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# MEMORANDUM

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Date: July 30, 2009

To: Patricia Alvarez Hurley, Director  
Pima Health System

From: C.H. Huckelberry  
County Administrator 

Re: Community Services System Funding for the Pima Council on Aging

I understand the State has significantly reduced funding to the Community Services System, specifically impacting the Pima Council on Aging. I also understand that there is uncertainty as to whether or not these reductions will be restored by the State, and that there has been an indication that it may be permissible to have the Community Services System run a deficit pursuant to Board Resolution Number 2004-307.

Please be advised that the financial conditions under which the resolution was adopted in 2004 are substantially different today. Therefore, the resolution is being inappropriately applied to today's economic conditions. As you know, the profitability of the Pima Health System plans has been reduced significantly over time as the State continues to adjust reimbursement rates downward, particularly during State budget balancing actions. Therefore, it is likely that there will be few if any profits in the Pima Health System for this year and the foreseeable future, hence the inapplicability of Resolution 2004-307 regarding funding and deficits in the Community Services System home and community based programs. The County cannot financially prop up programs previously funded by the State, no matter how important the program.

Please keep me advised of potential budget impacts on Community Services System providers, specifically the Pima Council on Aging, and whether or not any State cuts are being restored.

CHH/jj

#### Attachments

c: Martin Willett, Chief Deputy County Administrator  
Dennis Douglas, Deputy County Administrator for Medical and Health Services  
Tom Burke, Finance and Risk Management Director  
Thomas House, Budget Manager, Finance and Risk Management



**Community  
Services System**  
A DIVISION OF PIMA HEALTH SYSTEM

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	FY 2009	FY 2010	VARIANCE
<b>FUNDING THROUGH PCOA CONTRACT</b>			
	\$512,872 State Funds	\$72,183 State Funds	(\$440,689)
	\$945,367 Federal Funds	\$1,198,100 Federal Funds	\$252,733
	\$186,886 Local Funds	\$134,097 Local Funds	(\$52,789)
<b>TOTAL PCOA</b>	<b>\$1,645,125</b>	<b>\$1,404,380</b>	<b>(\$240,745)</b>
<b>FUNDING THROUGH DES CONTRACT</b>			
	\$1,773,719 State Funds	\$443,430 State Funds	(\$1,330,289)
	\$1,118,877 Federal Funds	\$1,118,877 Federal Funds	0
<b>TOTAL DES</b>	<b>\$2,892,596</b>	<b>\$1,562,307</b>	<b>(\$1,330,289)</b>

**Total reduction \$1,571,034**

REDUCTION IN FUNDING FROM BOTH PCOA AND DES IS DUE TO THE FACT THAT THE STATE BUDGET HAS NOT BEEN FINALIZED. WE ARE EXPECTING TO RECEIVE AN INCREASE IN THE STATE FUNDS ONCE THE BUDGET HAS BEEN PASSED.

**COMMUNITY SERVICES SYSTEM STAFFING**

7.10 FTEs

WE RECEIVE \$71,130 FROM PCOA TOWARDS 2.10 FTEs FOR CAREGIVER SUPPORT GROUPS AND CAREGIVER TRAINING.

IN FY 2009 CSS SERVED 1,923 UNDUPLICATED CLIENTS

CLIENT CENSUS AS OF July 1, 2009 – 1,505

*file***RESOLUTION 2004- 307****RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA  
PROVIDING FOR THE FINANCING OF THE COMMUNITY SERVICES SYSTEM  
TO ENSURE CONTINUAL HOME AND COMMUNITY BASED SERVICE  
PROVISION TO ELIGIBLE COUNTY RESIDENTS**

WHEREAS, Pima County, through the Pima Health System and Services Enterprise Fund, has operated the Community Services System since 1978; and

WHEREAS, Pima County's adopted budget for fiscal year 2004/2005 budgeted for an equity transfer from Pima Health Services to support the general fund, which transfer now will not be able to occur, causing a net impact to the general fund balance this year of \$3 million; and

WHEREAS, the Community Services System had a fund deficit of \$1.6 million at June 30, 2004, and a projected excess of expenditures over revenues for fiscal year 2004/2005 of approximately \$690,000, causing a projected fund deficit of \$2.3 million by June 30, 2005; and

WHEREAS, the Community Services System is a model non-medical home and community based service program, operated in partnership with the Pima Council on Aging, that has gained national attention for its cooperative organizational structure and cost effective service delivery system and provided the model for the ALTCS home and community based service program when it was implemented in 1989; and

