

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE

A.R.S. § 41-1951

General Fund and Long Term Care System Fund ^{1/}		FY 1999 Actual	FY 2000 Estimate	FY 2001 Approved
FTE Positions	(GF)	275.8	293.1	308.5 ^{2/3/}
	(TF)	1,096.1	1,145.2	1,190.2 ^{2/3/4/}
Personal Services	(GF)	2,679,700	2,024,000	2,077,800
	(TF)	7,682,000	7,733,400	7,925,100
Employee Related Expenditures	(GF)	648,600	425,100	440,800
	(TF)	1,792,700	1,720,300	1,788,400
Professional and Outside Services	(GF)	447,000	98,000	98,000
	(TF)	1,294,200	626,400	626,400
Travel - In State	(GF)	79,600	62,600	62,600
	(TF)	229,700	257,500	257,500
Travel - Out of State	(GF)	0	0	0
	(TF)	0	400	400
Other Operating Expenditures	(GF)	291,800	190,300	195,300
	(TF)	844,200	837,900	852,600
Equipment	(GF)	22,100	0	0
	(TF)	63,300	0	0
Operating Subtotal	(GF)	4,168,800	2,800,000	2,874,500
	(TF)	11,906,100	11,175,900	11,450,400
Case Management	(GF)	3,951,100	4,100,800	4,710,100 ^{3/}
	(TF)	11,423,600	14,256,000	16,094,800 ^{3/4/}
Home and Community Based Services	(GF)	62,990,100	76,592,700	88,401,900 ^{3/}
	(TF)	182,368,600	213,802,800 ^{5/}	243,772,300 ^{3/4/}
Institutional Services	(GF)	3,571,200	3,085,600	3,194,600
	(TF)	10,339,300	10,430,500	10,787,800
Medical Services	(GF)	12,427,400	12,848,800	13,966,500
	(TF)	34,764,200	43,468,200	46,708,000
Arizona Training Program at Coolidge	(GF)	3,746,100	2,854,800	2,913,900
	(TF)	10,813,000	10,521,600	10,744,900
Total Appropriations	(GF)	90,854,700	102,282,700	116,061,500
	(TF)	261,614,800	303,655,000 ^{5/}	339,558,200 ^{6/7/8/}
Fund Summary				
General Fund		90,854,700	102,282,700	104,955,500
General Fund Set-Aside		0	0	11,106,000 ^{3/}
General Fund Total		90,854,700	102,282,700	116,061,500
Long Term Care System Fund		170,760,100	201,372,300	203,417,500
Long Term Care System Fund Set-Aside		0	0	20,079,200 ^{4/}
Long Term Care System Fund Total		170,760,100	201,372,300	223,496,700
Total Appropriations		261,614,800	303,655,000	339,558,200

^{1/} A.R.S. § 36-2953 establishes a Long Term Care System Fund. Subject to legislative appropriation, this fund consists of all AHCCCS monies, state appropriations and other grants used to finance long term care to developmentally disabled clients. The above chart displays the Total Expenditure Authority (TF) of the Long Term Care System Fund, but does not include costs expended in the Administration cost center from this fund.

^{2/} Includes 246.0 GF and 921.6 TF FTE Positions funded from Special Line Items in FY 2001.

^{3/} The General Fund Set-Aside includes \$149,600 and 3.1 FTE Positions for Case Management and \$10,956,400 for Home and Community Based Services, for a total of \$11,106,000. The set-aside is not formally appropriated to the budget but reflects the current estimate of a potential FY 2001 supplemental.

^{4/} The Long Term Care System Fund Set-Aside includes \$287,900 and 5.9 FTE Positions for Case Management and \$19,791,300 for Home and Community Based Services, for a total of \$20,079,200. The set-aside is not formally appropriated to the budget but reflects the current estimate of a potential FY 2001 supplemental.

^{5/} As modified by Laws 2000, Chapter 281.

^{6/} All monies in the Long Term Care System Fund unexpended and unencumbered at the end of the fiscal year revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System. (General Appropriation Act footnote)

^{7/} Monies for the Long Term Care program are appropriated for the capitation rates effective on October 1, 1998. No monies may be expended for a change in these capitation rates unless an expenditure plan is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)

^{8/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)

Program 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 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.*

Capitation Rate and Caseload Increases — The approved FY 2000 supplemental amount adds \$6,035,500 General Fund (GF) and \$17,604,300 Total Funds (TF) for capitation rate and caseload increases in the LTC program. These changes are summarized in *Table 1* below.

