

**Report to the
Interim Committee on
Statutory Funding Formulas**

Health and Welfare Funding Formulas

**Prepared by
the Staff of the
Joint Legislative Budget Committee**

July 21, 1993

Foreword

This report represents the first in a series of reports on statutory funding formulas by the Staff of the Joint Legislative Budget Committee. These reports have been prepared in accordance with the provisions of Laws 1993, Chapter 38, which created the Interim Committee on Statutory Funding Formulas and provided for the JLBC Staff to compile a listing of statutory funding formulas for the Committee's consideration. This report represents a compilation of Health and Welfare funding formulas.

**Health and Welfare Funding Formulas
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Total - DHS	\$163,387,900		
Total - All Programs	<u>\$811,752,900</u>		

^{1/} Counties fund the state matching portion of ALTCS.

^{2/} Current estimate.

AGENCY: Department of Economic Security (DES)
PROGRAM: Aid to Families with Dependent Children (AFDC)

Statutory Citation: A.R.S. § 46-291

Program Description

Provides financial assistance to low-income households with children who meet certain eligibility requirements. The program focuses on low-income children who have been deprived of parental support or care because a parent is absent from the home continuously, is incapacitated, deceased or is unemployed. The parents or custodian of the child also qualifies for benefits. Prior to October 1, 1990, the AFDC program in Arizona only served single-parent families. There is now a 2-parent program which limits benefits to 6 months.

Families receiving AFDC benefits are automatically eligible for AHCCCS. The federal Family Support Act of 1988 requires states to provide: (1) transitional AHCCCS benefits for those who lose AFDC eligibility as a result of increased income, (2) child care if it is determined as necessary for a parent to participate in education or training activities, (3) a Job Opportunities and Basic Skills Training Program (JOBS), (4) transitional child care if a family loses AFDC eligibility based on increased income, and (5) a Child Support Enforcement program. The federal AFDC statutes also provide entitlement funds to provide child care to families who are at risk of becoming eligible for AFDC.

FY 1994 Funding

The federal government matches benefit payments at the Federal Medical Assistance Percentage (FMAP) which is 65.9% for state FY 1994. The federal government matches administrative expenditures at a 50% match rate.

<u>State General Funds</u>	<u>Non-Appropriated Funds</u>	<u>Federal Funds</u>	<u>Total</u>
\$95,138,500	\$500,000	\$298,219,900	\$393,858,400

Eligibility Criteria

The annual income eligibility limit for a family of 3 is \$4,164. The income limit is tied to the maximum benefit level, described below. Since benefits are reduced dollar for dollar by countable income, monthly income must be less than the maximum benefit level to qualify for full assistance. For purposes of calculating eligibility, DES must exclude income from a number of sources, such as food stamp benefits, tax refunds, certain energy assistance payments, Supplemental Food Program for Women, Infants and Children (WIC) benefits and vocational rehabilitation allowances.

Financial resource limits are:

Home equity -	Excluded
Vehicle Equity -	\$1,500
Other Personal Property excluding clothes and furniture -	1,000

Eligibility for AFDC ends on a child's 18th birthday. A state option, which Arizona uses, is to continue benefits up to the 19th birthday if a child is a full-time student and can be reasonably expected to complete the program before they reach their 19th birthday.

Current Population Statistics

	<u>FY 1994 Average</u>
Single-Parent Program	215,081
2 - Parent Program	7,205

Benefits/Services

State law sets benefits at 36% of the Federal Poverty Level (FPL), adjusted for family size and shelter costs. As the FPL is indexed annually to account for inflation, recipients receive an inflation adjustment each July 1. The indexation of benefits raises the income eligibility threshold, which allows more households to qualify. In FY 1994, this adjustment was not funded for a FY 1994 savings of \$2.9 million in General Funds. Recipients who do not have shelter obligations receive benefits based on the A-2 schedule; whereas, all others are based on the A-1 schedule. The payment levels below represent the maximum benefits, which are reduced dollar for dollar by countable income.

<u>No. of Persons</u>	<u>A-1</u>	<u>A-2</u>
1	\$204	\$128
2	275	173
3	347	218
4	418	263
5	489	308
6	561	353

Mandatory vs. Optional

The AFDC program is optional, although currently all 50 states participate. The 2-parent program was optional prior to October 1, 1990 but is now mandatory for states who have the single-parent program. Arizona limits eligibility for the 2-parent program to 6 months, an option available to participating states.

States may establish resource limits within certain federal limitations. The family's home equity must be excluded, however the state may establish stricter guidelines on vehicle equity and personal property. The resource limits above for these categories are the highest allowed by the federal government.

States set their own benefit levels, which in turn sets the income eligibility standard. As of January 1992, the U.S. average for a family of 3 was \$372. Arizona, which had a benefit level of \$334, was ranked 35th nationally. Mississippi had the lowest benefit level at \$120, and Alaska the highest with a monthly benefit of \$924.

AGENCY: Department of Economic Security (DES)
PROGRAM: General Assistance (GA)

Statutory Citation: A.R.S. § 46-231

Program Description

Provides financial assistance to low-income individuals who are disabled to the degree that they are "unemployable" as defined by DES and to low-income persons required to live in the same home with and provide custodial care to a disabled person. General Assistance is typically received by single individuals not eligible for any other federal or state cash assistance programs.

FY 1994 Funding

<u>State General Funds</u>	<u>Federal Funds</u>	<u>Total</u>
\$15,441,700	\$0	\$15,441,700

Eligibility Criteria

A person may qualify with a medical disability (physical or mental) or a combined medical-social disability. A medical disability must be certified by a doctor to last at least 30 days from the date of application and prevent substantial, gainful employment. A social disability, such as advanced age, lack of education, and employment history or language barriers, may also be taken into account.

The annual income eligibility for an individual is \$2,076. The income limit is tied to the maximum benefit level, described below. Since benefits are reduced dollar for dollar by countable income, monthly income must be less than the maximum benefit level to qualify for assistance. For purposes of calculating eligibility, DES opts to exclude income from a number of sources, such as food stamp benefits, tax refunds, certain energy assistance payments, Supplemental Food Program for Women, Infants and Children (WIC) benefits, and vocational rehabilitation allowances.

Financial resource limits are:

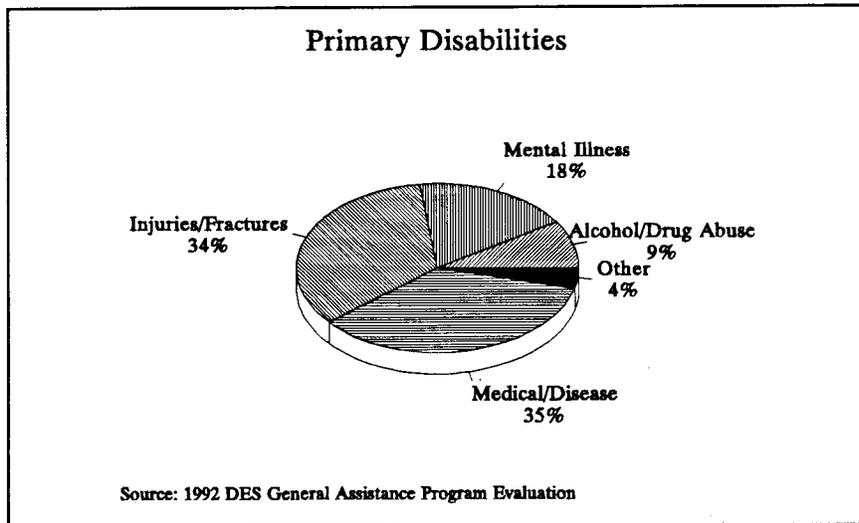
Home equity -	\$50,000
Vehicle Equity -	1,500
Other Personal Property excluding clothes and furniture -	1,000

Beginning in FY 1994, eligibility will be limited to 12 months out of every 36-month period. The 36 month time period will begin on July 1, 1993 for those already enrolled and on the date of enrollment for those newly eligible.

Current Population Statistics

FY 1994 Average	9,000 recipients
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Figure 1



Benefits/Services

Based on state regulation, benefits have been based on 47.2% of the 1983 standard of need since January 1, 1986. Benefits are adjusted for the number of persons who qualify and whether or not the recipients have a shelter cost. Recipients who do not have shelter obligations receive benefits based on the A-2 schedule; whereas, all others are based on the A-1 schedule. The payment levels below represent the maximum benefits which are reduced dollar for dollar by countable income.

<u>No. of Persons</u>	<u>A-1</u>	<u>A-2</u>
1	\$173	\$108
2	233	145

Mandatory vs. Optional

As the General Assistance (GA) program is a state-only program, it may be modified at the discretion of the Legislature.

AGENCY: Department of Economic Security (DES)

PROGRAM: Child Care

Statutory Citation: Annual General Appropriation Act, the federal Family Support Act, the federal IV-A At-Risk Care Program, the federal Child Care Development Block Grant (CCDBG)

Program Description

The department provides a subsidy for 5 different child care programs: State Day Care subsidy, AFDC-Employed, At-Risk, JOBS Child Care, and Transitional Child Care. In addition to these programs, there is the 100% federally funded CCDBG program which prohibits supplanting state funds with these federal dollars.

