

**Department of Economic Security**  
**Developmental Disabilities**

JLBC: Jay Chilton  
 OSPB: Chris Hall

DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,861.9	1,921.9	1,921.9
Personal Services	12,082,500	11,760,600	11,760,600
Employee Related Expenditures	4,717,200	4,360,300	4,360,300
Professional and Outside Services	544,100	611,300	611,300
Travel - In State	376,600	407,500	407,500
Other Operating Expenditures	18,640,300	26,789,300	28,686,300
Equipment	625,300	570,500	570,500
<b>OPERATING SUBTOTAL</b>	<b>36,986,000</b>	<b>44,499,500</b>	<b>46,396,500</b>
<b>SPECIAL LINE ITEMS</b>			
<b>Title XIX Long Term Care</b>			
Case Management - Title XIX	35,559,100	42,509,800	42,509,800
Home and Community Based Services - Title XIX	583,542,400	608,898,800	644,350,900
Institutional Services - Title XIX	17,852,500	15,158,400	15,873,000
Medical Services	102,889,900	135,101,600	142,813,300
Arizona Training Program at Coolidge - Title XIX	17,227,100	17,018,800	17,018,800
Medicare Clawback Payments	2,184,400	2,206,600	2,456,100
<b>State-Funded Services</b>			
Case Management - State Only	3,808,100	4,496,000	4,496,000
Home and Community Based Services - State Only	34,286,900	36,697,500	36,697,500
Institutional Services - State Only	153,600	294,900	294,900
Arizona Training Program at Coolidge - State Only	74,900	566,400	566,400
State-Funded Long Term Care Services	24,825,300	26,383,300	26,383,300
Autism Training and Oversight	103,300	200,000	200,000
Children's Autism Intensive Behavioral Treatment Services	1,800,000	1,800,000	1,800,000
Children's Autism Intensive Early Intervention Services for Toddlers	205,300	500,000	500,000
Arizona Early Intervention Program	0	3,500,000	3,500,000
<b>PROGRAM TOTAL</b>	<b>861,498,800</b>	<b>939,831,600</b>	<b>985,856,500</b>
<b>FUND SOURCES</b>			
General Fund	321,296,500	345,887,000	363,351,500
<u>Other Appropriated Funds</u>			
Long Term Care System Fund (Non-Federal Matched)	21,943,000	26,468,500	26,468,500
TTHCF Health Research Account	103,300	200,000	200,000
SUBTOTAL - Other Appropriated Funds	22,046,300	26,668,500	26,668,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>343,342,800</b>	<b>372,555,500</b>	<b>390,020,000</b>
<u>Expenditure Authority Funds</u>			
Long Term Care System Fund (Federal Match)	518,156,000	567,276,100	595,836,500
SUBTOTAL - Expenditure Authority Funds	518,156,000	567,276,100	595,836,500
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>861,498,800</b>	<b>939,831,600</b>	<b>985,856,500</b>
Other Non-Appropriated Funds	1,134,200	1,155,300	1,155,300
Federal Funds	13,876,000	14,378,300	17,728,600
<b>TOTAL - ALL SOURCES</b>	<b>876,509,000</b>	<b>955,365,200</b>	<b>1,004,740,400</b>

**CHANGE IN FUNDING SUMMARY**

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	17,464,500	5.0%
Other Appropriated Funds	0	0.0%
Expenditure Authority Fund	28,560,400	5.0%
Total Appropriated/Expenditure Authority Funds	46,024,900	4.9%
Non-Appropriated Funds	3,350,300	21.6%
Total - All Sources	49,375,200	5.2%

**COST CENTER DESCRIPTION** — The Division of Developmental Disabilities (DD) program provides services to individuals with cognitive disabilities, cerebral palsy, autism, or epilepsy. Clients eligible for federal Title XIX program services are funded through the Long Term Care (LTC) 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, which is approximately 222% of the Federal Poverty Limit, and have certain functional needs. The division also provides 100% state-funded services for clients who are not eligible for Title XIX Program services. 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.

<b>PERFORMANCE MEASURES</b>	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2010 JLBC
• % of consumer satisfaction with case management services	97	98	99	99
• % of relatives and caregivers of consumers stating the services received meet the consumer's needs	NA	95	98	95
• % of relatives and caregivers of consumers satisfied with the providers of services received	NA	95	98	95

Comments: The agency did not submit information for any measure labeled as “NA” as required by the General Appropriation Act.

**Overview**

As of July 2008, the Division of Developmental Disabilities serves 29,192 clients, which includes 20,342 clients in the LTC program and 8,850 clients in the state-only portion. The primary disabilities of these clients are shown in *Table 1* and they fall into the age groups seen in *Table 2*.

