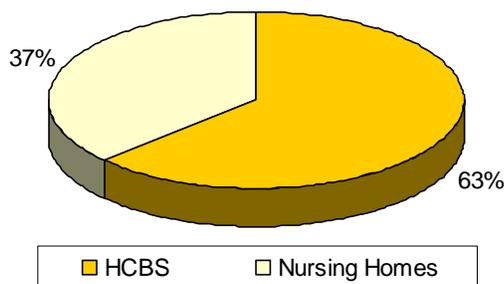


State Long-Term Care Reform in
ARIZONA

**Older People and Adults with Physical Disabilities, Arizona
Long-Term Care System, by Type of Service, 2005**



Arizona was the first state to undertake a major demonstration of capitated managed long-term care when it added the Arizona Long Term Care System (ALTCS) in 1988 to the Arizona Health Care Cost Containment System (AHCCCS).

Type of Service	Participants		Enrollment & Services, 2005	
	2001	2007	Older People and Adults with PD as a % of Enrollees	Older People and Adults with PD Receiving HCBS
Arizona Long Term Care System	32,710	43,145	39%	63%

ALTCS combines Medicaid acute and long-term care (LTC) services. Medicare reimburses the provider on a fee-for-service basis for any Medicare services provided to an ALTCS member. Services include a complete array of acute medical services, institutional care, home and community based services (HCBS), and case management. All covered services are integrated into a single delivery package, coordinated and managed by program contractors. Once enrolled, a member has a choice of available primary care providers who coordinate care and act as gatekeepers.

Although part of AHCCCS, LTC is administered as a distinct program from the acute care program. The program is still considered a demonstration project, with federal approval of a five-year extension in 2006. When the program began, there was a cap on the percentage of members that could receive HCBS. However, the percentage cap increased over time and was removed entirely in 2000. The program has been growing steadily since. Between October 1, 2000, and September 30, 2001, enrollment totaled 32,710. As of June 2007, enrollment had reached 43,145. Older people comprised about 39 percent of the enrollment in 2005, and about 63 percent of older people and persons with disabilities received services in their homes or in community residential settings.¹

¹ This profile is excerpted from the full report *A Balancing Act: State Long-Term Care Reform (#2008-10)*.

Major Initiative

In 2000, a class action lawsuit (*Ball v. Biedess*) alleged that the AHCCCS failed to provide Medicaid beneficiaries with the attendant and personal care services authorized in their care plans, in part because of low payment rates for direct-care workers, which led to the unavailability of such workers. In 2004, a District Court judge ruled that the state must fill any gaps in services. The state appealed the decision, but the 9th Circuit Court of Appeals affirmed it in July 2007.

AHCCCS

Arizona has achieved major system balancing through a unique managed care model, called the Arizona Health Care Cost Containment System (AHCCCS), that operates under special demonstration authority from the U.S. Centers for Medicare & Medicaid Services (CMS). Because of a court decision, Arizona has implemented several reforms to AHCCCS, including revising pay rates for direct-care workers.

As a result, AHCCCS adjusted Medicaid payment rates for direct-care workers and established a revised rate determination process for Medicaid HCBS. The revised rate incorporates employee-related expenses, hourly and annual wages, administrative mileage, administrative overhead, and an adjustment factor for non-direct-care service hours, such as time to complete notes or records.

Other Developments

Aging and Disability Resource Center. The state received a \$750,000 grant in 2005 to implement the Arizona Aging and Disability Resource Center (AzADRC). With these funds, state officials are creating a Uniform Assessment Instrument (UAI), a Web-based tool to determine eligibility for all target populations across all agencies. Funds will also be used to create community sites where consumers can receive information and assistance regarding LTC options, counseling services, and other assistance. State officials also plan to allocate funds toward more education and outreach.