Report Highlights

Department of Economic Security
Division of Developmental Disabilities ALTCS Contract
Annual financial statement audit

The fiscal year 2021 financial information the Division reported in its Arizona Long Term Care System (ALTCS) Contract’s financial statements is reliable. However, we reported deficiencies over financial reporting, summarized on the next page.

Audit’s purpose
To express our opinion on the Division’s ALTCS Contract’s financial statements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Division is a contractor with Arizona’s Medicaid agency
The Division is a contractor with the Arizona Health Care Cost Containment System (AHCCCS), Arizona’s Medicaid agency. The Division administers a managed-healthcare plan through the ALTCS Contract and provides medical services and long-term healthcare services to eligible enrollees of the AHCCCS program who are developmentally disabled. The ALTCS Contract requires that it provide all covered healthcare services to eligible enrollees regardless of the cost of care. AHCCCS pays the Division’s premiums based on a set amount for each eligible enrollee, also known as capitation payments. For the year ended September 30, 2021, the Division received over $2.3 billion from AHCCCS and provided approximately $2.0 billion in aid for eligible enrollees as shown in the chart below. The ALTCS Contract’s Annual Financial Report should be read to fully understand its financial information.

Aid provided for eligible enrollees by aid type
Year ended September 30, 2021
(In millions)

- Institutional care: $25
- Acute care: $452
- Home- and community-based services: $1,542
- Total aid: $2,019

Aid type definitions

- **Home- and community-based services**: Care for enrollees in State- and vendor-operated group homes and adult developmental homes, and through home-based services.
- **Acute care**: Medical services not included in the other 2 aid types such as hospital stays for an illness or surgery, doctor visits for various medical needs, or emergency room services.
- **Institutional care**: Skilled nursing, institutional care, and intermediate care for enrollees who are intellectually or developmentally disabled.
Auditor findings and recommendations

Summarized below are our findings and recommendations included in the ALTCS Contract’s Annual Financial Report where there is further information and the Division’s responses.

• The Department of Economic Security manages the IT systems and data the Division uses, and it needs to continue to develop, document, and implement effective policies and procedures over its information technology (IT) systems and data to identify and respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss of IT systems and data, including financial and sensitive information. We reported similar findings in prior years.

Auditor General website report links

• The September 30, 2021, Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract, Annual Financial Report that is summarized in these highlights can be found at this link. This report should be read to fully understand the ALTCS Contract’s overall financial picture and our reporting responsibilities.

• The ALTCS Contract’s reports from prior years are available at this link.

1 The ALTCS Contract’s financial statements fiscal year-end changed from June 30 to September 30 beginning with the 2019 report as directed by AHCCCS. This resulted in the FY 19 financial statements including 15 months of financial activity. Therefore, we averaged the figure’s data for FY 19 so that it would be comparable with all other fiscal years representing 12 months’ financial activity.

Source: Auditor General staff summary of information obtained from the Division’s ALTCS Contract’s Annual Financial Report and the Division’s enrollee data.

The Auditor General’s reports are available at www.azauditor.gov.