FY 1994 Funding

For all but the State Day Care program, state funding is matched with federal funds at the Arizona's Federal Medical Assistance Percentage (FMAP), which is 65.9% for FY 1994. However, the At-Risk program's federal funding is capped at \$4,000,000. The federal funding for the State Day Care program is from the Social Services Block Grant, Title XX. Although the state decides how we will expend Title XX monies on social services, these federal monies cannot be used as part of the state's match for those federal programs requiring a state match.

<u>Child Care Programs</u>	<u>General Fund</u>	<u>Federal</u>	<u>Total</u>
State Day Care	\$7,492,200	\$6,489,800	\$13,982,000
AFDC-Employed Child Care	2,028,300	3,919,800	\$ 5,948,100
At-Risk Child Care	2,069,800	4,000,000	\$ 6,069,800
JOBS Child Care	1,078,100	2,083,500	\$ 3,161,600
Transitional Child Care	1,340,400	2,590,400	\$ 3,930,800
CCDBG	-0-	<u>8,964,000</u>	<u>8,964,000</u>
Total*	\$14,008,800	\$28,047,500	\$42,056,300

Eligibility Criteria

State Day Care - A family's income must be equal to or less than 65% of the state medium income of October 1987. For a family of three, the income eligibility limit is \$17,500. The subsidy amount varies according to a family's income, size, and the number of hours of child care received per child.

AFDC-Employed - AFDC families who need child care to accept or maintain employment.

At-Risk Child Care - A family's gross monthly income level must be below 33.5% of the October 1991 state median income and the family is at risk of qualifying for AFDC unless they receive child care to accept or maintain employment. For a family of three, the income eligibility limit is \$10,800. This program's criteria is similar to that of the CCDBG. This program, however, requires a state match to draw down federal funds; whereas, CCDBG is 100% federally funded.

JOBS Child Care - Qualifying AFDC recipients must be a JOBS program participant.

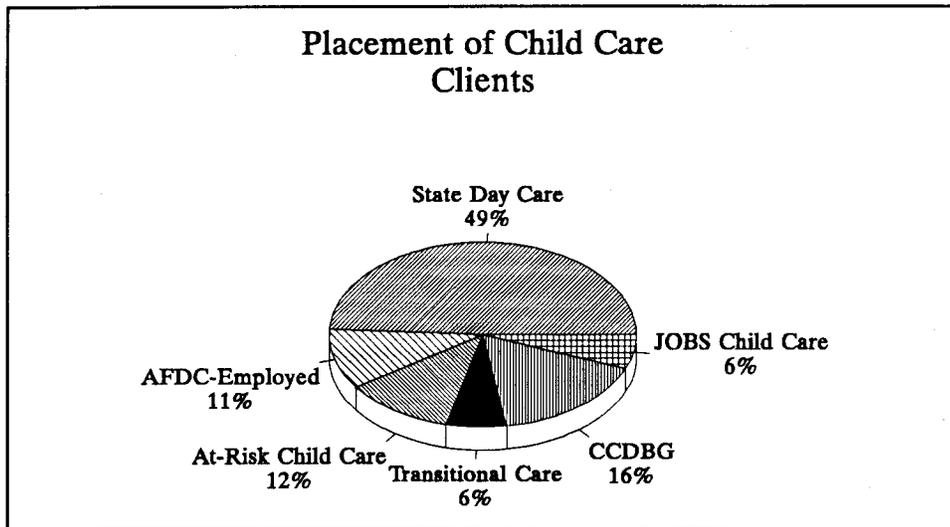
Transitional Child Care - Family clients may receive a monthly child care benefit up to 12 months if they are former AFDC recipients who are no longer AFDC eligible due to increased earnings. In addition, these clients must have received AFDC benefits for 3 to 6 months prior to losing AFDC eligibility due to increased earnings.

CCDBG - A family's gross monthly income level must be below 33.5% of the October 1991 state median income and child care is needed to obtain employment, job training, or education. For a family of three, the income eligibility limit is \$10,800. In addition to the \$8,964,000 for the day care subsidy, \$1,584,000 of CCDBG funds are projected to be spent on staff and operating costs; \$2,636,900 is to be expended on early childhood development and before and after school programs; and \$879,000 will be expended on resource and referral services. The latter 2 expenditure estimates meet federal requirements.

Current Population Statistics

	FY 1994 <u>Monthly Average of Children</u>
State Day Care	12,727
AFDC-Employed	2,749
At-Risk Child Care	2,991
JOBS Child Care	1,566
Transitional Child Care	1,663
CCDBG	<u>4,269</u>
TOTAL	25,965

Figure 1



Benefits/Services

The department provides a monthly child care subsidy. The At-Risk, Transitional Child Care, and the CCDBG programs require a parental co-payment which is determined by using a sliding fee schedule.

	<u>Monthly Average Co-Payment</u>	<u>FY 1994 Monthly Average Subsidy Per Child</u>
State Day Care	\$ -0-	\$ 91.55
AFDC-Employed	-0-	180.33
At-Risk Child Care	10.75	169.14
JOBS Child Care	-0-	168.24
Transitional Child Care	16.04	196.96
CCDBG	10.12	175.00

Mandatory vs. Optional

The State Day Care program is an optional state program. However, receipt of CCDBG, which also is optional, requires the state to maintain its FY 1990 state funding level. The At-Risk program is also an optional program offered under the federal Title IV-A At-Risk Child Care program. The remaining three programs are federally mandated under the Family Support Act of 1988, if a state participates in the AFDC program.

The State Day Care maximum income level for eligibility is set in the General Appropriation Act. The benefit level is not mandated, but has been at its current level for a number of years.

The At-Risk and CCDBG maximum income levels for eligibility are determined by the states. The benefit levels for these two programs as well as AFDC-Employed, JOBS and Transitional Child Care are required by federal regulation to be market-based rates as determined by each state.

AGENCY: Department of Economic Security (DES)
PROGRAM: Job Opportunities and Basic Skills (JOBS)

Statutory Citation: The Federal Family Support Act

Program Description

Federal law required the state to begin offering this education, employment and/or training program to AFDC recipients by October 1, 1990. Two populations are served by this program: the JOBS—Basic population, which consists of AFDC single-parent households; and the JOBS—2-Parent Employed Program (TPEP), which consists of 2-parent households where the primary wage earner is unemployed.

Since October 1, 1992, the state's JOBS program is being implemented statewide. Laws 1992, Chapter 103 revised the program's focus to emphasizing a balance between immediate employment and education and training services. This new focus was initiated on October 1, 1992, as well, and should be implemented statewide by October 1, 1994.

FY 1994 Funding

The state amount is matched by federal funds of \$6,468,800, which is a 68.4% match. This match reflects the department's receipt of federal funds at various match rates. Some funds are received at a 90/10% match and some at 50/50%. Most of the federal funding is a 65.9/34.1% match, which is Arizona's Federal Medical Assistance Percentage (FMAP) for FY 1994. In previous years, the state drew down only a 50% match.

	<u>General Fund</u>	<u>Federal</u>	<u>Total</u>
JOBS—Basic for single AFDC Households	\$1,580,300	\$3,420,700	\$5,001,000
JOBS—2-Parent Employed Program for AFDC-UP Households	<u>1,408,200</u>	<u>3,048,100</u>	<u>4,456,300</u>
Total	\$2,988,500	\$6,468,800	\$9,457,300

Eligibility Criteria

Under the Federal Family Support Act, all non-exempt AFDC recipients are mandated to participate in the JOBS program. However, due to resource constraints, not all non-exempt AFDC recipients are contacted to participate. The exemption criteria for the AFDC-Basic program includes: having a child under the age of 2 years for which the AFDC-parent is providing personal care (this age was set by the state); being eligible for a Tribal JOBS program; having a child between the age of 2 and 6 years of age and not having adequate child care; being less than 16 years of age or older than 60 years of age; residing at a travel distance of 1 hour or more from a JOBS office; already employed; or being disabled or a caretaker of a disabled person. For the most part, the exemptions do not apply to the JOBS-TPEP primary wage earner, but do apply to the spouse.

Current Population Statistics

	<u>AFDC Adult Recipients Served</u>
JOBS—Basic	11,841
JOBS—TPEP	<u>4,520</u>
TOTAL	16,361

The department estimates that approximately 30% of Arizona's adult AFDC-recipients meet the mandated JOBS participation requirements, since the remaining 70% meet the exemption criteria.

Benefits/Services

Services vary based on the assumed need of the clients, which is determined in the initial appraisal and assessment. Services include case management, the development of an employment plan, transportation costs, skills training, basic and vocational education, employment services and work experience (workfare).

