

The Arizona State Seal is a circular emblem on the left side of the slide. It features a central figure of a Native American holding a bow and arrow, surrounded by various symbols including a cactus, a sun, a mountain, and a river. The seal is rendered in a light teal color against the darker teal background.

ARIZONA

House Appropriations Committee Budget Hearing
January 29, 2025

Division of Developmental Disabilities Growth

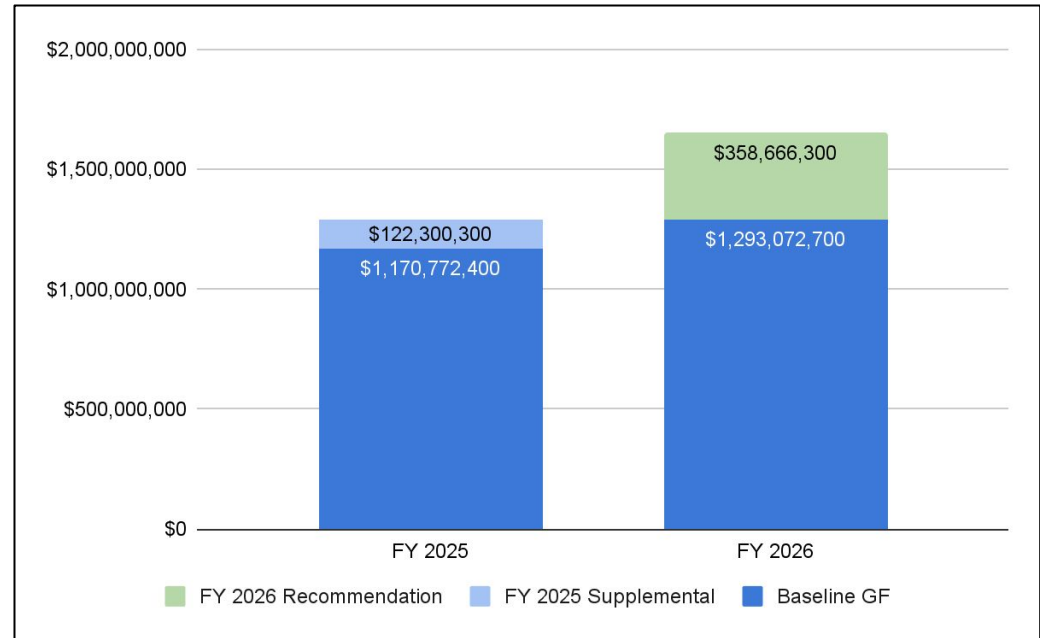
Governor's Executive Budget Recommendation