<u>Disability</u>	<u>Number</u>	<u>Percentage</u>
Cognitive Disability	13,415	46%
At Risk	8,412	29%
Autism	3,438	12%
Cerebral Palsy	2,781	9%
Epilepsy	1,146	4%

<u>Age</u>	<u>Number</u>	<u>Percentage</u>
Under 21	19,171	66%
21 to 55	8,743	30%
Over 55	1,278	4%

The LTC program 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 included amount makes the following assumptions:

- Caseload growth: Growth is estimated at 5.5% from June 2009 to June 2010. This caseload growth will result in an average monthly FY 2010 caseload of 22,232 clients.
- Capitation rate: The JLBC Baseline includes no increases for provider rate or medical inflation. In FY 2009, the overall capitation rate growth was less than 1%, because the FY 2009 budget included a freeze on DDD provider rates. The budget assumes that the administrative component remains flat at the FY 2006 rate.

- Federal Matching Assistance Percentage (FMAP): This rate will decline from 65.88% in Federal Fiscal Year (FFY) 2009 to 65.76% in FFY 2010, which means the state will have to contribute slightly more in state monies to generate \$1 in total funds.

Table 3 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>Special Line Item</u>	<u>Clients</u>
Home and Community Based Services	18,282
Institutional Services	249
Arizona Training Program at Coolidge	145 <sup>1/</sup>
Subtotal	18,676
Case Management/Medical Services only	3,556
<b>Total</b>	<b>22,232</b> <sup>2/</sup>

<sup>1/</sup> Represents the budgeted client caseload. See Table 6 for actual client caseload.  
<sup>2/</sup> Does not include ventilator dependent clients.

Table 4 summarizes member years, capitation rates, and the state and federal share of funding for the LTC program.

**Operating Budget**

The JLBC includes \$46,396,500 and 322.7 FTE Positions for the operating budget in FY 2010. This amount consists of:

General Fund	\$17,883,400
Long Term Care System Fund	28,513,100

The FY 2010 adjustments would be as follows:

<b>Premium Tax Growth</b>	<b>GF</b>	<b>688,200</b>
	<b>EA</b>	<b>1,208,800</b>

This adjustment would increase funding for premium tax growth by \$1,897,000 in FY 2010.

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 the Department of Health Services (DHS). The tax is assessed on all net insurance premiums in the state. The state contracts with various health service organizations to carry out needed services. Health care service organizations collect insurance premiums and are, therefore, subject to the tax. This amount would fund a total premium tax of \$20,414,000.

<b>FMAP Change</b>	<b>GF</b>	<b>21,800</b>
	<b>EA</b>	<b>(21,800)</b>

This adjustment reflects the lowering of the federal medical assistance percentage as discussed above.

*Background* – Of the total \$17,883,400 General Fund for the Division of Developmental Disabilities operating budget, \$13,643,700 is for the Title XIX Long Term Care program and the remaining \$4,239,700 is for state-funded services.

**Title XIX Long Term Care**

**Case Management – Title XIX**

The JLBC includes \$42,509,800 and 821.5 FTE Positions for Case Management in FY 2010. These amounts consist of:

General Fund	14,471,500
Long Term Care System Fund	28,038,300

The FY 2010 adjustments would be as follows:

<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>
Enrolled and Ventilator Dependent	22,232	\$3,423.96	\$600,852,500	\$312,591,500	\$913,444,000
Administration			(5,001,900)	(3,753,700)	(8,755,600) <sup>1/</sup>
FFS/Reinsurance			2,823,000	1,470,200	4,293,200 <sup>2/</sup>
Cost Sharing			(2,837,100)	(1,477,500)	(4,314,600) <sup>3/</sup>
Clawback Payments			0	2,456,100	2,456,100 <sup>2/</sup>
Dual Eligible Part D Copay Subsidy			0	55,600	55,600 <sup>2/4/</sup>
<b>FY 2010 LTC Total</b>			<b>\$595,836,500</b>	<b>\$311,342,200</b>	<b>\$907,178,700</b> <sup>5/</sup>

<sup>1/</sup> Monies transferred to the Administration cost center for indirect costs associated with the Long Term Care cost program.  
<sup>2/</sup> Separate costs not included in the capitation rate.  
<sup>3/</sup> Reflects legislation passed in 2003 to impose cost sharing on families earning at or above 400% of the Federal Poverty Level (\$84,800 for a family of 4 in 2008).  
<sup>4/</sup> Monies included in the Home and Community Based Services Special Line Item.  
<sup>5/</sup> Monies are distributed amongst the program's operating budget and 7 Special Line Items.