Mandatory vs. Optional

JOBS is federally mandated only if states choose to participate in the AFDC program. The only eligibility criteria which is optional for the state is the age of the child for which an AFDC single-parent or the AFDC-TPEP spouse can personally provide child care and be exempted from JOBS participation. The states may set the age between 1 and 3 years of age. Arizona has set the age at 2.

The federal law also mandates the following services: education below the college level, such as basic or adult education (G.E.D. or remedial) and English as a Second Language; job skills or vocational training; job readiness; and job development and placement. Services that are optional under the federal law are: job search; on-the-job-training; unpaid community work service; and work supplementation. The only optional program not offered by the Arizona JOBS program is work supplementation, which is the utilization of AFDC funds that recipients would have received, if they had not been for working, to subsidize employers and develop jobs.

AGENCY: Department of Economic Security (DES)
PROGRAM: Foster Care

Statutory Citation: A.R.S. § 46-134 and Federal Title IV-E of the Social Security Act

Program Description

The department provides payment to all licensed foster care facilities for the cost of foster care.

FY 1994 Funding

<u>State</u>	<u>Federal</u>	<u>Total</u>
\$12,180,000	\$6,620,500	\$18,800,500

Eligibility Criteria

Payment is provided for any child adjudicated dependent by the courts or voluntarily placed in foster care. Under the Title IV-E program, the federal government will match funds at a 65.9% rate for the maintenance payments for those foster care children from an AFDC household.

Current Population Statistics

FY 1994 Budgeted Caseload 2,519 children

Benefits/Services

The department's payment schedule covers the costs specified under the federal requirement which includes food, clothing, and general incidentals. The payment is determined by the child's age and special needs.

FY 1994 Average Annual State Cost per Child \$4,836

Mandatory vs. Optional

State law requires DES to provide payment for the cost of foster care. While eligibility is defined by state law, DES has the flexibility to determine the benefit level. By federal law, states are required to provide foster care maintenance payments for all AFDC-eligible children, if the state participates in AFDC. The costs covered under the federal requirement are food, shelter, clothing, daily supervision, school supplies, general incidentals, liability insurance for the child, and travel costs to the child's home for visits.

AGENCY: Department of Economic Security (DES)
PROGRAM: Comprehensive Medical and Dental Program (CMDP)

Statutory Citation: A.R.S. § 8-512

Program Description

Provides full coverage of medical and dental expenses of the state's foster children. The CMDP contracts with providers for the provision of health care. For purposes of receipt of AHCCCS and ALTCS reimbursement, CMDP serves as an AHCCCS and ALTCS acute care health plan. CMDP receives a capitation payment for each qualifying child. If the health cost is greater than the capitation payment, CMDP pays the difference with General Fund dollars.

FY 1994 Funding

The federal funds reflect the AHCCCS and ALTCS reimbursement for the foster children who are Title XIX (Medicaid) eligible. The other funds reflect money collected from private insurance.

<u>General Fund</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
\$3,354,900	\$6,849,000	\$196,300	\$10,400,200

Eligibility Criteria

Children must be under the custody of the DES and be placed in a foster home, with a relative, in a certified adoptive home prior to final order of adoption, or in an independent living program. Children in the custody of a probation department and placed in foster care also qualify.

Current Population Statistics

FY 1994 Annual Average	5,861
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Benefits/Services

Services provided include regular health examinations, including hearing and vision, vaccinations, inpatient and outpatient hospital care, psychological and psychiatric services, dental care and medication.

FY 1994 Average Cost Per Child	\$1,774.48
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Mandatory vs. Optional

CMDP is a state mandated program. However, approximately 75% of the state's foster children are Medicaid (Title XIX) eligible, which entitle them to the Medicaid services available in Arizona. CMDP has traditionally been fully funded.

AGENCY: Department of Economic Security (DES)
PROGRAM: Adoption Services

Statutory Citation: A.R.S. § 8-141 through 145, and Federal Title IV-E of the Social Security Act

Program Description

Adoption assistance is available for any DES-approved parents adopting a child.

FY 1994 Funding

<u>State</u>	<u>Federal</u>	<u>Total</u>
\$12,523,300	\$1,149,500	\$13,672,800

The department projects a shortfall for FY 1994 due to increasing caseload growth. The DES anticipates addressing the shortfall by lowering costs, drawing down more federal funding, and/or transferring monies to this program from other areas in the department experiencing surpluses.

Eligibility Criteria

To be eligible for a subsidy, the children to be adopted must entail high financial risks to prospective parents because of physical, mental or emotional disorders, or who, because of age, sibling relationship, or racial or ethnic background would be otherwise difficult to place in adoption. Laws 1993, Chapter 5, 2nd Special Session, establishes that a family with an income in excess of 400% of the most recently established federal poverty level is ineligible for the adoption subsidy when adopting a child not qualifying for federal reimbursement.

Under the Title IV-E program, the federal government will reimburse 65.9% of the cost of the adoption of any children from an AFDC or SSI household.

Monthly Subsistence Payment - Adoptive parents must request receipt of this payment and an explanation why the money is needed. The adoptive family's income is not a determining factor for establishing the need for this payment. However, generally only those children with special needs or those who are being adopted by their foster parents will be eligible.

Special Services Subsidy - Children qualifying for this subsidy must be diagnosed with a pre-existing condition, or diagnosed at risk of developing a condition which will require treatment or surgery after adoptive placement. Available resources, such as the adoptive parent's insurance and other public and voluntary community services, are to be utilized first to cover the services for medical, dental and emotional conditions. However, the subsidy may be approved to ensure continued services to the child should insurance or other resources be unavailable in the future.

Current Population Statistics

FY 1994 Budgeted Caseload 1,618.5 children

The department projects an increasing caseload growth. For the month of April, 2,031 children received adoption services.

Benefits/Services

Subsistence Payments are issued monthly to the adoptive parents. These monthly payments are set by the department and by state law shall not exceed the current foster family care rate. The payments may be provided for only a specific time period or may be paid until the child reaches the age of 18, or 21, if the child is still in high school. The FY 1994 estimated monthly average payment is \$354.69.

The Special Services Subsidy includes treatment of medical, dental, and emotional conditions, physical therapy, rehabilitation training, speech and hearing therapy, and purchase or rental of wheelchairs, braces, crutches, prostheses, glasses and hearing aids. In addition, the DES, as a last resort, may provide partial

or full tuition to ensure the child is provided appropriate special education services. The FY 1994 estimated monthly average payment is \$349.31.

FY 1994 Budgeted Average Monthly Cost per Child \$704.00

Mandatory vs. Optional

State law requires DES to provide an adoption subsidy. DES, however, defines by rule the specific types of services that can be reimbursed. By federal law, all AFDC or SSI eligible children are entitled to the adoption subsidy. The federal government also requires all states who participate in the AFDC program to provide an adoption assistance program. Until FY 1993, the Legislature had traditionally fully funded this program. Laws 1993, Chapter 5, 2nd Special Session, limits fiscal year expenditures to the amount appropriated with the exception of federal funds and any departmental transfers.

AGENCY: Department of Economic Security (DES)
PROGRAM: Institutional Support Payments

Statutory Citation: A.R.S. § 46-252, Title XVI of the Social Security Act (the Supplemental Security Income (SSI) Program)

Program Description

The department provides monthly payments to eligible aged, blind or disabled persons who are in private nursing homes, public nursing homes or supervisory care homes.

FY 1994 Funding

<u>General Fund</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
\$427,000	\$ -0-	\$ -0-	\$427,000

Eligibility Criteria

Receipt of the monthly payment is dependent upon different criteria for each type of home placement.

Private nursing home recipients must be: a) 65 years of age or older; b) receiving care in a licensed nursing home; and c) either SSI-eligible or be precluded from receiving this monthly payment solely because public or private nonprofit charitable organization funds are used to defray the recipient's nursing home care costs.

Public nursing home recipients must be: a) 65 years of age or older; and b) precluded from receiving the SSI monthly payment because the person is receiving care in a licensed county-operated nursing home.

Supervisory care home recipients must be: a) residing in a licensed supervisory care home or an adult foster care home certified by a county, or a seriously mental ill person who resides in a DHS licensed 24 hour residential treatment facility; and b) SSI-eligible.

To be SSI-eligible a person must be: a) 65 years of age or older, blind, or disabled; b) meet limited income and resource levels; c) a U.S. citizen or lawful immigrant, and a U. S. resident; and d) accept vocational rehabilitation services if offered if the person is disabled or blind. In addition, a child under 18 years of age who has a severe disability may qualify.

The maximum income limit for an individual's SSI-eligibility is \$5,054 with a \$2,000 resource limit.

Current Population Statistics

	<u>FY 1994</u> <u>Avg. Clients</u>
Private Nursing Home	41
Public Nursing Homes	0
Supervisory Care Homes	646

Benefits/Services

Monthly benefit payments shall be made to qualifying clients as follows:

Private Nursing Homes	\$ 80
Public Nursing Homes	174
Supervisory Care Homes	50

Mandatory vs. Optional

This program's eligibility and benefits are mandated by state law.