Released on January 17, 2025

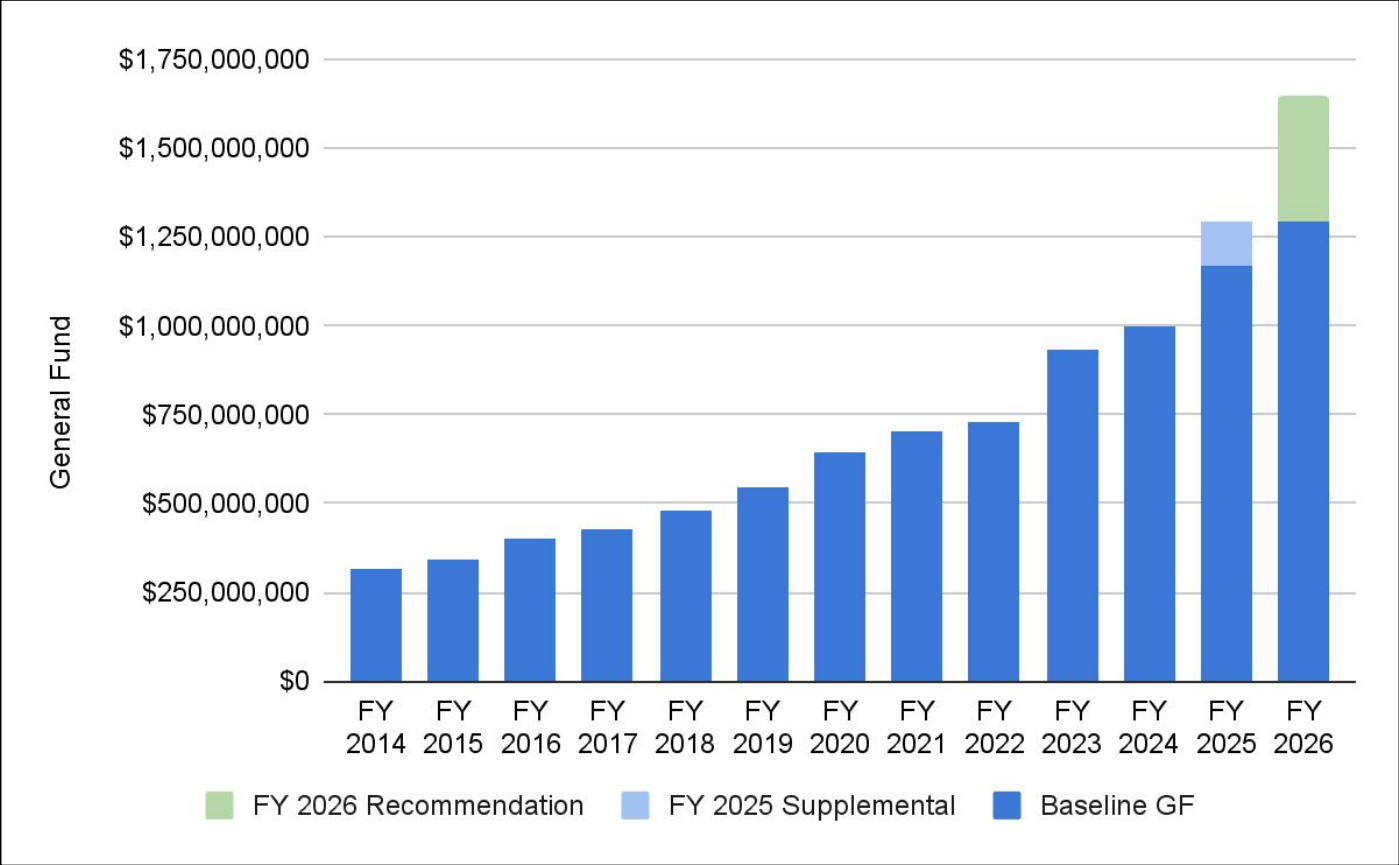
Includes a recommendation of \$122.3M GF in supplemental funding in FY 2025.*

Includes a recommendation for \$358.7M GF in FY 2026, reaching a total GF amount of \$1.65B.

*DDD is projected to run out of funding by late April / early May and will need supplemental funding to pay claims in May and June.



Gov Executive Budget Recommendation (cont.)



DDD Eligibility A.R.S. § 36-559, 36-551

Qualifying Diagnosis for DDD Eligibility:

- Autism
- Cerebral Palsy
- Down syndrome
- Epilepsy
- Cognitive / Intellectual Disability

A person aged 0 to 3 years must:

Have a significant delay in one or more developmental areas or an established condition that could lead to a developmental disability.

A person aged 3 to 6 years must:

Have one of the following developmental disabilities OR be **At-Risk** for developing one of these disabilities

In addition to qualifying diagnosis, must also have substantial functional limitations in 3 or more of these daily life skills related to the disability:

- Receptive and expressive language
- Learning
- Self-direction
- Self-care
- Mobility
- Capacity for Independent living
- Economic self-sufficiency

