

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE

A.R.S. § 41-1951

General Fund and Long Term Care System Fund ^{1/}		FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	(GF)	260.1	275.8	293.1 ^{2/}	305.4 ^{2/}
	(TF)	1,050.6	1,096.1	1,145.2 ^{2/}	1,181.2 ^{2/}
Personal Services	(GF)	2,648,000	2,169,200	2,080,500	2,134,300
	(TF)	7,577,700	8,833,800	7,789,900	7,981,600
Employee Related Expenditures	(GF)	586,800	462,800	437,900	453,600
	(TF)	1,678,100	2,006,800	1,733,100	1,801,200
Professional and Outside Services	(GF)	397,700	256,300	98,000	98,000
	(TF)	1,149,400	1,106,300	626,400	626,400
Travel - In State	(GF)	78,600	62,600	62,600	62,600
	(TF)	226,100	261,300	257,500	257,500
Travel - Out of State	(GF)	0	0	0	0
	(TF)	0	400	400	400
Other Operating Expenditures	(GF)	283,400	273,600	196,100	198,800
	(TF)	817,900	1,083,800	843,700	851,700
Equipment	(GF)	23,400	0	0	0
	(TF)	67,700	0	0	0
Operating Subtotal	(GF)	4,017,900	3,224,500	2,875,100	2,947,300
	(TF)	11,516,900	13,292,400	11,251,000	11,518,800
Case Management	(GF)	3,077,400	3,437,900	4,100,800	4,556,900
	(TF)	9,383,400	12,778,400	14,256,000	15,646,800
Home and Community Based Services	(GF)	54,011,200	65,548,000	70,557,200	77,445,300
	(TF)	157,422,300	178,342,800	191,945,700	213,024,000
Institutional Services	(GF)	2,926,400	3,054,600	3,085,600	3,194,600
	(TF)	8,452,600	10,910,600	10,430,500	10,787,800
Medical Services	(GF)	9,719,800	9,805,500	12,848,800	13,962,600
	(TF)	28,150,000	35,731,900	43,468,200	46,696,600
Arizona Training Program at Coolidge	(GF)	3,543,400	2,872,500	2,854,800	2,913,900
	(TF)	9,876,400	10,005,100	10,521,600	10,744,900
Arizona Training Program at Tucson	(GF)	1,500	0	0	0
	(TF)	4,900	0	0	0
Long Term Care State Match	(GF)	4,474,800	0	0	0
	(TF)	4,474,800	0	0	0
Total Appropriations	(GF)	81,772,400	87,943,000	96,322,300	105,020,600
	(TF)	229,281,300	261,061,200	281,873,000 ^{3/4/5/}	308,418,900 ^{3/4/5/}
Fund Summary					
General Fund		81,772,400	87,943,000	96,322,300	105,020,600
Long Term Care System Fund		147,508,900	173,118,200	185,550,700	203,398,300
Total Appropriations		229,281,300	261,061,200	281,873,000	308,418,900

^{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 234.4 GF and 887.6 TF FTE Positions and 246.0 GF and 921.6 TF FTE Positions funded from Special Line Items in FY 2000 and FY 2001, respectively.

^{3/} 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)

^{4/} 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)

^{5/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

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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.*

FY 1999 Supplemental — The FY 1999 supplemental bill included an increase of \$11,700,500 in Total Funds (TF) expenditure authority for an anticipated capitation rate increase, allocated across the operating budget and several line items.

Technical Changes — The approved FY 2000 amount includes a reduction of \$(62,500) GF and \$(181,000) TF for one-time equipment expenditures. The approved FY 2001 amount also includes a further reduction of \$(48,900) GF and \$(143,500) TF for one-time equipment expenditures.

Base Realignment — The approved FY 2000 and FY 2001 amounts include a realignment of operating costs between the operating budget and Special Line Items beginning in FY 2000. The base realignment also includes a decrease of (2.7) GF and (7.9) TF FTE Positions for transferring positions to the Developmental Disabilities (DD) cost center.

Support Staff — The approved FY 2000 amount includes an increase of \$61,200 and 2 TF FTE Positions for an Information Program Specialist II and a Claims Processing Specialist associated with increased caseloads. This amount also includes \$2,400 GF and \$7,000 TF in one-time equipment costs. The approved FY 2001 amount continues the FY 2000 increase and includes a further increase of \$61,500 and 2 TF FTE Positions to perform additional administrative tasks associated with increased caseloads. This amount includes \$2,400 GF and \$7,000 TF in one-time equipment costs. *(Please see discussions below for further details on caseloads. Please see the **Technical Changes** discussion above for further details on one-time costs.)*

Funding Sources — The LTC program receives its funding from the General Fund and Title XIX revenues, which together constitute the TF upon which the program's appropriation and expenditure authority is based. The FY 2000 and FY 2001 appropriations are based upon total Title XIX revenues received, which in theory should match the program's expenditures. Since the program receives revenues on a "capitated" basis and generally pays the private provider community on a "fee-for-service" basis, however, it has historically been difficult for the program to exactly match revenues to

expenditures. If the caseload or capitation rate estimates upon which the revenue estimates are based are too low or too high, the appropriation may need to be adjusted accordingly.