WHEREAS, The mission of the Community Services System is to assist frail elderly and younger physically disabled residents of Pima County in remaining safely in their homes as long as possible, enhancing each individual's quality of life and ability to remain independent, and avoiding premature, more costly nursing home placement; and

WHEREAS, Pima County Government and the Community Services System have been advocates for home services and continue to provide essential home and community based services such as adult day health care, attendant care, congregate nutrition sites, durable medical equipment, emergency alert system, home delivered meals, home health aide, home nursing, home repair and adaptation, housekeeping, personal care, respite, shopping service and sheltered employment, which allows elderly and disabled residents to maintain their privacy, dignity and independence in their own homes; and

WHEREAS, The Community Services System has been providing a Caregiver Education and Support Program for the residents of Pima County since 1986 that includes individual and family counseling, support groups, information and referral services, educational forums, a resource library and bi-monthly newsletters to improve the emotional and mental well being of caregiver participants; and

WHEREAS, Pima County Government provides matching funds to the federal Medicaid Program, and served as a partner with the AHCCCS Administration to establish the Medicaid program in Arizona in 1982, and through Pima Health System, continues to operate an AHCCCS Plan and the ALTCS program that demonstrates the capacity to provide quality services and remain competitive in the AHCCCS managed care system while maintaining the important element of public accountability; and

WHEREAS, The efficient and effective operation of the AHCCCS programs by Pima County generates excess revenue that the Board of Supervisors has reinvested in healthcare services for Pima County residents such as the Community Services System, the Public Health Programs and Kino Community Hospital; and

WHEREAS, Pima County initially provided General Fund support for the Community Services System to assist frail elderly and younger physically disabled residents of the County with the greatest social and economic need, and Pima County has and will continue to reinvest Pima Health System equity in healthcare services for the benefit of Pima County residents; and

WHEREAS, Pima Health Systems as an enterprise fund of Pima County cannot continue to operate a health maintenance organization if such business activity continues to operate at a loss.

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of Pima County, Arizona, as follows:

1. The Board of Supervisors hereby determines that the contractual arrangement between AHCCCS and Pima County to provide AHCCCS ambulatory services and ALTCS long term care services is beneficial to both parties, provides the opportunity to generate excess equity from the operation of the Plans and the opportunity to reinvest the equity in the Community Services System to provide healthcare and related social services for Pima County residents, and that maintaining this contractual arrangement is a high priority;

2. That the Board of Supervisors hereby determines that it will be beneficial to the citizens of Pima County to ensure continual provision of essential home and community based services and caregiver education and support services provided through the Community Services System and that funding for these services will be future equity transfers from the Pima Health System and Services Enterprise Fund, after planned debt reduction, acknowledging the cyclical receipt of funding reimbursements from the Arizona Health Care Cost Containment System;

3. That in the event sufficient equity funds are not available within Pima Health System and Services on an annual basis subject to budget approval to fund the Community Services System, the Board of Supervisors authorizes the Community Services System to continue operation, within budget limits, and to incur a fund deficit to the Pima Health System and Services Enterprise Fund provided a fund deficit reduction plan has been presented to and approved by the Board of Supervisors;

4. That if grant funds or other Federal or State funds are reduced or not available, the budget of the Community Services System may be adjusted subject to funding availability from Pima County;

5. That the Board of Supervisors, through the Chair, communicate by letter this resolution to the Governor, AHCCCS Administration, and the Pima County Legislative delegation requesting their assistance in ensuring that the reimbursement policies of AHCCCS for public operated health plans allow equity to be accumulated in such plans provided the fund equity is reinvested in the health system for the purpose of reducing long term health care costs that will be incurred by the State;

6. That the various County officers and employees are authorized and directed to perform all acts necessary to give effect to this resolution.

PASSED AND ADOPTED this 9th day of November, 2004, by the Board of Supervisors of Pima County, Arizona.

ATTEST:

BOARD OF SUPERVISORS

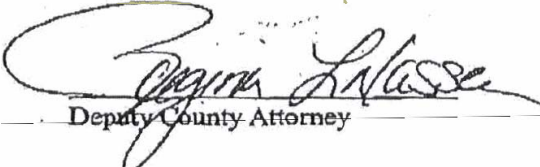
  
Clerk, Board of Supervisors

  
Chair, Board of Supervisors

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APPROVED AS TO FORM:

  
Deputy County Attorney

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