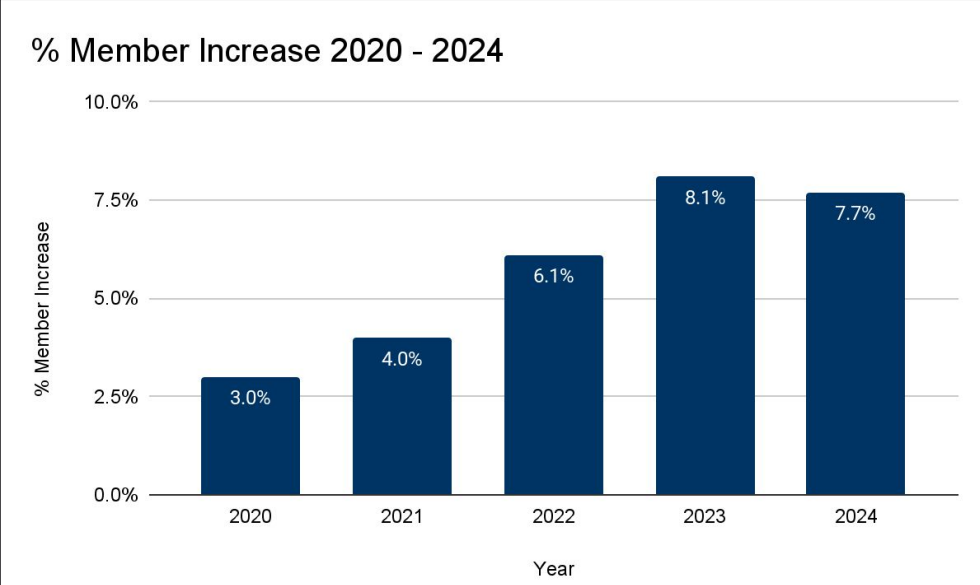
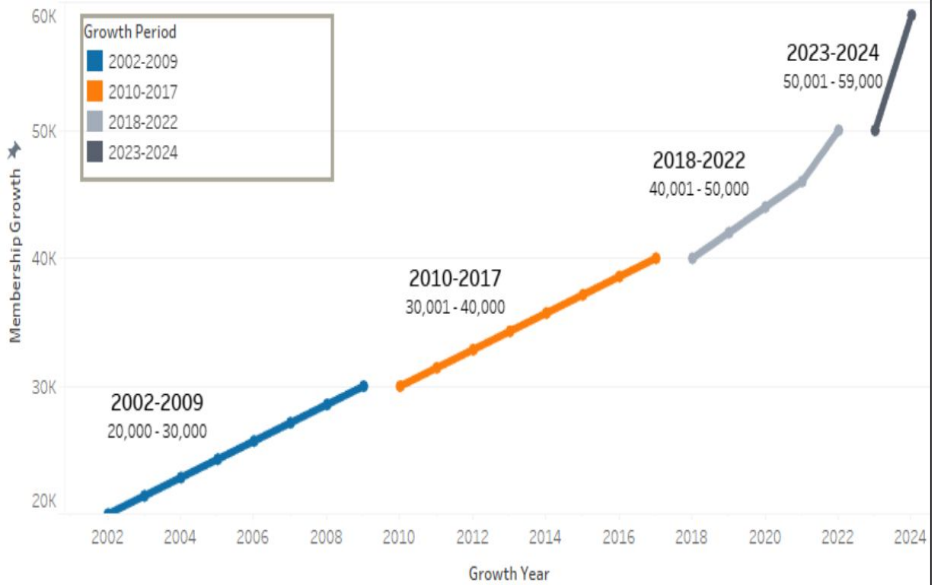
ALTCS/DD Financial Growth Drivers

- Increase in DDD membership
- Increase in service authorization and service utilization
- Cost to Provide Services
 - Home and Community Based Services
 - Physical & Behavioral Health
- Cost shifts from Federal to State funds