As the AHCCCS-authorized provider of DD services, DES receives federal monies through prepaid monthly capitation payments based on rates for types of clients. AHCCCS negotiates these rates with DES, taking into account factors such as risk, length of time between enrollment and placement, and others. For federal fiscal year (FFY) 1999, DES receives one of 2 capitated rates depending on client type:

- **Enrolled** (\$2,270.77 per member per month; \$2,277.00 effective 1/1/99): Covers all clients who qualify for the LTC program based on disability and financial status except for Ventilator Dependent clients (*see below*). The approved amounts assume an average of 10,593 members per month in FY 2000 and 11,487 members per month in FY 2001 will qualify for this rate.
- **Ventilator Dependent** (\$8,038.14 per member per month): Covers clients who qualify for the LTC program based on their disability and financial status and who require a ventilator to function. The approved amounts assume an average of 38 members per month in FY 2000 and 42 members per month in FY 2001 will qualify for this rate.

The approved amounts reflect estimated FY 2000 and FY 2001 capitation rates, which are slightly different than the FFY 1999 capitation rates, finalized in April 1999. The state is required to contribute 34.19% of these rates in FY 2000; this percentage is based on the estimated FY 2000 Federal Matching Assistance Percentage (FMAP), which is a blended combination of the FFY 1999 and FFY 2000 FMAPs. The approved amount for FY 2001 assumes that the FY 2001 FMAP is equal to the FFY 2000 FMAP.

The GF appropriation and TF expenditure authority does not include funds passed through to the Division of Administration. The approved amounts assume that \$4,590,500 TF will be spent in FY 2000 and \$4,613,500 TF will be spent in FY 2001 within the Administration Division.

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The table at the bottom of the page summarizes the funding for this program.

Member Year Estimates — The approved amounts for FY 2000 and FY 2001 are based upon member-year caseload estimates in the LTC program. The table below summarizes the caseload estimates for the Special Line Items. Please note that some LTC clients receive case management services only, and are not reflected in the table below.

<u>Special Line Item</u>	<u>FY 2000</u>	<u>FY 2001</u>
Home and Community Based Services	8,972	9,726
Institutional Services	242	248
Arizona Training Program at Coolidge	<u>119</u>	<u>119</u>
TOTAL	9,333	10,093

Case Management — Monies in this line item are used to provide case management services to clients in the LTC program. The approved FY 2000 amount of \$4,100,800 GF and \$14,256,000 TF includes an increase of \$662,900 GF and \$1,477,600 TF above the original FY 1999 appropriation for an additional 13.3 GF and 39 TF FTE Positions. These FTE Positions include case managers and support staff to address increased caseloads. Included in this amount is \$46,500 GF and \$136,500 TF in one-time equipment costs. *(Please see the **Technical Changes** discussion above for further details on one-time costs.)*

The approved FY 2001 amount of \$4,556,900 GF and \$15,646,800 TF includes a further increase of \$456,100 GF and \$1,390,800 TF above FY 2000 for an additional 11.6 GF and 34 TF FTE Positions. These FTE Positions include case managers and support staff to address increased caseloads. Included in this amount is \$40,600 GF and \$119,000 TF in one-time equipment costs.

This line item includes a total of 91.1 GF and 368.9 TF FTE Positions in FY 2000 and 102.7 GF and 402.9 TF FTE Positions in FY 2001.

Home and Community Based Services — Monies in this line item are used to provide residential programs, day programs, and support services to clients in a broad range of settings, from those living independently at home to those living in group homes.

The approved FY 2000 amount, \$70,557,200 GF and \$191,945,700 TF, includes an increase of \$5,009,200 GF and \$13,602,900 TF above the original FY 1999 appropriation. The increase funds expected FY 2000 caseload growth of 626 member years of services, or approximately 7.5%. Included in this increase is a shift in the basis of calculating revenues from enrolled clients to member months paid starting in FY 2000. The increase will also fund increases in the capitation rate.

The approved FY 2001 amount, \$77,445,300 GF and \$213,024,000 TF, reflects a further increase of \$6,888,100 GF and \$21,078,300 TF from FY 2000, consisting of caseload growth of 754 member years of services, or approximately 8.4%. The increase will also fund increases in the capitation rate.