AGENCY: Department of Economic Security (DES)
PROGRAM: Supplemental Payments

Statutory Citation: A.R.S. § 46-252

Program Description

The department may provide monthly payments to eligible aged, blind or disabled persons for home health aide, housekeeping payment, and visiting nurse services.

FY 1994 Funding

<u>General Fund</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
\$4,422,200	\$-0-	\$-0-	\$4,422,200

Eligibility Criteria

Receipt of the monthly payment is dependent upon different criteria for each type of service. Housekeeping payment recipients must be Supplemental Security Income (SSI)-eligible. Visiting nurse and home health aide recipients must: a) be 65 years of age or older; b) be SSI-eligible; c) have a substantiated medical need; and d) have no other source available to cover the cost.

Current Population Statistics

	<u>FY 1994 Avg. Clients*</u>
Home Health Aide	162
Housekeeping Payments	4,901
Visiting Nurse	115

* These caseloads are based upon FY 1993 estimates, which may change due to removing the Housekeeping Payments statutory mandate for FY 1994.

Benefits/Services

Monthly benefit payments may be made to qualifying clients as follows: \$70 for Housekeeping Payments and up to \$160 each for Visiting Nurse and Home Health Aide services.

FY 1994 budgeted monthly cost estimates are:

Home Health Aide	\$ 107.80
Housekeeping Payments	69.78
Visiting Nurse	81.26

Mandatory vs. Optional

State law establishes the eligibility level and the maximum benefit levels. For FY 1994, this is an optional state program. Until FY 1993, these services had traditionally been fully funded. Laws 1993, Chapter 5, 2nd Special Session, removed the statutory mandate for providing Housekeeping Payments. In addition, this legislation limits fiscal year expenditures to amounts appropriated with the exception of federal funds and any departmental transfers.

AGENCY: Department of Economic Security (DES)
PROGRAM: Developmental Disabilities Long Term Care (LTC)

Statutory Citation: A.R.S. § 36-2931

Program Description

As part of the federal Title XIX program, the Long Term Care (LTC) program provides services to individuals with mental retardation, cerebral palsy, autism and epilepsy. Besides contracting for services, the program: (a) operates the Arizona Training Programs at Coolidge and Tucson and smaller state-operated group homes, and (b) provides case management services to eligible recipients.

FY 1994 Funding

The federal government matches state funds at the Federal Medical Assistance Percentage (FMAP), which will average 65.9% for state FY 1994.

<u>State General Funds</u>	<u>Federal and Other Funds</u>	<u>Total</u>
\$42,578,600	\$106,621,500	\$149,200,100

Eligibility Standards

Clients must have a chronic disability which is attributable to mental retardation, cerebral palsy, epilepsy or autism that was diagnosed before the age of 18. Infants and toddlers under the age of 6 may be eligible if they exhibit a significant delay in one or more areas of development or if they are determined to be at risk of becoming developmentally disabled if services are not provided.

In addition to the medical eligibility requirements, the income limit is set at a level equivalent to 300% of the Supplemental Security Income (SSI) eligibility limit. The financial eligibility requirements for a single-person household are as follows:

<u>Annual Income</u>	<u>Resources</u>
\$15,192	\$2,000

Services are available for clients who do not meet eligibility for the LTC program through the 100% state Developmental Disabilities (DD) program to the extent that funds are available.

Current Population Statistics

Figure 1

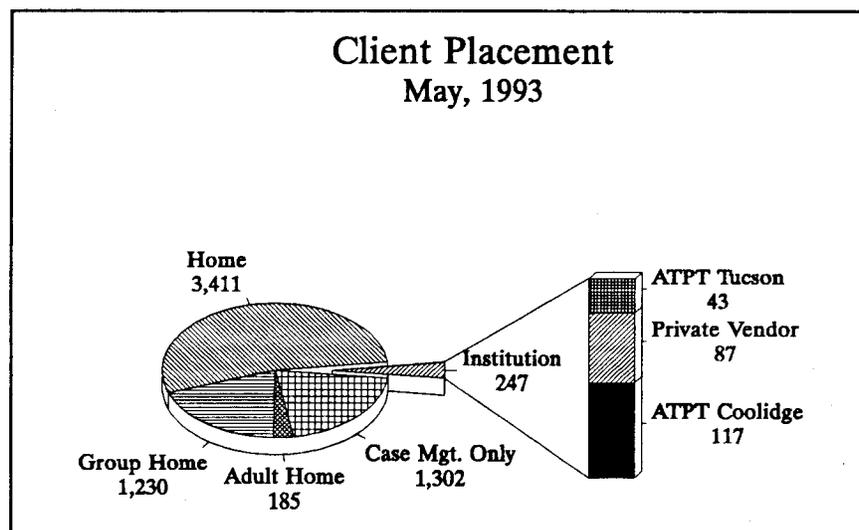
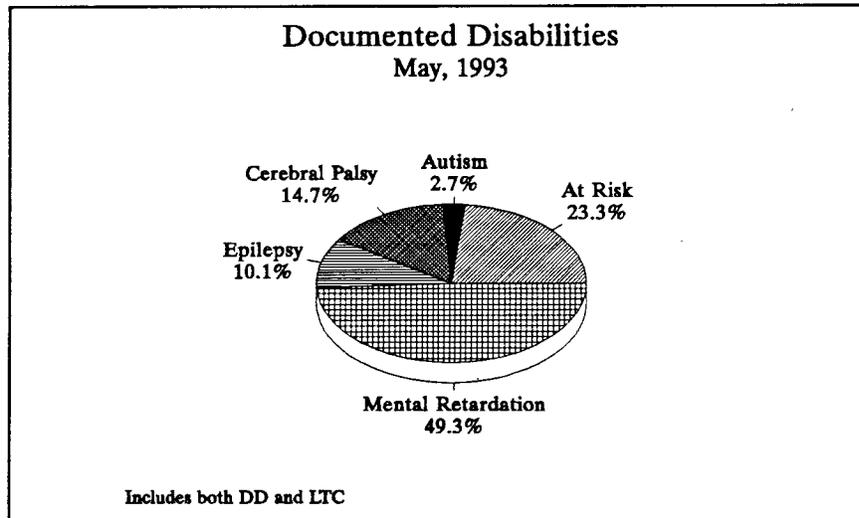


Figure 2



Benefits/Services

Benefits vary based on the assessed needs of the clients through the Individual Service Program Plan (ISPP). This plan is established by the case manager, the family, providers and medical personnel. Services are provided in the least restrictive environment as possible. All clients receive Acute Care services. Other services include residential day programs for both adults and children and a wide array of support services and therapies.

Cost Per Client

<u>Client Placement</u>	<u>Capitation Rate *</u>
Institutional	\$193.64 per day
Home & Community Based	58.75 per day
Acute Care	265.67 per month
Case Management	146.83 per month

* Note - Reflects a statewide average capitation rate for the period of October 1992 to September 1993. These rates are negotiated annually with the federal government.

Mandatory vs. Optional

The provision of LTC services is required for participation in the federal Medicaid program. The state, however, may choose not to participate in the federal Medicaid program. In terms of eligibility, the state has opted to establish a higher income threshold than the federal minimum standard. The state's "300%-of-SSI" standard is the maximum allowed by the federal government.

As noted above, the state determines the benefit level (the capitation rate) in negotiation with the federal government. Title XIX does not cover educational or vocational training. Within the LTC budget, the state has opted to appropriate \$5,488,900 of its own funds for such services. Adult programs, such as Job Training, Job Placement and Supported Employment account for \$4.1 million and children educational programs account for \$1.1 million.

AGENCY: **Arizona Health Care Cost Containment System (AHCCCS)**
PROGRAM: **Acute Care**

Statutory Citation: A.R.S., Title 36, Chapter 29 and Title XIX of the federal Social Security Act

