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## **A BRIEF SUMMARY OF WHAT YOU NEED TO KNOW ABOUT THE ARIZONA LONG TERM CARE SYSTEM (ALTCS)**

### **I. Overview**

Since 1982, Arizona has participated in the Medicaid program through the operation of the Arizona Health Care Cost Containment System (AHCCCS) under a federal waiver allowing the payment of federal Medicaid dollars into a state-run managed care program. One condition placed on approval of Arizona's AHCCCS program, however, was the inclusion of nursing home care programs operating under Medicaid rules. The Arizona Long Term Care System (ALTCS), Arizona's Medicaid long-term care program, was implemented in 1988.

The ALTCS program contracts with "program contractors" who oversee and subcontract with the providers, as is the case with any HMO. The providers for each program therefore are different. In Yavapai County, the program contractor is Yavapai Long Term Care. In Maricopa County there are three program contractors:

- Mercy Care Plan,
- Senior Care Area Network (SCAN) Long Term Care
- Bridgeway (Cencorp)

**This summary reflects the changes to the Medicaid law pursuant to The Budget Deficit Reduction Act of 2005 (PL-109-171).**

### **II. Benefits**

The medical insurance provided by AHCCCS is managed care and therefore choice in providers is limited. However, the coverage is substantial and includes, but is not limited to, the following:

- Doctor's visits
- Specialist care
- Medical transportation
- Prescriptions
- Lab and x-rays
- Hospital services
- Emergency care
- Dialysis
- Pregnancy care
- Podiatry services
- Immunizations
- Physical exams
- Behavioral health
- Family planning

In addition to providing AHCCCS Medical Insurance, ALTCS also provides:

- Nursing Home Care, Provided in a licensed nursing facility, Intermediate Care Facility for the Mentally Retarded (ICF-MR), a freestanding hospice, a residential treatment facility for person under 21 or a psychiatric hospital for persons age 65 or older;
- Home and Community-based Services (HCBS) provided in your home. These in-home services are intended to help you to remain in your home. HCBS services include, but are not limited to:
  - Home Health Nursing
  - Habilitation
  - Adult Day Care
  - Personal Care
  - Medical Transportation
  - Mental Health Services
  - Homemaker Services
  - Attendant Care
  - Respite Care
  - Home Health Aids
  - Home Delivered Meals
  - Hospice

Home and Community-based Services (HCBS) may also be provided in a supervised alternative residential setting, such as an Adult Foster Care Home, Assisted Living Home, Group Home or a Level I, II, or III Behavioral Health Center.

### **III. Medical Eligibility**

The purpose of the Pre-Admission Screening (PAS) is to determine whether an applicant meets the medical criteria for Title XIX (Medicaid) funded long term care services (ALTCS). To receive federal Medicaid funds for an individual, AHCCCS must demonstrate that the applicant has a medical need for these services and is at *risk of institutionalization*. This means that the applicant must be in need of long term care at a level comparable to that provided in a nursing facility, but which is below that of an acute care setting (hospitalization or intense rehabilitation) and above that of a supervisory/personal care setting (intermittent outpatient medical intervention or benevolent oversight).

An individual who meets ALTCS criteria for Title XIX eligibility will present with one or more of the following needs and impairments:

- Requires nursing care by or under the supervision of a nurse on a daily basis
- Requires regular medical monitoring

- Exhibits impaired cognitive functioning
- Exhibits impaired self-care with activities of daily living
- Exhibits impaired continence
- Displays psychosocial deficits

The PAS tool is the instrument used to score the person's impairments in the above areas. The PAS tool consists of several sections:

- |                            |  |
|----------------------------|--|
| 1. Intake information      | 3. Functional information and assessment |
| 2. Demographic information | 4. Medical information and assessment    |

The PAS screening includes an interview of the applicant and significant others, reviewing available records and observing the applicant's behavior during the PAS interview.

All the functional and medical assessment criteria are taken into account in the development of a numerical score, to determine whether the applicant meets the baseline criteria for eligibility. If an applicant's score meets eligibility criteria, the level of care required for the applicant is determined based on the score and review of PAS tool to determine the applicant's care needs. If the score does not meet eligibility criteria and the PAS assessor or applicant questions if the PAS score accurately reflects whether the applicant is at risk of institutionalization, the assessor can request that an evaluation be made by a physician consultant who can override the numerical score. The physician consultant may also overturn the level of care determination.

### **Functional Assessment**

The functional portion of the screening focuses on the following areas:

Activities of Daily Living (ADLs):

- Mobility – purposeful movement within the applicant's residence
- Transfer – the ability to move between two surfaces i.e. bed, wheelchair, and chair
- Bathing – washing, rinsing, drying body parts, transfer in/out of tub
- Grooming – tending to appearance of hair, teeth, hands/face, nails
- Dressing – putting on and removing articles of clothing
- Eating – putting food and fluids into system
- Toileting – managing elimination of urine and feces

Other areas reviewed include the following:

- Continence
- Vision
- Orientation to person, place, and time
- Behavior patterns such as wandering, aggression, self-injuries, suicidal or disruptive

## **Medical Assessment**

The medical portion of the screening focuses on the following areas:

- Medical condition – determines an applicant’s medical conditions whether acute, chronic or history; if these conditions impact ADLs and if medical or nursing treatments are required.
- Services and treatments – identifies all services and treatments an applicant receives or needs.

