



**Weathering the Storm: The Impact of the Great
Recession on Long-Term Services and Supports**
State Profile: ARIZONA

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INTRODUCTION

Weathering the Storm: The Impact of the Great Recession on Long-Term Services and Supports is the most comprehensive analysis to date on the budget cuts to both Medicaid and non-Medicaid funded long-term services and supports (LTSS) in each state. It also illustrates state-by-state how LTSS are financed. In addition, this study provides a very early snapshot of the likelihood of states pursuing some of the LTSS provisions within the Affordable Care Act (ACA).

Weathering the Storm contains several components:

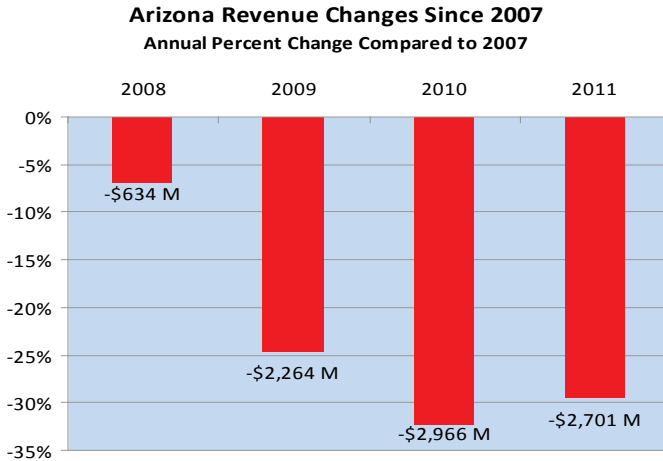
- The full report with an overview of findings and state-by-state tables;
- State profiles, which are 4 to 5 pages in length, for each state that participated in the study;
- An In Brief, which is a short synopsis; and
- A videotaped interview about the key findings.

Hard copies of *Weathering the Storm* are available free of charge. To order, please call the AARP Public Policy Institute at (202) 434-3890 or email jgasaway@aarp.org.

All of the components of *Weathering the Storm* are also available on the web and can be found at www.aarp.org/ppi, www.nasuad.org, and www.healthmanagement.com.

ARIZONA

TAX COLLECTIONS



Source: HMA analysis of state tax collection data from the National Association of State Budget Officers (NASBO), Spring Fiscal Survey of States, 2008 (for baseline 2007 data); Spring Fiscal Survey of States, 2009 (for 2008 data) and Spring Fiscal Survey of States, 2010 (for 2009 actual, 2010 estimated, and 2011 projected). Revenue represents the following taxes if collected by the state: **Personal Income, Corporate, and Sales**. Percent change and change in amount collected (in millions) represents the divergence between the state fiscal year noted and baseline SFY 2007.

ARRA FUNDING

IMPACT OF ARRA ENHANCED MEDICAID FMAP EXPIRATION

- Unknown at this time.

PREDICTED IMPACT OF THE EXPIRATION OF THE ARRA NUTRITION FUNDING

- Services will be reduced.
- Waiting lists will increase.

STATE UNIT ON AGING AND DISABILITY (NON-MEDICAID) SERVICES

STATE UNIT ON AGING NUMBER SERVED (UNDUPLICATED)

SFY 2009 (actual)	SFY 2010 (projected)	SFY 2011 (projected)	% Change SFY 2009–2011
143,679	280,552	280,552	51%

STATE UNIT ON AGING TOTAL EXPENDITURE REDUCTIONS – ACTION TAKEN

SFY 2009–2010	SFY 2010–2011
6%–10%	Don't Know

STATE UNIT ON AGING SERVICE DEMAND AND EXPENDITURE CHANGES

Program	Change in Expenditures		Change in Service Requests
	SFY 2009–2010	SFY 2010–2011	SFY 2009–2010
Adult Foster Care	NA	NA	DK
Adult Day Care	-	-	-
Adult Protective Services	-	0	-
Assisted Living	NA	NA	DK
Behavioral Supports	NA	NA	DK
Case Management	-	-	-
Chore	NA	NA	DK
Community Transition	NA	NA	DK
Congregate Meals	+	-	-
Day Habilitation	NA	NA	DK
Disease Prevention/Health Promotion	0	0	DK
Elder Abuse Prevention	+	+	-
Environmental Modifications	NA	NA	DK
Equipment and Supplies	NA	NA	DK
Family Caregiver Support	-	-	+
Food Stamps/Supplemental Nutrition Assistance Program			DK
Foreclosure Counseling	NA	NA	+
Homemaker	-	-	-
Home-Delivered Meals	+	-	+
Housing Assistance	NA	NA	+
Information and Referral	+	+	+
Legal Assistance Development	+	+	DK
LIHEAP			+
Long-Term Care Ombudsman	0	-	+
Nutritional Supplements	NA	NA	DK
Occupational Therapy	NA	NA	DK
Personal Care/Assistance	-	-	-
Physical Therapy	NA	NA	DK
Recreational Therapy	NA	NA	DK
Residential Habilitation	NA	NA	DK
Respite	-	-	-
Senior Community Service Employment Program	+	+	+
Senior Centers	-	-	DK
Speech Therapy	NA	NA	DK
State Adult Guardianship Program	NA	NA	DK
State Pharmaceutical Assistance	NA	NA	DK
Supported Employment	NA	NA	DK
Supported Living	NA	NA	DK
Transportation	-	-	+
+ Expenditure/demand increase	0	No change in expenditure/demand	DK Don't know
- Expenditure/demand decrease	NA	Program not administered by SUA	