The approved amount is expected to provide a total of 8,972 member years of service in FY 2000 and 9,726 member years in FY 2001, allocated as follows:

<u>Setting</u>	<u>FY 2000</u>	<u>FY 2001</u>
At Home With Family	6,511	7,063
Adult Developmental Foster Home	349	378
Group Home	1,888	2,047
Child Developmental Foster Home	168	182
Independent Living	4	4
State-Operated Group Home	<u>52</u>	<u>52</u>
TOTAL	8,972	9,726

<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>
FY 2000					
Enrolled	10,593	\$2,220.13	185,739,800	96,473,400	282,213,200
Ventilator Dependent	<u>38</u>	<u>\$8,939.94</u>	<u>2,683,000</u>	<u>1,393,600</u>	<u>4,076,600</u>
Total	10,631		188,422,800	97,867,000	286,289,800
Division of Administration (Pass-through)			(2,998,600)	(1,591,900)	(4,590,500)
Salary Adjustment			<u>126,500</u>	<u>47,200</u>	<u>173,700</u>
FY 2000 LTC Total			185,550,700	96,322,300	281,873,000
FY 2001					
Enrolled	11,487	\$2,231.83	202,799,100	104,845,200	307,644,300
Ventilator Dependent	<u>42</u>	<u>\$8,951.64</u>	<u>2,974,100</u>	<u>1,537,600</u>	<u>4,511,700</u>
Total	11,529		205,773,200	106,382,800	312,156,000
Division of Administration (Pass-through)			(3,013,600)	(1,599,900)	(4,613,500)
Salary Adjustment			<u>638,700</u>	<u>237,700</u>	<u>876,400</u>
FY 2001 LTC Total			203,398,300	105,020,600	308,418,900

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This line item includes 100.2 TF FTE Positions, 19.6 of which are funded from the General Fund.

Institutional Services — Monies in this line item are used to provide residential and day programs to clients with more severe developmental disabilities. These clients reside in Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) or other nursing facilities.

The approved FY 2000 amount of \$3,085,600 GF and \$10,430,500 TF reflects an increase of \$31,000 GF and a decrease of \$(480,100) TF from the original FY 1999 appropriation. The approved FY 2001 amount of \$3,194,600 GF and \$10,787,800 TF reflects a further increase of \$109,000 GF and \$357,300 TF. The approved amounts are expected to provide the following number of member years of service in each setting in FY 2000 and FY 2001:

<u>Setting</u>	<u>FY 2000</u>	<u>FY 2001</u>
Nursing Facility	75	77
ICF/MR	<u>167</u>	<u>171</u>
TOTAL	242	248

This line item includes 78.5 TF FTE Positions, 15.4 of which are funded from the General Fund.

Medical Services – Monies in this line item are used to provide Acute Care services to clients enrolled in the LTC program. The approved FY 2000 amount of \$12,848,800 GF and \$43,468,200 TF includes an increase of \$3,043,300 GF and \$7,736,300 TF for expected caseload growth of 7.5% and an acute care capitation rate increase. The approved FY 2000 amount is expected to provide 10,631 member years of service. The approved FY 2001 amount of \$13,962,600 GF and \$46,696,600 TF includes an increase of \$1,113,800 GF and \$3,228,400 TF for expected caseload growth of 8.4% and an acute care capitation rate increase. The approved FY 2001 amount is expected to provide 11,529 member years of service. This line item includes 37 FTE Positions, 5.3 of which are funded from the General Fund.

Arizona Training Program at Coolidge (ATP-C) — Monies in this line item fund an entire range of services for the developmentally disabled clients residing at the ATP-C campus who reside in ICF/MRs or State-Operated Group Homes (SOGHs).

The approved FY 2000 amount of \$2,854,800 GF and \$10,521,600 TF reflects an decrease of \$(17,700) GF and an increase of \$516,500 TF from FY 1999. The approved FY 2001 amount of \$2,913,900 GF and \$10,744,900 TF reflects a further increase of \$59,100 GF and \$223,300 TF.

The approved amounts include an increase of \$607,000 and 18 TF FTE Positions associated with the shift of ATP-C clients from the Developmental Disabilities program to the LTC program starting in FY 2000. This shift has no net campus-wide ATP-C increase or decrease in funding. The approved amounts also include a decrease of \$(205,400) TF reflecting the transfer of funding for Stipends and Allowances to the State-Funded Long Term Care Services line item in the Developmental Disabilities cost center starting in FY 2000. (*Please see the **State-Funded Long Term Care Services** discussion in the **Developmental Disabilities** cost center for further details.*)

The approved amounts do not include costs associated with case management, certain occupancy-related costs, other indirect administration, and Stipends and Allowances. The approximate blended cost per LTC client at ATP-C (excluding these other costs) will be \$88,417 in FY 2000 and \$90,293 in FY 2001.

The approved amounts are expected to provide a total of 119 member years of service in FY 2000 and FY 2001, allocated as follows:

<u>Setting</u>	<u>FY 2000</u>	<u>FY 2001</u>
ICF/MR	92	92
SOGH	<u>27</u>	<u>27</u>
TOTAL	119	119

The total population at ATP-C, including clients funded through the DD program, is estimated to be 175 in FY 2000 and FY 2001.

This line item includes 303 TF FTE Positions, 103 of which are funded from the General Fund.