



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Financial Statement Audit

Department of Economic Security

Division of Developmental
Disabilities ALTCS Contract
Year Ended June 30, 2010



Debra K. Davenport
Auditor General

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Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Report on Audit of Financial Statements
Year Ended June 30, 2010

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

Neal Young, Director
Department of Economic Security

We have audited the accompanying financial statements of the State of Arizona, Department of Economic Security, Division of Developmental Disabilities, Arizona Long-Term Care System ALTCS Contract (ALTCS Contract), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Department and its Division of Developmental Disabilities' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the ALTCS Contract's financial statements are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major fund of the State of Arizona that is attributable to the transactions of the ALTCS Contract. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2010, and the changes in its financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract as of June 30, 2010, and the changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the ALTCS Contract. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the ALTCS Contract's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport
Auditor General

November 22, 2010

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Balance Sheet—Special Revenue Fund
June 30, 2010

Assets	
Cash on deposit with the State Treasurer	\$ 7,080,389
Due from other state funds	106,583,527
Due from providers	<u>349,374</u>
 Total assets	 <u>\$114,013,290</u>
 Liabilities and Fund Balance	
Liabilities:	
Accrued administrative and payroll costs	\$ 5,584,319
Accrued medical and healthcare claims	59,554,068
Due to other state funds	<u>8,091,813</u>
 Total liabilities	 <u>73,230,200</u>
 Fund balance:	
Fund balance	<u>40,783,090</u>
 Total liabilities and fund balance	 <u>\$114,013,290</u>

See accompanying notes to financial statements.

Department of Economic Security
 Division of Developmental Disabilities
 ALTCS Contract
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance—Special Revenue Fund
 Year Ended June 30, 2010

Revenues:	
Capitation	\$906,156,779
Fee for service	112,503
Investment earnings	<u>815,810</u>
Total revenues	<u>907,085,092</u>
Expenditures:	
Health and welfare:	
Aid to individuals	761,768,301
Allocated administrative expenditures	30,788,296
Case management	35,393,127
Professional and outside services	5,845,301
Premium tax	<u>18,903,330</u>
Total expenditures	<u>852,698,355</u>
Excess of revenues over expenditures	54,386,737
Other financing uses:	
Transfers to other state funds	<u>(6,000,000)</u>
Net change in fund balance	48,386,737
Fund deficit, July 1, 2009	<u>(7,603,647)</u>
Fund balance, June 30, 2010	<u>\$ 40,783,090</u>

See accompanying notes to financial statements.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2010

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Department of Economic Security (Department), Division of Developmental Disabilities (Division), Arizona Long-Term Care System ALTCS Contract (ALTCS Contract), conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board. A summary of the Division's more significant accounting policies follows.

A. Reporting Entity

For financial reporting purposes, the ALTCS Contract includes only that portion of the State's General Fund that is attributable to the ALTCS Contract's transactions. The Division is responsible for administering the ALTCS Contract. Fiscal responsibility for the Division remains with the Department and, ultimately, with the State. The Division is a contractor with the Arizona Health Care Cost Containment System (AHCCCS) to provide medical and healthcare services to eligible enrollees of the AHCCCS Arizona Long-Term Care System (ALTCS) program for the developmentally disabled. This program provides in-patient and out-patient medical and nursing services in addition to managed institutional and home- and community-based long-term care services to eligible enrollees of the AHCCCS ALTCS program. The Division receives monthly premiums from AHCCCS for all eligible enrollees under the AHCCCS ALTCS program for the developmentally disabled.

B. Fund Accounting

The Division's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Division's available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The ALTCS Contract's financial transactions are reported as a special revenue fund since the proceeds are from specific revenue sources that are legally restricted to expenditures for specified purposes.

Although the ALTCS Contract is considered a special revenue fund when reported on individually, it becomes a part of the State's General Fund at the combined state-wide level.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2010

C. Basis of Accounting

The ALTCS Contract financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers capitation revenues to be available if they are collected within 90 days of the end of the current fiscal period, and considers all other revenues to be available if they are collected within 30 days of the end of the current fiscal period. All ALTCS Contract revenue sources are susceptible to accrual. Expenditures are recognized when the related fund liability is incurred.

D. Capitation

The ALTCS Contract receives fixed capitation payments from AHCCCS based on certain rates for each AHCCCS member enrolled in the Division's ALTCS Contract program. The ALTCS Contract is required to provide all covered healthcare services to its members, regardless of the cost of care. If there are funds remaining, the Contract retains the funds as profit; if the costs are higher than the amount of capitation payments from AHCCCS, the ALTCS Contract absorbs the loss.