### **IV. Financial Eligibility – Income Requirements**

- A. Income Defined: Income is cash received that can be used to obtain food or shelter. It can be paid to the person directly or deposited into the person's financial account. Sources of income include Social Security Income, Pensions, Annuities, Disability Insurance, etc. Interest and dividends are excluded as income for ALTCS.
- B. Single person: limited to \$1911.00 per month.
- C. Married person: The applicant can meet the income eligibility requirement if:
1. The total income of both spouses does not exceed \$3,822.00 per month, or,
  2. The total income received by the applicant under their name as well as half of the income received in checks made out jointly in both names does not exceed \$1,911.00 per month.
- D. If a single applicant's income exceeds the monthly income amount, but is under \$5,808.25 a month if they live in Maricopa, Pima or Pinal county, \$5,158.40 per month if they live in any other county, an "income-only" trust can be established which will still allow the individual to qualify. If the applicant is married he or she can qualify for an income only trust if the income received in the individual's name plus ½ of the joint check income is less than \$5,808.25 per month, or if the combined income of both spouses does not exceed \$11,616.50 per month if they reside in Maricopa, Pinal or Pima counties. In any other county of residence in Arizona the limit is \$5,158.40 for the income received in the individual’s name plus ½ of the joint check income, or \$10,316.80 in combined income for both spouses.

### **V. Financial Eligibility - Resource Requirements**

- A. Single person: The applicant cannot have more than \$2,000.00 in countable resources to qualify for ALTCS (an applicant who is disabled and under age 65 may become eligible under certain conditions by the establishment of a trust even if countable resources

exceed \$2,000.00).

B. Married person: The applicant's spouse may retain half of the total countable resources of both spouses, except that the half retained cannot exceed the maximum of \$104,400.00, and the spouse may keep a minimum of \$20,880.00, even if half is less than \$20,880.00. In addition to the half that the spouse retains, the applicant is still permitted to retain \$2,000.00. Under most circumstances, if both spouses in a marriage are applicants then each is limited to \$2,000.00 in resources.

C. Single and Married persons: Certain resources are considered excluded and therefore may be retained in addition to the countable resources. These resources include the following:

1. For applications filed prior to July 1, 2006: The house is excluded regardless of value if the applicant or spouse resides in the home or the applicant states his intent to return home.
2. For applications filed on or after July 1, 2006: The primary residence is excluded if the equity value of the residence is \$500,000.00 or less and if the applicant resides there or states it is his or her intent to return home, except that the primary residence is excluded regardless of its value if a spouse, a child under the age of 21, or a disabled child of any age is living in the home.
3. An automobile.
4. A burial fund of \$1,500.00 for each spouse set up in a bank account and labeled as such, or as part of a prepaid burial plan. If the burial plan is funded by the irrevocable assignment of the proceeds of a life insurance or annuity policy, there is no value limit to the plan as long as the proceeds assigned do not exceed the fair market value of the burial plan.
5. Burial plots for the applicant and spouse and members of immediate family of an unlimited value. The burial plot exclusion includes the cost of the headstone, casket, niche, burial container, opening and closing the grave and perpetual care.
6. Household goods and personal effects.
7. The combined cash value of all life insurance policies insuring any one individual with a combined face value that does not exceed \$1,500.00. If the policy has dividends that can be withdrawn from the policy without canceling the policy, the amounts of those dividends are countable towards the \$2,000.00 resource limit.

## **VI. Share of Cost**

A. Single person: Once the applicant qualifies for Arizona Long Term Care and is

receiving services, he may have to pay a share of the cost of his care on a monthly basis. He/she will only be permitted to keep a small spending allowance, currently \$95.55 a month. In addition he or she is able to deduct non-covered medical expenses (such as glasses, hearing aids, and non-emergency dental work) including the cost of Medicare and other medical insurance premiums.

B. Married person: Once a married person qualifies for Arizona Long Term Care he or she is entitled to the \$95.55 a month personal needs allowance plus enough income to cover his or her non-covered medical expenses (such as glasses, hearing aids, and non-emergency dental work) including the cost of Medicare and other health insurance premiums and premiums for dental or vision insurance. A deduction for health insurance premiums are only allowed for the ALTCS applicant and not the spouse. The ALTCS applicant must be responsible for paying their health insurance premium. For example if the ALTCS applicant is covered under a policy provided by the spouse's pension and the health insurance premium is deducted from the spouse's pension, then no deduction is given. The payment for the health insurance premium MUST be paid from the ALTCS applicant's funds. In addition, the spouse is entitled to a minimum of \$1,750.00 a month, plus a standard utility allowance of \$326.00 month plus the monthly mortgage or rent amount and monthly property taxes and insurance minus \$525.00. The resulting total cannot exceed \$2,610.00 a month. If the spouse does not have enough of his or her own income to cover this amount, then he or she is entitled to receive enough money out of the applicant's income to make up the difference.

