BILL # HB 2400 **TITLE:** developmental disabilities; service providers

SPONSOR: Hershberger **STATUS:** Conference Engrossed

REQUESTED BY: Senate **PREPARED BY:** Stefan Shepherd

	FISCAL YEAR		
	2003	**2004**	**2005**
EXPENDITURES			
		See below	

FISCAL ANALYSIS

Description

The bill would require that developmental disabilities (DD) clients 18 years of age or older ineligible for the federal Title XIX-associated Long Term Care (LTC) program pay 100% of the cost of care for their services. Assets in a "qualifying Medicaid trust" would not be counted in determining a client's financial eligibility. The bill would increase from 6 to 12 months the time between required health, safety, contractual, and programmatic monitoring visits to community residential settings by the Department of Economic Security (DES) and require annual monitoring of contracts for day or work programs.

Estimated Impact

DES estimates the billing change for clients at least 18 years old will generate $805,000 in full-year ongoing savings in FY 2004. The change will generate savings by converting clients receiving 100% state-funded services into being financially eligible for the LTC program, which is funded with approximately 2/3rds federal funds. These federal monies would be deposited in the Long Term Care System Fund and can be used to offset General Fund expenditures. There may be additional one-time savings from increased billing revenues if clients do not immediately convert their trusts into Medicaid qualifying trusts, but JLBC Staff cannot estimate how many clients this might affect.

DES reports that the 2 monitoring provisions combined will have no fiscal impact, as some staff currently used to monitor community residential settings would now monitor day or work programs.

Analysis

DES' Division of Developmental Disabilities (DDD) service system is split into two components: Long Term Care, which is funded with approximately 2/3rds federal funds and a General Fund match, and 100% state-funded services. Clients must meet both financial and functional eligibility requirements in order to qualify for LTC. The bill would require DD clients at least 18 years old who do not qualify for LTC to pay for 100% of the cost of their services unless their income falls below the current LTC financial eligibility level. This level is 300% of the Supplemental Security Income (SSI) level, or about 221% of the Federal Poverty Level; this amount is approximately $19,600 for a single person. Assets held in a "Medicaid qualifying trust" would not be counted in determining a client's financial eligibility.

DES estimates full-year ongoing savings at $805,000 from converting 39 Arizona Training Program at Coolidge (ATPC) clients from receiving 100% state-funded services to the LTC program, which is funded with approximately two-thirds federal funds. As these clients receiving 100% state-funded services spend down trust income or convert their trust to a Medicaid qualifying trust, they will become financially eligible for the LTC program. DES estimates that these 39 ATPC

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Analysis (Cont'd)

clients already meet LTC functional eligibility requirements. If all 39 clients at ATPC convert to the LTC program by July 1, 2003, ongoing General Fund savings could be $805,000 yearly. DES reports there may be other clients over age 18 receiving 100% state-funded services who would be affected by the new resource limits; if this is the case, the ongoing savings estimate would be higher. We assume that the bill will be effective on July 1, 2003, thereby allowing the state to recoup the full amount in FY 2004.

The change may also generate some one-time savings from increased billing revenues. If clients do not convert their trust to a Medicaid qualifying trust by July 1, 2003, they will be billed the full cost of care until they do convert their trust, thereby increasing one-time billing revenues.

Under current law, DDD is required to monitor community residential settings for health, safety, contractual, and programmatic standards at least once every six months. The bill would change the time period to once every twelve months. The bill also adds a requirement that DDD monitor contracts for day or work programs annually, though this requirement can be waived if the contractor proves they are accredited. DES reports that these 2 provisions combined will have no fiscal impact, as some staff currently used to monitor community residential settings would now monitor day or work programs.

Local Government Impact

None

5/13/03