E. Investment Earnings

Investment earnings is composed of interest earned on the ALTCS Contract's portion of monies deposited with the State Treasurer.

F. Incurred But Not Recorded (IBNR) Methodology

The liability and expenditures reported for accrued medical and healthcare claims includes IBNR medical claims, which are estimated using lag data provided by the Division's information systems, with adjustments as necessary for events that are outside the lag patterns. Amounts are based on historical expenditure patterns.

Note 2 - Cash on Deposit with the State Treasurer

Arizona Revised Statutes requires state agencies' monies to be deposited with the State Treasurer. Cash on deposit with the State Treasurer represents the ALTCS Contract's portion of those monies.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2010

Note 3 - Due from Other State Funds

Amounts due from other state funds at June 30, 2010, include \$24,412 of interest earned, \$106,439,431 of capitation receivables due from AHCCCS, and \$119,684 due from the Department of Economic Security's General Fund for share of costs.

Note 4 - Due from Providers

The amount due from providers of \$349,374 consists of prior year's overpayments for medical and long-term care service claims.

Note 5 - Due to Other State Funds

Amounts due to other state funds at June 30, 2010, include \$6 million due to the state-funded Long-Term Care Program, as authorized by AHCCCS, and \$2,091,813 due to the Arizona Department of Insurance for premium tax.

Note 6 - Accrued Medical and Healthcare Claims

Accrued medical and healthcare claims totaling \$59,554,068 include reported but unpaid claims (RBUC) and estimated incurred but not reported (IBNR) medical claims. The Division identifies only RBUCs for medical services. RBUCs for these services are reported as IBNR medical claims in the aid to individuals note disclosure.

Note 7 - Acute Care Reinsurance

During the year ended June 30, 2010, the Division received reimbursements totaling \$3,181,173 from AHCCCS for acute care reinsurance expenditures for claims for enrollees incurred in prior fiscal years. These reimbursements are recorded as a reduction of aid to individuals expenditures.

The Division subcontracts with various health plans to provide acute care services to ALTCS enrollees. These health plans must submit clean reinsurance claims to the Division within 12 months from the date of service.

The Division disbursed a total of \$3,889,120 to the health plans during the year ended June 30, 2010, and had estimated accrued claims of \$487,000 for total acute care reinsurance expenditures of \$4,376,120, which has been included in aid to individuals expenditures.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2010

Note 8 - Aid to Individuals Expenditures

Aid to individuals expenditures consists of the following expenditures summarized by type of service setting or service provided, as applicable:

Institutional care:	
Skilled nursing	\$ 2,442,329
Institutional care	9,451,442
Intermediate (mentally retarded)	13,620,419
Institutional care IBNR	<u>1,155,447</u>
Total institutional care	<u>26,669,637</u>
Home- and community-based services (HCBS):	
State-operated group home	6,616,973
Vendor-operated group home	205,511,620
Adult developmental home	31,414,167
Home-based services	319,993,033
HCBS IBNR	<u>55,191,765</u>
Total HCBS	<u>618,727,558</u>
Acute care:	
Acute care	112,455,353
Acute care IBNR	2,719,856
Reinsurance	3,889,120
Reinsurance IBNR	487,000
Reinsurance reimbursement	(3,181,173)
Fee for service	<u>950</u>
Total acute care	<u>116,371,106</u>
Total aid to individuals expenditures	<u>\$761,768,301</u>

During the year ended June 30, 2010, the ALTCS Contract recorded allocated charges of \$24,520,418 as expenditures for direct care services including administrative costs provided to clients by the Division. The expenditures were charged to the ALTCS Contract as aid to individuals expenditures based on a federally approved cost allocation plan.

Note 9 - Allocated Administrative Expenditures

During the year ended June 30, 2010, the ALTCS Contract recorded allocated administrative charges of \$30,788,296 as expenditures for its share of the administrative and fiscal services provided by the Department.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2010

Note 10 - Premium Tax

Arizona Revised Statutes §§36-2905 and 36-2944.01 require AHCCCS to pay a 2 percent premium tax on all capitation and other reimbursements paid to the ALTCS Contract. These premium taxes are reported as expenditures and are paid to the Arizona Department of Insurance.

Note 11 - Transfers

Transfers to other state funds during the year ended June 30, 2010, consisted of \$6 million to the state-funded Long-Term Care Program, as authorized by AHCCCS.

Note 12 - Commitments and Contingencies

The State has the ultimate fiscal responsibility for the ALTCS Contract. Accordingly, any claims requiring additional resources require the Legislature's approval. While there is a possibility that claims could be asserted that would require additional resources for the ALTCS Contract, in management's opinion, the possibility is low that valid claims will be asserted and claim amounts cannot reasonably be estimated.