The rest of the applicant's income must be paid to ALTCS for the share of cost. Share of cost is never assessed against the spouse's income.

C. Share of cost while at home: There is no share of cost for a married or single individual living at home, unless an income-only trust is necessary.

## **VII. Transfers**

A. Transfers made prior to July 1, 2006: Any transfers or gifts made to someone other than a spouse within 36 months prior to applying for the ALTCS program must be disclosed to ALTCS. Any transfer from a revocable trust, or to an irrevocable trust from which distributions cannot be made to or for the benefit of the transferor, must be disclosed if made within 60 months prior to application. Once the transfer is disclosed, ALTCS imposes a period of ineligibility by dividing the total amounts transferred in a given month by the average monthly cost of care in the county as determined by ALTCS as of the date of the ALTCS application, which is currently \$5,808.25 in Maricopa, Pima and Pinal counties, and \$5,158.40 in all other Arizona counties. The resulting figure is the number of months of ineligibility, with fractional months being rounded down. The period of ineligibility runs from the date of the transfer, with the first month being the month in which the transfer was made. If a transfer is made within a period of ineligibility resulting from a prior transfer then the amount of the more recent transfer is added to the prior transfer, and the ineligibility period runs from the date of the first transfer.

B. For transfers made on or after July 1, 2006 but prior to October 1, 2007: Any transfers or gifts made to someone other than a spouse, or from a revocable trust, or to any trust where assets are not available to the applicant, within 60 months prior to applying for the ALTCS program, must be disclosed to ALTCS. ALTCS imposes a period of ineligibility by dividing the total amount transferred by the average monthly cost of care in the county as determined by ALTCS as of the date of the ALTCS application, which is currently \$5,808.25 in Maricopa, Pima and Pinal counties, and \$5,158.40 in all other Arizona counties. The resulting figure is the number of months of ineligibility with fractional months being dropped. The period of ineligibility runs from the date of the transfer, with the first month of ineligibility being the month in which the transfer was made, or when the applicant applies for and is otherwise eligible for ALTCS, whichever is later. ALTCS will add together the value of all the asset transfers made during the look back period and base the period of ineligibility on the total value of all of the transfers; with the exception that transfers of \$500.00 or less in any given month will be disregarded.

C. For transfers made on or after October 1, 2007: The treatment of transfers made after October 1, 2007 is the same as the treatment of transfers as set forth in paragraph B above except that fractional months of disqualification are now imposed. However, transfers in any given month of \$500 or less will continue to be disregarded.

### **VIII. Annuities**

The purchase of a single premium immediate annuity or annuitizing an existing annuity under certain circumstances can be an easy way to preserve assets and at the same time qualify someone quickly for the ALTCS program without any delay or period of disqualification by turning an available resource into a stream of income. A *single premium immediate annuity* or an annuitized deferred annuity is considered unavailable as a resource under the ALTCS program because it is an irrevocable arrangement. The purchaser cannot get his/her investment back in a lump sum once a deferred annuity is annuitized or a single premium immediate annuity is purchased. There is no transfer penalty as long as the purchaser under the terms of the contract will get his money back through monthly payments within a fixed term "period certain" not to exceed the purchaser's life expectancy. The State must also be named as a remainder beneficiary up to the costs incurred by the institutionalized spouse. The State may be named a remainder beneficiary in the second position after a spouse, minor child, or disabled child. The entire amount of each annuity payment is considered income under ALTCS rules and this can affect eligibility and share of cost. For this reason, with some limited exceptions, single premium immediate annuities and annuitized annuities do not work well for single persons. However, they can be very effective for married couples because the annuity can be made payable to the spouse.

### **IX. Estate Recovery**

See attached brochure. Note that although federal law gives ALTCS the option of recovering against life insurance proceeds or designated beneficiaries on pension plans or IRAs, ALTCS has chosen not to do so at this time. ALTCS will not implement estate recovery if the

ALTCS recipient is survived by a spouse, a child under 21, or if there is a disabled child of any age.

## **X. Liens**

See attached brochure. ALTCS may place liens on the real property of Medicaid members of any age as long as they are determined to be permanently institutionalized, cannot return home, and none of the following people are residing in the home:

- Member's spouse,
- Member's child who is under the age of 21,
- Member's child of any age who is blind or disabled, or
- Member's sibling who has an equity interest in the home and who was residing in the recipient's home for at least one year immediately before the date the recipient was admitted to the medical institution.

ALTCS cannot recover on a lien while the member's surviving spouse, child under 21 or disabled child is alive; and cannot recover if the member is survived by a sibling living in the home who lived there for at least a year before the member went into the nursing home or a child residing there who provided care to the member that allowed the member to stay at home for the two years prior to the member going into a nursing home.

**NOTE:** This is a basic general outline only and the numbers are subject to change. The numbers are effective as of 10/01/08.