**Arizona Training Program at Coolidge - State-Only**

The JLBC includes \$566,400 and 12 FTE Positions from the General Fund for the ATP-C in FY 2010. These amounts are unchanged from FY 2009. (See *Arizona Training Program at Coolidge – Title XIX for more details.*)

**State-Funded Long Term Care Services**

The JLBC includes \$26,383,300 and 2 FTE Positions for State-Funded Long Term Care Services in FY 2010. These amounts consist of:

General Fund	762,900
Long Term Care System Fund	25,620,400

These amounts are unchanged from FY 2009.

*Background* – This line item funds a variety of services ineligible for Federal Fund reimbursement from the Arizona Health Care Cost Containment System (AHCCCS). The most common service provided in this line item is room and board.

Of the \$26,383,300 in this line item, \$25,506,400 funds State-Funded Long Term Care Services to clients enrolled in the DD program; the other \$876,900 funds program staff.

Table 8 details the amounts of funding and uses for the State-Funded Long Term Care Services line item in FY 2009 and FY 2010.

Table 8 State-Funded Long Term Care Services		
	FY 2009	FY 2010
<b>Sources</b>		
<i>Long Term Care System Fund</i>		
Client Billing Revenue	\$19,966,700	\$19,966,700
Foster Care Client Trust	1,600,000	1,600,000
Mesa Land	100,000	100,000
LTCSF Interest	3,844,200	3,844,200
Preadmission Screening and Annual Resident Review (PASARR)	109,500	109,500
Total – LTCSF	25,620,400	25,620,400
<b>General Fund</b>	<b>762,900</b>	<b>762,900</b>
<b>Total - Sources</b>	<b>\$26,383,300</b>	<b>\$26,383,300</b>
<b>Uses</b>		
Non-reimbursable LTC Services	\$25,834,400	\$25,834,400
Food	226,200	226,200
PASARR	109,900	109,900
Stipends and Allowances	212,800	212,800
<b>Total - Uses</b>	<b>\$26,383,300</b>	<b>\$26,383,300</b>

**Autism Training and Oversight**

The JLBC includes \$200,000 from the Tobacco Tax and Health Care Fund - Health Research Fund for Autism Training and Oversight in FY 2010. This amount is unchanged from FY 2009.

DES uses these monies to pay \$275 per trainee for intensive behavioral treatment of children age 0 to 5 with autism. This amount should fund the training of approximately 725 workers.

**Children’s Autism Intensive Behavioral Treatment Services**

The JLBC includes \$1,800,000 from the General Fund for the Children’s Autism Intensive Behavioral Treatment Services Special Line Item in FY 2010. This amount is unchanged from FY 2009.

This line item provides funding for autism services that utilize techniques of discrete trial and natural environment intensive behavioral treatment through applied behavioral analysis. This program provided services for 16 children in FY 2008.

**Children’s Autism Intensive Early Intervention Services for Toddlers**

The JLBC includes \$500,000 from the General Fund for the Autism Intensive Early Intervention Services for Toddlers Special Line Item in FY 2010. This amount is unchanged from FY 2009.

This line item provides funding for intensive early intervention efforts for autistic toddlers and preschoolers in a school-based setting. This program provided services for 200 children in FY 2008.

**Arizona Early Intervention Program**

The JLBC includes \$3,500,000 from the General Fund in FY 2010 for the Arizona Early Intervention Program Special Line Item. This amount is unchanged from FY 2009.

Funding in this line item is used for children from birth to age 3 who have disabilities or developmental delays. This program is implemented through a partnership with the Arizona State Schools for the Deaf and the Blind, Arizona Department of Education, Arizona Department of Health Services, and the Arizona Health Care Cost Containment System.

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**FORMAT** — Operating Lump Sum with Special Line Items by Program

**FOOTNOTES**

*Standard Footnotes*

For FY 2010, the Department of Economic Security shall not increase reimbursement rates for community service providers and independent service agreement providers

contracting with the division of Developmental Disabilities.

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 2010 to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons 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, 2010.

The department shall report to the Joint Legislative Budget Committee by March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include

a range, the total range from minimum to maximum shall be not more than 2 percent. Before implementation of any changes in capitation rates for the Long-Term Care program, the Department of Economic Security shall report for review the expenditure plan to the Joint Legislative Budget Committee. Before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department 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 department shall submit the policy changes for review by the Joint Legislative Budget Committee.

Prior to the implementation of any developmentally disabled or long-term care statewide provider rate increases not already specifically authorized by the Legislature, court mandates or changes to federal law, the department shall submit a report for review by the Joint Legislative Budget Committee. The report shall include, at a minimum, the estimated cost of the provider rate increase and the ongoing source of funding for the increase.

All monies in the Long-Term Care System Fund unexpended and unencumbered at the end of FY 2010 revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System administration.