Program Description

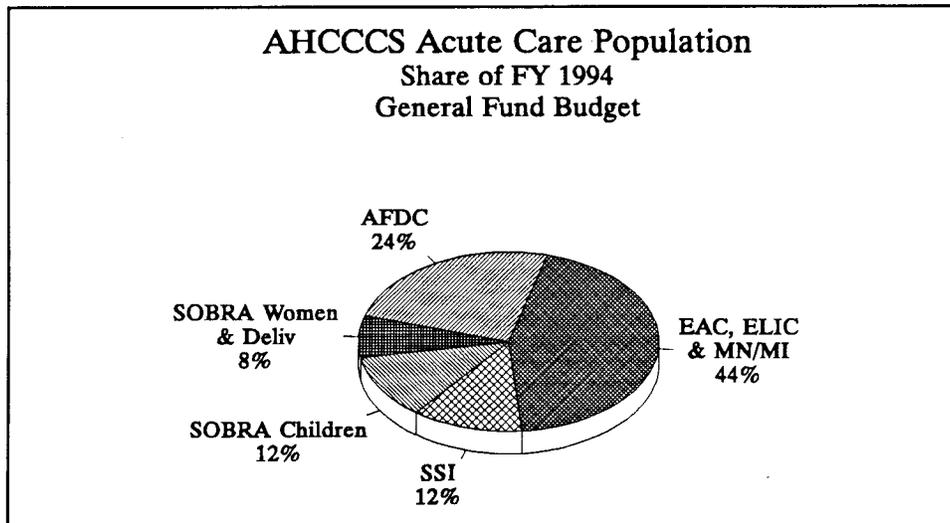
Provides medical care to eligible populations through contracted health plans. Health plans receive a monthly capitation payment to cover the full range of qualified services for AHCCCS enrollees. In addition to capitation, Acute Care also includes a Fee for Service component to pay for certain services incurred by members prior to enrollment in a health plan. Native Americans served by the Indian Health Service or referred off reservations for services are also covered on a Fee for Service basis. Beginning in FY 1994, undocumented aliens previously eligible for full services and enrollment in a health plan will be covered for emergency services only, with those services reimbursed on a Fee for Service basis. To limit health plan liability in catastrophic care cases, AHCCCS also provides reinsurance and deferred liability payments for certain pre-defined cases. Additionally, AHCCCS pays Medicare premiums for qualified low income Medicare beneficiaries, allowing for the federal Medicare program to serve as a source of payment for a share of AHCCCS costs. Disproportionate Share Hospital Payments, a recent addition to the Acute Care program, provide supplementary payments to hospitals serving large numbers of low income patients.

FY 1994 Funding

<u>Federal Groups</u>	<u>General Fund</u>	<u>County Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
AFDC	\$100,012,000	\$19,072,200	\$246,216,300	\$365,300,500
SOBRA Children	47,434,200	9,045,700	113,992,300	170,472,200
SOBRA Women	8,828,300	1,683,500	20,797,400	31,309,200
SOBRA Deliveries	21,885,100	4,173,500	50,309,100	76,367,700
SSI	<u>48,889,900</u>	<u>9,323,300</u>	<u>122,352,100</u>	<u>180,565,300</u>
Total Federal Groups	\$227,049,500	\$43,298,200	\$553,667,200	\$824,014,900
<u>State Groups</u>				
EAC	\$1,781,100	\$339,600	\$-0-	\$2,120,700
ELIC	5,362,600	1,022,600	-0-	6,385,200
MN/MI	<u>174,220,500</u>	<u>33,223,800</u>	<u>-0-</u>	<u>207,685,300</u>
Total State Groups	\$181,364,200	\$34,586,000	\$-0-	\$215,950,200
Subtotal-All Groups	\$408,413,700	\$77,884,200	\$553,667,200	\$1,039,965,100
<u>Other Funding</u>	<u>General Fund</u>	<u>County Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Medicare Premiums	\$2,729,600	\$-0-	\$5,274,500	\$8,004,100
Qualified Med. Beneficiaries	659,500	-0-	1,274,300	1,933,800
Dispro Share Payments	32,492,700	-0-	60,033,300	92,526,000
Mental Health	-0-	-0-	77,000,000	77,000,000
SLIAG Offset	(3,000,000)	-0-	3,000,000	-0-
Misc. Funds Offset	<u>(8,576,600)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Budget	<u>\$432,718,900</u>	<u>\$77,884,200</u>	<u>\$700,249,300</u>	<u>\$1,219,429,000</u>

* Note—The County Funds amount assumes a proportional allocation of the \$77.9 million county Acute Care contribution across all groups. Amounts shown for the eligibility groups reflect the cost of Capitation, Fee for Service, Reinsurance, and Deferred Liability.

Figure 1



Overview of AHCCCS Eligibility

AHCCCS coverage is available to two general categories of individuals: 1) Federal eligibility groups, and 2) state-only groups. Federally-eligible persons are those who are also eligible for cash assistance such as Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) for the aged, blind, and disabled, or who qualify under the Sixth Omnibus Budget Reconciliation Act of 1989 (SOBRA), a medical assistance only (MAO) program targeted at children and pregnant women. Those eligible by virtue of their receiving AFDC or SSI are commonly referred to as categorically eligible. Coverage of AFDC, SSI, and SOBRA groups is required for participation in the federal Medicaid program. Because coverage of these groups is a federal requirement, the federal government pays 65 percent of the cost of care, with the state and counties providing the balance.

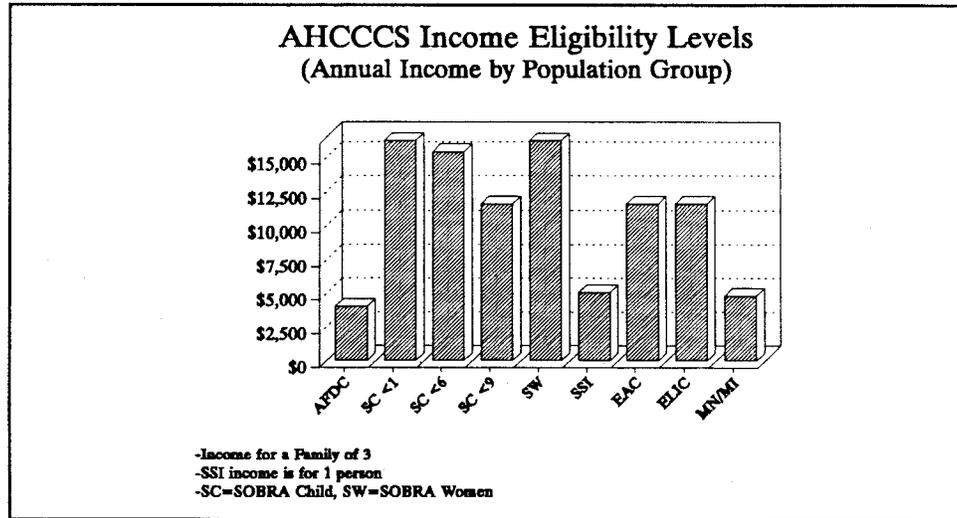
State-only groups are those enrolled in 100% state funded programs, such as the Medically Needy/Medically Indigent (MN/MI), Eligible Assistance Children (EAC), and Eligible Low Income Children (ELIC). The MN/MI program consists of a diverse population but generally includes low income people who do not qualify for a federal group because of age, gender, condition, or lack of legal U.S. residency. The MN/MI program is often viewed as a "safety net" since applicants may deduct medical expenses from their income in order to qualify. EACs are children under the age of 14 living in households eligible for Food Stamps. ELICs are referred to as a "notch group" since it includes children under 14 who cannot qualify for SOBRA but whose household income is too high for MN/MI eligibility.

Eligibility Criteria (for a family of 3)

	<u>Annual Income</u>	<u>Resources</u>
<u>Federal Eligibility Groups</u>		
Aid to Families with Dependent Children (AFDC)	\$4,164	\$1,000
<u>Sixth Omnibus Budget Reconciliation Act (SOBRA)</u>		
SOBRA Women	16,198	N/A
SOBRA Children under Age 1	16,198	N/A
SOBRA Children Age 1 to 6	15,388	N/A
SOBRA Children Age 6 to 9	11,570	N/A
Supplemental Security Income (Single)	5,064	2,000
<u>State Eligibility Groups</u>		
Eligible Assistance Children (EAC)	\$11,580	\$2,000
Eligible Low Income Children (ELIC)	11,580	50,000
Medically Needy/Medically Indigent (MN/MI)	4,800	50,000

While the MN/MI resource standards may appear more generous than the federal AFDC standards, the MN/MI resource standard includes the equity value in a home and an automobile, whereas AFDC resource standards do not count the applicant's home and one automobile.

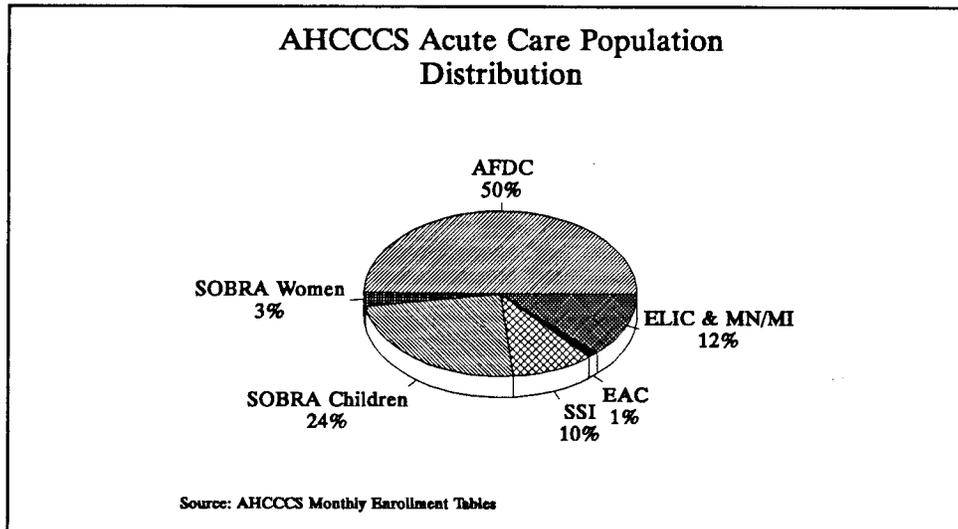
Figure 2



Current Population Statistics (As of June 1993)