Note 13 - Risk Management

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. The Department is a participant in the State's self-insurance program, and in the division management's opinion, any unfavorable outcomes from these risks would be covered by that self-insurance program. Accordingly, the Department has no risk of loss beyond adjustments to future years' premium payments to the State's self-insurance program. All estimated losses for the State's unsettled claims and actions are determined on an actuarial basis and are included in the *State of Arizona Comprehensive Annual Financial Report*.

Note 14 - Related Party Transactions

During the year ended June 30, 2010, the ALTCS Contract reimbursed the Division for \$24,520,418 of health and rehabilitative services provided to enrollees, including administrative costs, other department divisions for \$30,788,296 of administrative and fiscal services, and the Arizona Department of Insurance for \$18,903,330 of premium taxes due.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

Neal Young, Director
Department of Economic Security

We have audited the financial statements of the State of Arizona, Department of Economic Security, Division of Developmental Disabilities, Arizona Long-Term Care System ALTCS Contract (ALTCS Contract) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Division's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Division's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Arizona Health Care Cost Containment System, the Director of the Department of Economic Security, management, and others within the Department and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Debbie Davenport
Auditor General

November 22, 2010

Supplementary Schedules

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Medical Claims Payable (RBUCs and IBNRs)
June 30, 2010

Account	Reported But Unpaid Claims (RBUCs)				Total RBUCs (1)	IBNR (1)	Total RBUCs and IBNRs
	1-30 days	31-60 days	61-90 days	Over 90 days			
Institutional care						\$ 1,155,447	\$ 1,155,447
HCBS						55,191,765	55,191,765
Acute care						<u>3,206,856</u>	<u>3,206,856</u>
Total claims payable						<u>\$59,554,068</u>	<u>\$59,554,068</u>

(1) Due to the timeliness of claims submission by providers as well as the immediate payment of billings by the Division's claims processing systems, RBUCs are not separately presented from the IBNR amount as any amount would be immaterial.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Lag Report for Institutional Care Payments
Year Ended June 30, 2010

Quarter in Which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$5,219,749	\$1,176,967	\$ 2,786	\$ 11,534				\$ 6,411,036
1 st Prior		5,173,922	1,267,557	47,815	\$ 31,661	\$ 9,824		6,530,779
2 nd Prior			5,926,781	1,326,735	26,934	1,550		7,282,000
3 rd Prior				5,792,249	1,264,352	9,112	\$ 644	7,066,357
4 th Prior					5,314,028	1,398,971	52,265	6,765,264
5 th Prior						6,083,587	1,339,287	7,422,874
6 th Prior							<u>5,823,035</u>	<u>5,823,035</u>
Total	<u>5,219,749</u>	<u>6,350,889</u>	<u>7,197,124</u>	<u>7,178,333</u>	<u>6,636,975</u>	<u>7,503,044</u>	<u>7,215,231</u>	<u>47,301,345</u>
Expenses reported	6,153,738	6,295,910	6,733,912	7,486,077	7,633,208	6,029,486	7,235,136	47,567,467
Adjustment (1)	<u>(9,631)</u>	<u>286,068</u>	<u>463,212</u>	<u>(307,744)</u>	<u>(996,233)</u>	<u>1,473,558</u>	<u>(19,905)</u>	<u>889,325</u>
Remaining liability	<u>\$ 924,358</u>	<u>\$ 231,089</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,155,447</u>

(1) Adjustment amounts each quarter fluctuate due to unpredictable variables that impact the business cycle.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Lag Report for Home- and Community-Based Services Payments
Year Ended June 30, 2010

Quarter in Which Service Provided

Quarter of Payment	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$103,386,096	\$ 54,454,394	\$ 670,372	\$ 310,787	\$ 40,825	\$ (21,242)	\$ (3,179)	\$ 158,838,053
1 st Prior		96,556,460	52,910,875	771,586	252,593	76,289	(726)	150,567,077
2 nd Prior			100,159,164	51,465,375	814,206	258,676	73,723	152,771,144
3 rd Prior				102,317,130	53,867,055	712,745	214,980	157,111,910
4 th Prior					105,131,030	58,512,710	621,983	164,265,723
5 th Prior						100,386,934	54,734,408	155,121,342
6 th Prior							<u>103,465,884</u>	<u>103,465,884</u>
Total	<u>103,386,096</u>	<u>151,010,854</u>	<u>153,740,411</u>	<u>154,864,878</u>	<u>160,105,709</u>	<u>159,926,112</u>	<u>159,107,073</u>	<u>1,042,141,133</u>
Expenses reported	156,876,455	151,154,661	154,207,222	156,489,220	164,034,083	163,589,730	156,463,919	1,102,815,290
Adjustment (1)		<u>877,037</u>	<u>(58,474)</u>	<u>(1,352,117)</u>	<u>(3,928,374)</u>	<u>(3,663,618)</u>	<u>2,643,154</u>	<u>(5,482,392)</u>
Remaining liability	<u>\$ 53,490,359</u>	<u>\$ 1,020,844</u>	<u>\$ 408,337</u>	<u>\$ 272,225</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 55,191,765</u>