STATE UNIT ON AGING NON-MEDICAID HCBS EXPENDITURES

SFY 2009 (actual)	SFY 2010 (projected)	SFY 2011 (appropriation)	% Change SFY 2009–2010
\$16,076,800	\$15,397,400	\$12,924,100	-4%

MEDICAID LONG-TERM SERVICES & SUPPORTS

NUMBER OF BENEFICIARIES: WAIVERS & NURSING FACILITIES

Waiver Name	Avg. Daily Caseload			% Change SFY 2009– 2010
	SFY 2009	SFY 2010	SFY 2011 (planned)	
Section 1115*	25,237	25,306		0%
Nursing Facility Services	Avg. Daily Census 2010		Expected Change 2011	
NF Average Daily Census	7,322		No change	

- Waiver caseload includes children with physical disabilities.

LTSS EXPENDITURES (FEDERAL AND STATE)

Service	SFY 2009	SFY 2010 (Estimate)	SFY 2011 (Appropriation)	% Change SFY 2009–2010
HCBS Waivers (For Older People and Adults with Physical Disabilities) *	\$337,648,343	\$314,738,914	\$328,040,695	-6.78%
Medicaid LTSS State Plan				
Nursing Facility	\$414,225,432			NA

- Waiver expenditures are reported by contract year (CY) of managed care contracts rather than state fiscal year.
- 2011 data are based on an estimate of CY 2010 projections and assumptions used to establish the capitation rate for CY 2011 and expected member months.

LTSS PROVIDER PAYMENT RATE CHANGES

Provider Type	SFY 2009–2010 % change	SFY 2010–2011 % change
Nursing Home	0	0
Home Health	-5%	-2.5%
Personal Care Services	-5%	-2.5%
HCBS Waiver Services	-5%	-2.5%
+ Provider rate increase - Provider rate decrease 0 No change in provider rate		NA Not applicable

- The state has a process to monitor member access to services and provider participation and expects no adverse impact from rate changes.

OPTIONS, OUTLOOK, AND PROMISING PRACTICES

The Medicaid agency and State Unit on Aging were asked about their intent to pursue options under health care reform, to provide their thoughts on the outlook for LTSS, and to share promising practices in their state. This section combines information from both agencies if both agencies responded.

See the Overview for descriptions of these provisions.

ARIZONA

State's Intent to Pursue LTSS Provisions in the Affordable Care Act	Very Likely	Somewhat Likely	Not Likely	Don't Know
State Balancing Incentive Program				X
Community First Choice Option	X			
Money Follows the Person Demonstration				
1. Apply for new program			X	
2. Apply for extension of existing program				
Medical/Health Home Initiative				
1. Agency applying for planning grant				X
2. State plan amendment to establish medical/health home services				X
3. Apply to establish community health teams				X

STATE PRIORITIES: 18–24 MONTHS

- Continuing to increase home and community placements.
- Improving Medicare Special Needs Plans and Medicaid coordination of care.
- Improving community transition services for nursing facility residents who want to return to a home setting.
- Expanding the Arizona Self-Directed Care Option.
- Implementing Community First Choice.

STATE ISSUES

- Potential for future rate cuts due to the significant impact in Arizona of the economic downturn.

STATE PROMISING PRACTICES

- Mandatory, full-service integration of managed LTSS.
- Managed care organization (MCO) requirement to develop network and management plans to address local community needs.
- Consumers participating in Consumer-Directed Care (CDC) option that allows them to direct their attendant caregiver to provide certain types of skilled care.
- MCO development of non-nursing facility specialty care placements in assisted living.

The information in this profile represents information available to state officials at a point in time. Surveys were conducted from June through September 2010. Arizona's fiscal year begins July 1 and ends June 30.