<u>Federal Groups</u>	<u>Enrollment</u>
AFDC	220,195
SOBRA Children	106,657
SSI	55,571
SOBRA Women	<u>11,817</u>
Total Federal Groups	394,240
<u>State Groups</u>	
EAC	6,079
ELIC	5,224
MN/MI	<u>49,886</u>
Total State Groups	61,189
Total-All Groups	455,429

Figure 3



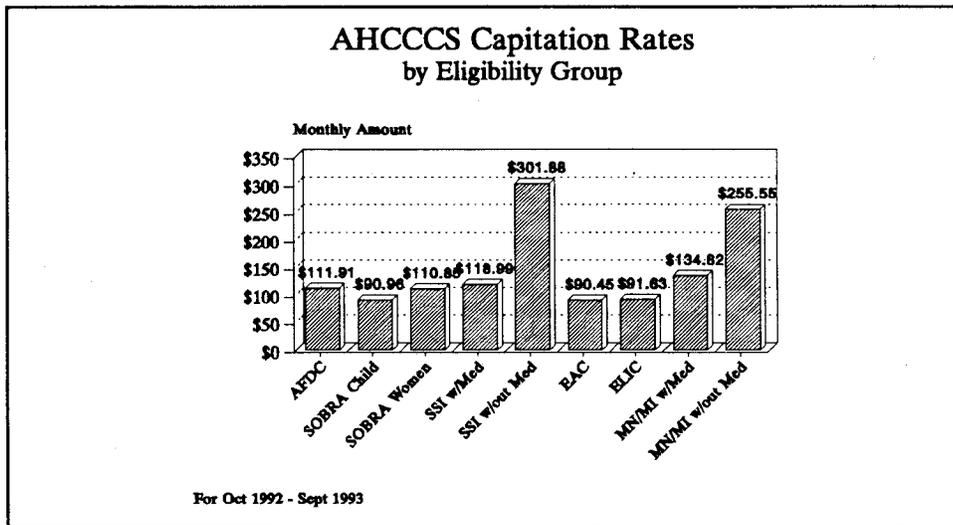
Benefits/Services

AHCCCS members are eligible for a wide range of acute care medical services, including inpatient and outpatient services, lab and x-ray services, pharmacy, emergency care, and organ transplants (some transplants are restricted to federally eligible members or children). In general, the cost of care is reflected in the following capitation rates. However, in catastrophic care cases, such as a premature birth or AIDS, AHCCCS supplements capitation through reinsurance.

<u>Federal Groups</u>	<u>Capitation Rate *</u>
AFDC	\$111.91
SOBRA Children	90.96
SOBRA Women	110.85
SSI with Medicare	118.99
SSI without Medicare	301.88
<u>State Groups</u>	
EAC	\$ 90.45
ELIC	91.63
MN/MI with Medicare	134.82
MN/MI without Medicare	255.55

* Note—Reflects a statewide average monthly capitation rate for the period of October 1992 to September 1993. Capitation rates paid for federal groups must, according to federal regulations, be actuarially determined. While capitation paid for state groups is not bound by the same provision, AHCCCS negotiates rates for state groups on an actuarial basis as well.

Figure 4



Mandatory vs. Optional

In essence, all AHCCCS programs are optional, from the state's standpoint. The state may choose not to participate in the federal Medicaid program and in so doing not provide medical coverage to those also eligible for AFDC, SSI, or women and children potentially eligible under SOBRA. Since the state has, however, opted to participate in Medicaid and receive federal matching funds, we must provide medical coverage to certain groups. Those required groups include AFDC and SSI recipients, and SOBRA Women and Children.

Coverage of these groups is required for state participation in Medicaid, but some subgroups of these federal groups are covered by AHCCCS at the state's option. **In the Acute Care program, the two most significant optional groups are the AFDC-related "Ribicoff Children" and SOBRA Women and Infants with incomes between 133% and 140% of the Federal Poverty Level (FPL).** Ribicoff Children, accounting for approximately 7% of AHCCCS/AFDC enrollment, meet AFDC income and resource standards but are ineligible for AFDC cash benefits because they are not deprived of the support of at least one parent. SOBRA Women and Infants in the optional income range are eligible due to federal provisions allowing for Medicaid coverage of women and infants with household income up to 185% of FPL. These SOBRA Women and Infants make up approximately 5% of the SOBRA population.

In addition to defining certain optional groups for purposes of Medicaid eligibility, the federal government has also established optional services that states may offer recipients and also receive federal matching funds for a portion of the cost of these optional services. AHCCCS now covers all required Medicaid services, with the exception of adult non-SMI mental health services. Optional services covered by AHCCCS include optometry, dental, and podiatry services, eyeglasses, physical therapy, and prescription drugs.

AGENCY: Arizona Health Care Cost Containment System (AHCCCS)
 PROGRAM: Arizona Long Term Care System (ALTCS)

Statutory Citation: A.R.S., Title 36, Chapter 29 and Title XIX of the federal Social Security Act

Program Description

ALTCS is a Medicaid program for the low income elderly, physically or developmentally disabled, providing long term care services to individuals meeting both financial and medical eligibility criteria and at risk of institutionalization. Services may be provided in either nursing care institutions or in home and community based settings. ALTCS programmatic costs are funded entirely with county and federal funds. AHCCCS is responsible for the administration of ALTCS. Individuals identified as developmentally disabled are referred to the Department of Economic Security (DES) Division of Developmental Disabilities (DDD), which serves as the sole program contractor for the developmentally disabled.

FY 1994 Funding

General Fund	\$	0
County Funds		103,053,600
Federal Funds		<u>199,144,600</u>
TOTAL FUNDS		\$302,198,200

Overview of ALTCS Eligibility

ALTCS eligibility is generally based on federal Medicaid eligibility categories, such as AFDC, SOBRA and SSI. There is no state-only component in ALTCS. These federal eligibility groups provide income and resource guidelines for ALTCS eligibility. Additionally, ALTCS eligibility rules address the transfer of assets for the purpose of obtaining eligibility. Once financial eligibility has been established, applicants must complete a Pre-Admission Screening (PAS), which is a medical eligibility evaluation conducted by a nurse and social worker to determine the level of care needed by the applicant.

Eligibility Criteria

<u>Eligibility Groups</u>	<u>Annual Income</u>	<u>Resources</u>
Aid to Families with Dependent Children (AFDC)	\$ 15,192	\$1,000
Sixth Omnibus Budget Reconciliation Act (SOBRA)		
SOBRA Women	16,198	N/A
SOBRA Children under Age 1	16,198	N/A
SOBRA Children Age 1 to 6	15,388	N/A
SOBRA Children Age 6 to 9	11,570	N/A
Supplemental Security Income (SSI)	15,192	2,000

* Note—Income and resources for AFDC and SSI reflect a single person; whereas, SOBRA reflects a family of three. AFDC and SSI income levels are expressed as 300% of the Federal Benefit Rate. SOBRA income levels are percentages of the Federal Poverty Level.

Applicants who transfer assets for less than current market value in order to obtain ALTCS coverage may be denied eligibility for a period of up to 30 months. ALTCS rules allow for the exclusion of certain assets for the purpose establishing eligibility, such as the applicant's home, a vehicle, household items and personal effects, up to a set dollar value for certain assets. For example, with SSI-eligible members, the equity of a home and one automobile is excluded from the calculation of assets. A second vehicle is excluded if the current market value is less than \$4,500, while personal effects and household goods up to \$2,500 are also excluded.

Current Population Statistics (As of July 1993)

AFDC	36
SSI	11,207
SOBRA	<u>0</u>
TOTAL	11,243

Benefits/Services

The ALTCS service package includes institutional care in a skilled nursing facility, intermediate care facility, or intermediate care facility for the mentally retarded; home and community based services (such as meals-on-wheels, visiting nurse, housekeeping, respite care, transportation, and hospice); and acute medical services. The current cost of care per ALTCS member is approximately \$2,100 per month.

Mandatory vs. Optional

The provision of long-term care services is required for participation in the federal Medicaid program. Options available to states within this context include the placement of clients in home and community-based settings and the establishment of higher income thresholds. AHCCCS may place up to 25% of ALTCS clients in home and community-based settings, if such placement is more cost effective than institutional placement. The number of clients who may reside in home or community-based settings has been established by the federal government. This limit is known as the "HCBS Cap." The ALTCS program operates under a waiver that allows for home and community-based placement. The option to establish higher income thresholds is based on a federal Medicaid provision known as the "300 percent rule", which allows states to accept applicants with incomes up to 300% of the Federal Benefit Rate.

AGENCY: Department of Health Services (DHS)
PROGRAM: Behavioral Health

Statutory Citation: A.R.S. § 35-500 et seq., Title XIX of the Social Security Act, various case law precedents.