(1) Adjustment amounts each quarter fluctuate due to unpredictable variables that impact the business cycle.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Lag Report for Acute Care Payments
Year Ended June 30, 2010

Quarter in Which Service Provided

Quarter of Payment	Current	1 st Prior	2 nd Prior	3 rd Prior	4 th Prior	5 th Prior	6 th Prior	Total
Current	\$27,434,124	\$ 1,268,533	\$ 211,638	\$ 151,830	\$ 30,451	\$ 27,455		\$ 29,124,031
1 st Prior		26,219,713	1,381,528	117,635	28,932	19,214		27,767,022
2 nd Prior			33,282,865	1,098,159	133,556	79,605	\$ 5,460	34,599,645
3 rd Prior				26,911,137	1,407,883	538,168	39,652	28,896,840
4 th Prior					25,949,332	1,246,834	122,711	27,318,877
5 th Prior						25,382,761	1,204,112	26,586,873
6 th Prior							<u>24,920,692</u>	<u>24,920,692</u>
Total	<u>27,434,124</u>	<u>27,488,246</u>	<u>34,876,031</u>	<u>28,278,761</u>	<u>27,550,154</u>	<u>27,294,037</u>	<u>26,292,627</u>	<u>199,213,980</u>
Expenses reported	28,448,360	30,908,529	30,779,213	29,416,177	39,677,424	29,412,114	28,446,727	217,088,544
Adjustment (1)	<u>735,974</u>	<u>(2,838,495)</u>	<u>4,583,818</u>	<u>(749,558)</u>	<u>(12,127,270)</u>	<u>(2,118,077)</u>	<u>(2,154,100)</u>	<u>(14,667,708)</u>
Remaining liability	<u>\$ 1,750,210</u>	<u>\$ 581,788</u>	<u>\$ 487,000</u>	<u>\$ 387,858</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,206,856</u>

(1) Adjustment amounts each quarter fluctuate due to unpredictable variables that impact the business cycle.

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Utilization Data Report
Year Ended June 30, 2010

	<u>Medicare</u>		<u>Non-Medicare</u>		<u>Total</u>	
	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>
A. Enrollees	5,001	5,001	17,787	17,787	22,788	22,788
B. Member months (unduplicated)	14,944	58,502	53,172	209,607	68,116	268,109
Institutional total	457	1,883	166	740	623	2,623
1. Level 2	120	512	24	125	144	637
2. Level 3	337	1,371	142	615	479	1,986
Home- and community-based services total	14,487	56,619	53,006	208,867	67,493	265,486
1. Group Home (DD)	4,533	17,939	3,148	12,664	7,681	30,603
2. Individual Home	7,622	29,867	42,082	166,526	49,704	196,393
3. Assisted Living Centers						
4. Other Adult Development Homes	1,471	5,523	972	3,639	2,443	9,162
5. Other Case Management Only	861	3,290	6,804	26,038	7,665	29,328
C. Acute patient day information						
1. Admissions	22	105	397	1,521	419	1,626
2. Patient days	44	279	950	4,210	994	4,489
3. Discharges	22	105	397	1,521	419	1,626
4. Discharge days	44	279	950	4,210	994	4,489
5. Average length of stay	2.00	2.66	2.39	2.77	2.37	2.76

Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Related Party Transactions
Year Ended June 30, 2010

<u>Related Party and Relationship</u>	<u>Service Provided</u>	<u>Description of Transactions or Payment Terms Agreement</u>	<u>Amount</u>
Department of Economic Security, Division of Developmental Disabilities, Intermediate Care Facility/Mentally Retarded, State Facilities	Health and rehabilitative services and administrative costs	Allocated by Title XIX case management time reporting, member days count, and modified total direct costs	\$13,366,581
Department of Economic Security, Division of Developmental Disabilities, State-Operated Group Homes, State Facilities	Health and rehabilitative services and administrative costs	Allocated by Title XIX case management time reporting, member days count, and modified total direct costs	11,153,837
Department of Economic Security, all other divisions	Administrative and fiscal services	Allocated departmental overhead costs	30,788,296
Department of Insurance	Compliance with Arizona Revised Statutes §§36-2905 and 36-2944.01	Premium tax payments	18,903,330