The supplemental appropriation also made small adjustments related to the match rate received from the federal government for the capitation rate and to a re-estimate of qualifying expenditures in the Division of Administration. The supplemental appropriation was made entirely in the Home and Community Based Services Special Line Item, but may be allocated across the operating budget and several line items by the department.

AHCCCS and the Department of Economic Security (DES) agreed to SFY 2000 capitation rates after the supplemental bill was passed. The enrolled SFY 2000 capitation rate was set at \$2,366.84 per member per month. This amount was higher than the \$2,332.50 assumed for SFY 2000 in the approved supplemental. In addition to this increase, AHCCCS and DES also agreed to a slightly higher SFY 2000 capitation rate for the approximately 40 ventilator dependent clients. Laws 2000, Chapter 281 provides DES with additional expenditure authority but not additional state matching funds for the higher-than-expected capitation rate. This is discussed in further detail below.

The FY 2001 set-aside estimate includes \$11,106,000 GF and \$31,185,200 TF for capitation rate and caseload

increases. This set-aside amount is not formally added to the department's budget but reflects the current estimate of a potential FY 2001 supplemental. These estimated changes are summarized in *Table 2* below. The FY 2001 set-aside also assumes the same adjustments for the federal match rate and qualifying expenditures made for FY 2000.

The FY 2001 set-aside discussed above also includes an increase of 9 FTE Positions, including 1 supervisor, 7 caseworkers and human services workers, and 1 data entry worker. The total amount set aside for these positions is \$149,600 GF and \$437,500 TF and includes \$24,800 GF and \$72,500 TF in one-time equipment costs. These amounts are reflected in the \$31,185,200 set-aside discussed above.

In addition to the increases discussed above, Laws 2000, Chapter 281 appropriates an additional \$4,252,800 in TF expenditure authority to DES in FY 2000 to fund the FY 2000 capitation rate at a level above the approved supplemental. The increase was appropriated to the Home and Community Based Services line item.

The appropriation does not include state matching funds required to draw down the increased federal capitation monies from AHCCCS. The department has indicated that they will find the state matching monies for the capitation rate within their FY 2000 budget. The increase in the total fund appropriation in Chapter 281 assumed that DES would receive a SFY 2000 enrolled capitation rate of \$2,376.00 per member per month, based on DES' expected

Table 1

	<u>Approved SFY 2000</u>	<u># Chg Over Prior Year</u>	<u>% Chg Over Prior Year</u>	<u># Chg Over Prior Approp.</u>	<u>% Chg Over Prior Approp.</u>
Enrollment (non-Ventilator Dependent)	10,785	979	10.0%	192	1.8%
Capitation Rate (per month)	\$2,332.50 ^{1/}	\$147.42	6.7%	\$112.37	4.8%

^{1/} AHCCCS subsequently approved a capitation rate of \$2,366.84.

Table 2

	<u>Estimated SFY 2001^{1/}</u>	<u># Chg Over Prior Year</u>	<u>% Chg Over Prior Year</u>	<u># Chg Over Prior Approp.</u>	<u>% Chg Over Prior Approp.</u>
Enrollment (non-Ventilator Dependent)	11,823	1,038	9.6%	336	2.9%
Capitation Rate (per month)	\$2,408.00	\$75.50	3.2%	\$176.17	7.9%

^{1/} Includes set-aside estimate.

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)

total expenditures. As discussed above, AHCCCS granted DES a SFY 2000 enrolled capitation rate of \$2,366.84, less than what was requested by DES.

Additional Appropriations: Long Term Care Services: Appropriation (Chapter 281) — Appropriates an additional \$4,252,800 in TF expenditure authority to DES in FY 2000 to address the capitation rate increase for FFY 2000. This increase in authority is discussed in the narrative above.

In addition to the FY 2000 expenditure authority, Chapter 281 also permits DES to use up to \$2,374,400 of its FY 2000 appropriation to pay any outstanding LTC claims for FY 1999. The department is also required to apply to the federal government for a higher FFY 1999 LTC capitation rate. AHCCCS shall assist DES in its efforts. By July 1, 2000, DES shall report to the Directors of the JLBC Staff and OSPB on its efforts to obtain a higher LTC capitation rate.

[Click here for more information from the initial biennial appropriations report \(June 1999\)](#)