Program Description

The Behavioral Health Program provides mental health services to adult seriously mentally ill (SMI), adult non-SMI, children, seriously emotionally handicapped children, dually diagnosed children, substance abusers, and general mental health clients. The state provides direct services through the Arizona State Hospital (ASH) and the Southern Arizona Mental Health Center (SAMHC); however, the majority of funds are distributed through a network of private, "non-profit," umbrella agencies called Regional Behavioral Health Authorities (RBHA's). The RBHA's coordinate and control the delivery of mental health services in their respective geographical areas and provide treatment through subcontracts with service providers.

FY 1994 Funding

<u>Children's Programs</u>	<u>State</u> ^{1/}	<u>Federal</u>	<u>Total</u>
Children's Behavioral Health	\$12,288,800	\$ -0-	\$12,288,800
Children's Title XIX State Match	11,543,300	--	11,543,300
Seriously Emotionally Handicapped Children	4,332,200	--	4,332,200
EPSDT-DES	1,038,000	--	1,038,000
Other Agency Payments	<u>3,622,300</u>	--	<u>3,622,300</u>
Subtotal Children	\$32,824,600	<u>\$45,000,000</u> ^{2/}	\$77,824,600
<u>Adult Seriously Mentally Ill</u>			
Seriously Mentally Ill Services	\$55,349,300	\$ --	\$55,349,300
Regional Residential\Psychiatric Beds	5,713,500	--	5,713,500
Community Geriatric Treatment Beds	2,190,000	--	2,190,000
SMI Clozaril Program	487,100	--	487,100
County IGA Pass-through Funds	<u>17,000,000</u>	--	<u>17,000,000</u>
Subtotal Adult SMI	\$80,739,900	<u>\$32,000,000</u> ^{2/}	\$112,739,900
<u>Other Programs</u>			
Substance Abuse	\$13,357,100	\$ --	\$13,357,100
Mental Health Services	9,745,300	--	9,745,300
Administration; ASH; SAMHC	<u>37,719,000</u>	--	<u>37,719,000</u>
Subtotal General Mental Health	\$60,821,400	<u>\$19,019,400</u> ^{2/3/}	\$79,840,800
Total Estimated FY 1994 Behavioral Health	<u>\$174,385,900</u>	<u>\$96,019,400</u>	<u>\$270,405,300</u>

1/ Includes mainly General Fund dollars, the primary exceptions being \$17,000,000 of County IGA Pass-through funds and \$11,983,200 of ASH Disproportionate Share Funds.

2/ There is no breakout of federal funds between program line items.

3/ Reflects the Alcohol, Drug Abuse, and Mental Health Federal Block Grant. As of October 1, 1992, this grant was divided into a Mental Health Block Grant and a Substance Abuse Block Grant.

Overview of Behavioral Health Eligibility

Behavioral health services are available to two general categories of individuals: 1) Federal Title XIX eligibility groups, and 2) state-only groups. The eligibility for Title XIX coverage is identical to that described for the AHCCCS program. In addition to those requirements, the potential client must also have a qualifying condition which is "medically necessary" to treat. "Medical Necessity" is often open to subjective interpretation. The federal government pays approximately 65% of the costs of covered services provided to Title XIX clients, and 50% of the related administrative costs. The state must pay all costs for non-covered services provided to Title XIX clients.

State-only or subvention clients are served as funding allows. It is unclear what eligibility standards, if any, are used for the subvention clients. Some subvention clients are charged a co-payment based on a sliding fee scale. However, some scales vary between providers, and many providers do not use a sliding fee scale at all. DHS has developed a standard sliding fee scale, but it has not been implemented.

Eligibility Standards by Group

Title XIX Clients	Same as AHCCCS
State Only Clients	Some Sliding Fee Scales, Otherwise None

Current Population Statistics (As of May 28, 1993)

Adult SMI - Title XIX	5,881
Adult SMI - Non-Title XIX	12,293
Non-SMI Adult Mental Health	15,463
Children's Behavioral Health Title XIX	7,174
Children's Behavioral Health Non-Title XIX	6,293
Alcohol Abuse	11,310
Drug Abuse	4,907
Domestic Violence	181
Undefined	11,275
Prevention	<u>38</u>
Total Estimated Behavioral Health Clients	<u>74,815</u>

The population figures shown above were reported to the Joint Ad Hoc Committee on Behavioral Health Services by the Department of Health Services. There is no explanation of "Undefined", and the Prevention client count is very low. The latter may be the result of counting only enrolled clients which would not include the vast majority of prevention services. By definition, prevention services are usually provided to people who are not yet receiving other behavioral health services.

Figure 1 on the following page illustrates the distribution of behavioral health clients; while Figure 2 shows the average income of behavioral health clients.

Figure 1

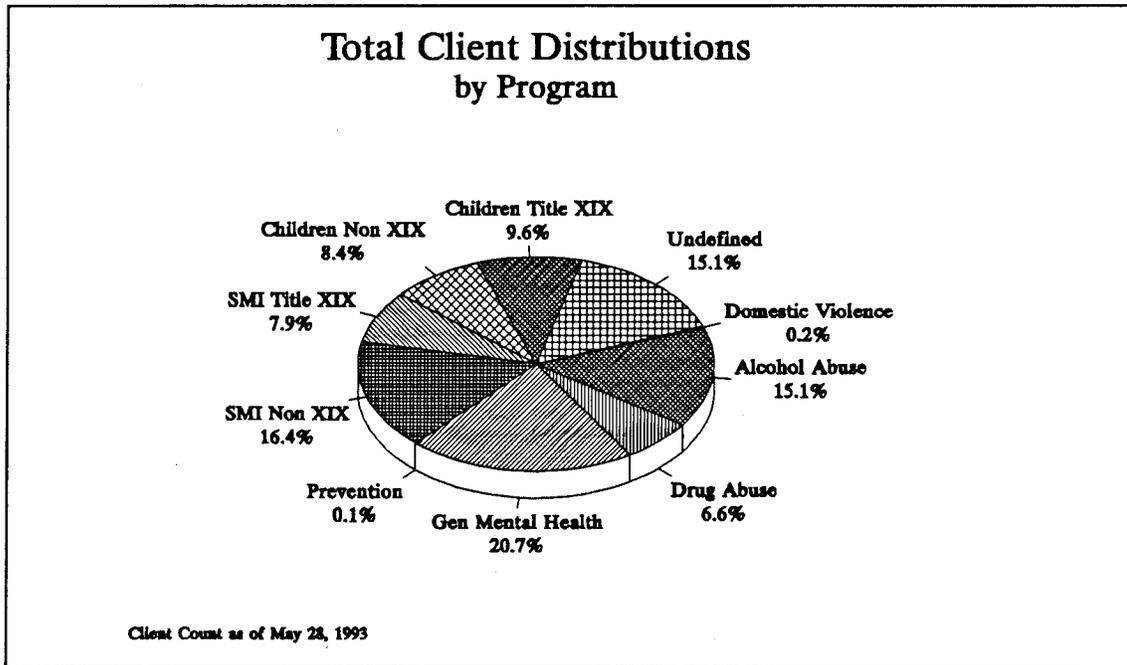
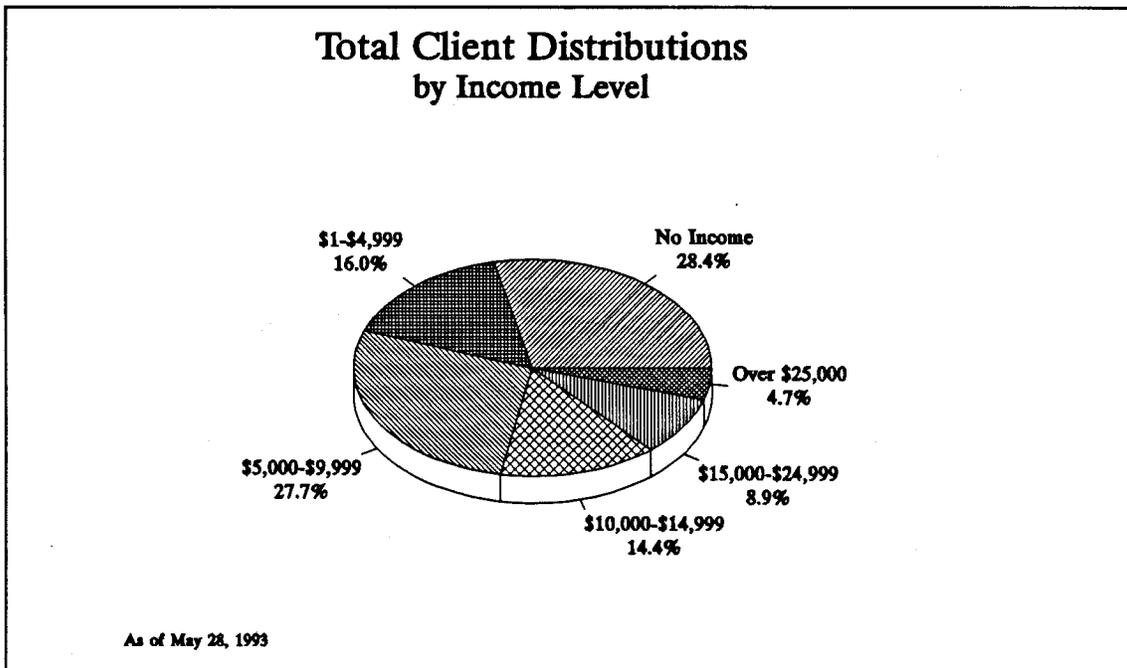


Figure 2



Benefits/Services

The services provided vary greatly based on the divergent needs of the various population groups. The Children's Behavioral Health (CBH) program provides a wide range of services to include residential, group homes, partial care, hospitalization, outpatient treatment and crisis intervention. Common diagnoses include conduct disorder, substance abuse, attention deficit disorder, sexual and/or physical abuse offender/victim treatment needs, and a wide range of other conditions. Due to funding levels, at least one RBHA no longer provides residential treatment or hospitalization to children that are not Title-XIX, SEHC, or in immediate crisis. The SEHC clients require residential behavioral health and education services.

