257,502,600 as follows:

Apache	\$ 631,300
Cochise	6,061,700
Coconino	1,894,000
Gila	2,879,500
Graham	1,216,000
Greenlee	118,700
La Paz	931,700
Maricopa	162,118,900
Mohave	8,154,600
Navajo	2,611,500
Pima	41,141,000
Pinal	12,959,000
Santa Cruz	1,971,500
Yavapai	7,918,100
Yuma	6,895,100