Historical DDD Membership Growth

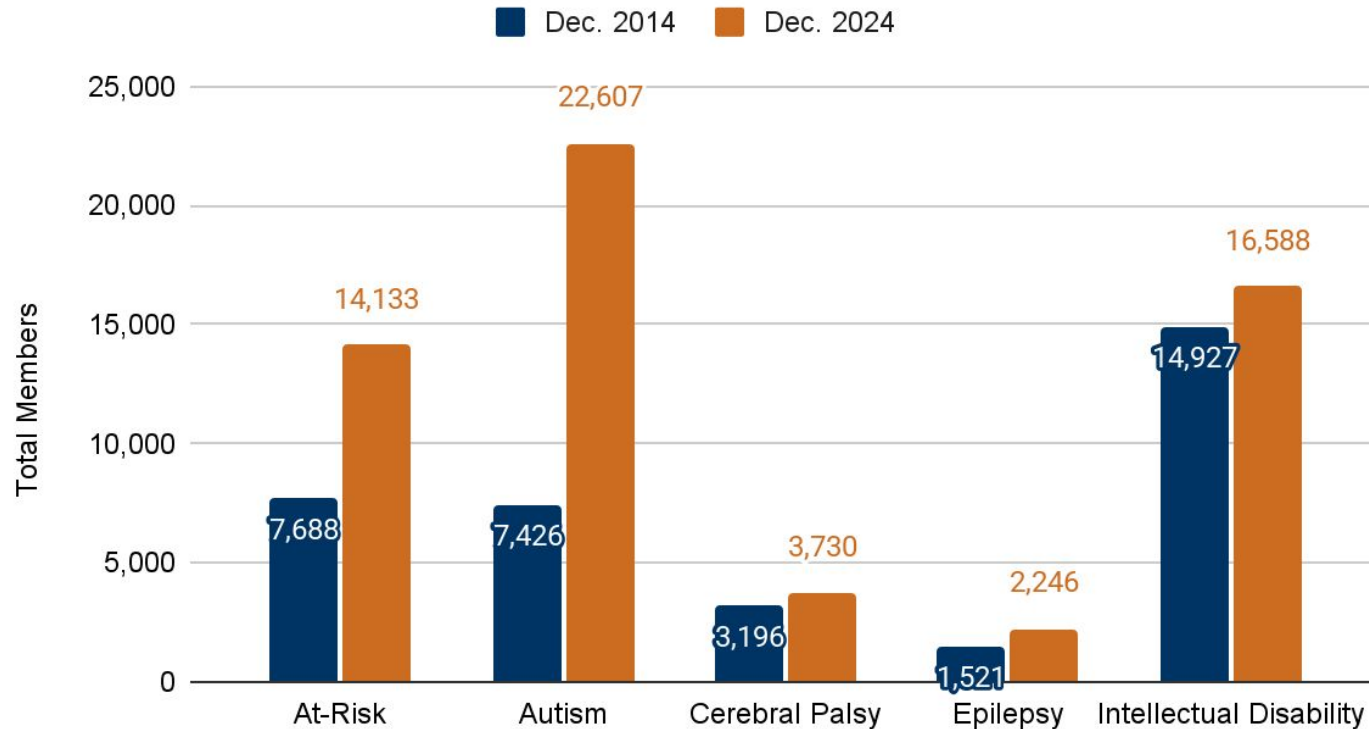
1999 - 17,224 members

2024 (December) - 59,079 members



DDD Member Growth: Autism

Members by Qualifying Diagnosis 2014 vs 2024



Follows national trend: [1 in 36 children](#) were diagnosed with autism in 2020, according to the CDC, compared with 1 in 150 children in 2000.

Explaining Service Utilization Shifts

- The Public Health Emergency caused closures of many facilities providing group supported services such as day programs. To date, the utilization of day programs has not returned to pre-pandemic levels.
- Members / Families are opting for in-home services over group settings, which has a greater financial impact.

Funding to Recruit & Retain DSPs

The Executive Budget includes funding to increase provider rates by 6% over three years, equating to an annual increase of 2%.

Providers are facing difficulties recruiting and retaining Direct Support Professionals. These positions are critical to the health and welfare of Arizonans.

The Executive includes a 2% annual provider rate increase over the next 3 years:

- Year 1: \$24.4m GF - \$65.5m total funds.
- Year 2: \$24.9m GF - \$66.8m total funds.
- Year 3: \$25.4m GF - \$68.2m total funds.

This funding will make DDD provider rates more competitive, which in turn will alleviate workforce challenges and expand access to care.

Increased Physical and Behavioral Health Expenses

The costs of providing physical & behavioral health services to DDD members has risen by nearly 40% (~\$150 million) in the last 4 years.

This is the result of:

- Improved access to services to support members with complex needs
- Increased number of members eligible for ALTCS
- Increase in non-dual membership (members without medicare coverage)

ITEM	SFY 2021	SFY 2022	SFY 2023	SFY 2024
Expenditures	\$410,734,978	\$451,655,155	\$471,298,813	\$565,808,231

Cost Shifts from Federal to State Funds

Federal Medical Assistance Percentage (FMAP)

- Federal calculation to determine percentage of state share for federal funding
- The FMAP is calculated using a formula based on state and national per capita income so as Arizona's per capita income increases, the State is required to contribute a larger percentage to receive Federal funds.
- A 1% change in the AZ state share approximately creates a ~ \$35M impact.
- AZ change in FMAP from FY 2022 to FY 2026 = ~ \$200M impact.

Blended FMAP		
State Fiscal Year	Federal Share	AZ State Share
2022	70.01%	29.99%
2023	69.67%	30.33%
2024	68.34%	31.66%
2025	66.21%	33.79%
2026 (est)	64.67%	35.34%



Thank You