The Adult SMI population also receive a wide variety of services. However, their needs are significantly different. The common diagnoses are schizophrenia and bipolar condition (manic-depressive), with a much smaller number of psychosis, organic brain syndrome and other disorders. The SMI population by definition tends to have long term problems and needs.

The general mental health adult population receives, on balance, a more focused and acute set of services based upon individual needs. Some common treatment needs include alcohol and substance abuse, domestic violence, clinical depression and crisis intervention.

The services for the adult SMI population are capitated at a level of \$589 per month per client, and the CBH Title XIX population is currently capitated at \$483 per month per client. The CBH Title XIX capitated rate has been submitted for change to the Health Care Financing Administration (HCFA). If approved, the rate would increase to between \$580 to \$600 per month per client. The other client groups are not capitated, however, individual RBHA's operate under their own specific guidelines based on the availability of funds and clients to be served.

Mandatory vs. Optional

Eligibility - The Title XIX clients are required to be served due to the state's participation in the Medicaid program through AHCCCS. For determining Title XIX client eligibility the CRS program must use exactly the same eligibility requirements as AHCCCS. All non-Title XIX, or state-only, clients would normally be served at the discretion of the state. However, the Legislature has enacted state statutes which have been interpreted by the courts in certain circumstances as creating a form of eligibility entitlement. The specific cases are: 1) seriously emotionally handicapped children (SEHC); 2) adult SMI clients in Maricopa County; and 3) as yet to be litigated client groups.

The clearest case of non-specific legal entitlement to treatment is a result of the Hodges vs. Bishop case. The plaintiffs argued that the state constitution requires the state to provide educational services to children. Therefore, if a child is unable to attend school due to being seriously emotionally handicapped, the state must provide the child with educational services in a residential behavioral health facility intended for that purpose. For this reason, the state must serve SEHC clients whether they are Title XIX or not.

The courts have also interpreted A.R.S. § 35-550 et. seq. as creating another entitlement to behavioral health services. The statute states that the Department of Health Services shall provide a continuum of care to all SMI individuals, using a community based system of treatment. In the case commonly known as the Arnold vs. Sarn lawsuit, DHS and Maricopa County were sued for not providing a continuum of services and for failing to serve all potential clients. Over the last several years, the state has been forced by the courts to dramatically increase total funding, services provided, and the number of clients served. This lawsuit has established adult SMI clients as an entitlement group that must be served regardless of whether they are Title XIX eligible or not. As a result, DHS must treat both Title XIX and subvention adult SMI clients that present themselves for services.

Similar cases may occur in the future. Funding has tended to flow in response to lawsuits, which has in turn encouraged even more lawsuits. Currently, plaintiffs are referring to the Jason K. vs. Alethea Caldwell case as the "Arnold vs. Sarn for children". In addition, the Arnold vs. Sarn case may be refiled as a statewide class action suit, to include the entire state. To the extent that these cases continue to create new classes of entitlement, the state-only population will become much less flexible.

Services - Since the state has chosen to participate in the Title XIX program, Title XIX clients must receive certain "mandatory" services. In addition to these mandatory services, there are a wide variety of optional services. The state submits to the federal Health Care Financing Administration (HCFA) in its statewide plan those optional services it wishes to include. Once approved, those services must be provided, unless a subsequent revision is submitted and approved to remove the optional coverage. The list of mandatory and optional services is quite lengthy and detailed. The state's submission is available from the AHCCCS program on specific request.

In addition to Title XIX mandatory and optional services, several common services are not covered by Title XIX. Examples of this are room and board, and "inmates in a public institution". These services are paid for from subvention (100% state) funding, from federal mental health block grants, or from other funding sources. All subvention client services are, in theory, optional and at the discretion of the state. However, certain statutes which have been passed, and lawsuits that have been decided, have created court-ordered entitlements. Examples are the continuum of care for SMI's due to Arnold vs. Sarn and residential education services for SEHC children due to Hodges vs. Bishop.

AGENCY: Department of Health Services (DHS)
PROGRAM: Children's Rehabilitative Services (CRS)

Statutory Citation: A.R.S. § 36-261, Title XIX of the Social Security Act

Program Description

Provides multi-disciplinary team medical services to children with seriously debilitating or life threatening conditions which can be corrected or significantly improved through a course of treatments. Types of qualifying conditions include spina bifida, cleft lip palate, heart malformations, and reversible crippling birth defects. The program was originally referred to as Crippled Children's Services when the state was operating a Crippled Children's Hospital. The program was later part of AHCCCS and was then transferred to DHS in FY 1992.

FY 1994 Funding

CRS - State Only (Non-Title XIX)	\$ 7,890,000
CRS - Title XIX State Match	8,808,400
Federal Title XIX Funds	11,300,000
State Administrative Costs	<u>586,800</u>
Total CRS Program	<u>\$29,285,200</u>

Overview of CRS Eligibility

CRS is available to two general categories of individuals: 1) Federal Title XIX eligibility groups; and 2) state-only groups. The eligibility for Title XIX coverage is identical to that described for the AHCCCS program. In addition to those requirements, the potential client must also have a qualifying condition which is covered under CRS. State-only, or subvention, clients are served on a space available basis. It is not clear what eligibility standards, if any, are used for the subvention population. There are no requirements for state residency, and there is some evidence that this may attract clients from other states which do not offer similar services.

Eligibility Standards by Group

Title XIX Clients	Same as AHCCCS
State Only (Non-Title XIX) Clients	None

Current Population Statistics (As of May 1993)

Title XIX Clients	5,615
State Only (Non-Title XIX) Clients	<u>2,996</u>
Total CRS Clients	<u>8,611</u>

Benefits/Services

The CRS program provides a multi-disciplinary approach for the treatment of serious childhood disabling conditions. An example of this is a client with cleft lip palate which may receive the following: a) several corrective operations; b) care from an Ear, Nose, Throat Specialist; c) training from a Speech Pathologist; d) facial reconstructive surgery; and e) follow-up care. Under CRS, proactive on-going care is provided which will usually avoid or reduce future attendant medical complications. Under a standard AHCCCS health plan, preventive care is also provided, but the individual would receive a less intensive level of care, because it would not use the multi-disciplinary team approach. This continuum of care in CRS is therefore a more expensive treatment mode, but is considered more effective for the severe conditions covered by CRS. That is the primary basis for operating a separate program for these specific childhood conditions.

Allowable services are defined by rule, not by statute. Over time, DHS had authorized more and more services, until FY 1993, when these services were significantly reduced. This reduction eliminated oncology (childhood cancer), most physical deformities that are non-disabling, most intestinal and reproductive defects, and several secondary conditions present in a child with a qualifying condition.

The CRS program expends the majority of its funding on fixed contracts with hospitals, doctors, clinics and suppliers of prosthetic devices. There is also a smaller fee-for-services component. The largest single contract was originally bid at \$1, and has risen to around \$10 million in the last three years. This is largely a result of the current contract more accurately reflecting actual expenses.

Mandatory vs. Optional

Eligibility - The Title XIX clients are required to be served due to the state's participation in the Medicaid program through AHCCCS. For determining Title XIX client eligibility, the CRS program must use exactly the same eligibility requirements as AHCCCS. All non-Title XIX, or state-only, clients are served solely at the discretion of the state.

Benefits/Services - The CRS program treatment modality is optional. However, it is important to point out that if CRS were eliminated, most of the Title XIX clients would receive care for their conditions through the AHCCCS program, at a reduced cost. The CRS program is viewed as one of the more comprehensive specialized children's health care programs in the country. In the long run, it is unclear whether the reduction in the severity of the clients' conditions outweighs the additional cost of the CRS mode of care, however, it is clear that the prognosis of the clients is considerably improved.