

Department of Health Services
Behavioral Health

A.R.S. § 36-103

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		FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
OPERATING BUDGET					
Full Time Equivalent Positions		128.6	128.6	130.6 ^{1/}	130.6 ^{1/}
Personal Services	(SA)	1,914,000	1,960,900	2,031,800	2,133,400.0
	(TF)	3,639,600	3,724,000	3,883,900	4,063,500
Employee Related Expenditures	(SA)	454,800	454,800	519,600	503,300
	(TF)	884,600	889,100	985,100	927,700
Professional and Outside Services	(SA)	1,124,600	1,278,200	1,278,200	1,278,200
	(TF)	2,630,000	2,636,900	2,636,900	2,636,900
Travel - In State	(SA)	54,300	61,800	61,800	61,800
	(TF)	103,900	111,400	111,400	111,400
Travel - Out of State	(SA)	5,800	5,800	5,800	5,800
	(TF)	16,500	16,500	16,500	16,500
Other Operating Expenditures	(SA)	394,500	394,500	386,900	386,900
	(TF)	651,800	651,800	644,200	644,200
Equipment	(SA)	0	0	0	0
	(TF)	16,700	0	0	0
<i>Operating Subtotal</i>	(SA)	3,948,000	4,156,000	4,284,100	4,369,400
	(TF)	7,943,100	8,029,700	8,278,000 ^{2/}	8,400,200 ^{2/}
Administration					
Client Satisfaction Incentive Program		52,500	100,000	100,000	100,000
RBHA Client Encounter Reports		1,848,900	1,848,900	1,848,900	1,848,900
Computer Hardware Lease		471,400	750,000	250,000	250,000
Children's Behavioral Health					
Children's Behavioral Health Services		10,010,100	10,137,700	10,137,700 ^{3/}	10,137,700 ^{3/}
CBH State Match for Title XIX	(SA)	23,746,100	29,071,100	33,384,400 ^{4/5/}	36,298,900 ^{4/5/}
	(TF)	70,140,000	81,793,000	93,048,400	102,255,700
Seriously Emotionally Handicapped Children		4,375,300	4,375,300	4,375,300	4,375,300
Tobacco Settlement CBH Services		0	20,000,000	0	0
Seriously Mentally Ill					
Seriously Mentally Ill State Match for Title XIX	(SA)	24,643,700	29,835,700	34,671,700 ^{4/5/}	37,195,400 ^{4/5/}
	(TF)	71,682,100	86,968,200	99,553,700	107,691,500
Seriously Mentally Ill Non-Title XIX		59,100,000	73,908,800	65,308,800	65,308,800
Tobacco Settlement SMI Services		0	50,000,000	0	0
Court Monitoring		205,700	205,700	205,700	205,700
Psychiatric Review Board		68,700	83,800	86,900	89,400
Arnold v. Sarn		0	0	27,500,000 ^{6/}	54,902,100 ^{6/}
General Mental Health/Substance Abuse					
Mental Health Non-Title XIX		9,857,100	9,862,100	9,862,100	9,862,100
Substance Abuse Non-Title XIX		15,463,400	15,485,400	15,485,400	15,485,400
Mental Health and Substance Abuse State Match for Title XIX	(SA)	5,771,100	7,513,400	8,726,200 ^{4/5/}	9,360,700 ^{4/5/}
	(TF)	17,066,100	22,491,600	25,055,800	27,101,800
Less Collection for Receipts		0	0	(8,000,000)	0
SUBTOTAL	(SA)	159,562,000	257,333,900	208,227,200 ^{7/}	249,789,800 ^{7/}
	(TF)	268,284,400	386,040,200	353,096,700	408,014,600

		FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
Additional Appropriations -					
Appropriations; Mental Health Institute, Ch. 273	(SA)	0	0	2,500,000	2,500,000
	(TF)	0	0	2,500,000	2,500,000
Suicide Prevention Program, Ch. 319	(SA)	0	0	140,000	120,000
	(TF)	0	0	140,000	120,000
Tobacco Tax Allocation; Detoxification Services, Ch. 374	(SA)	0	0	1,500,000 ^{8/}	1,500,000 ^{8/}
	(TF)	0	0	1,500,000	1,500,000
TOTAL APPROPRIATIONS	(SA)	159,562,000	257,333,900	212,367,200	253,909,800
	(TF)	268,284,400	386,040,200	357,236,700	412,134,600
FUND SOURCES					
General Fund		154,412,700	154,083,900	198,517,100 ^{9/}	240,059,800 ^{9/}
Other Appropriated Funds					
Substance Abuse Services Fund		2,150,000	1,850,000	1,850,000 ^{9/}	1,850,000 ^{9/}
Tobacco Tax and Health Care Fund					
Medically Needy Account		3,000,000	16,600,000	9,500,000 ^{9/}	9,500,000 ^{9/}
Federal Title XIX Funds		108,721,700	128,706,300	144,869,600	158,224,800
Medical Services Stabilization Fund			14,800,000	2,500,000 ^{9/}	2,500,000 ^{9/}
Serious Mental Illness Services Fund		0	50,000,000	0	0
Children's Behavioral Health					
Tobacco Settlement Fund		0	20,000,000	0	0
<i>Subtotal - Other Appropriated Funds</i>		<u>113,871,700</u>	<u>231,956,300</u>	<u>158,719,600</u>	<u>172,074,800</u>
TOTAL APPROPRIATIONS		268,284,400	386,040,200	357,236,700	412,134,600

SA = State Appropriations, and consists of General Fund and monies from other appropriated state funds.
TF = Total Funds, and represents the sum of the state appropriations and Federal Funds.

COST CENTER DESCRIPTION — *The Behavioral Health program administers most mental health services for the state including both adult and children's behavioral health services, substance abuse treatment and seriously emotionally handicapped children. Most services are provided through contracts with 5 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network. Native American tribes have also begun to establish intergovernmental agreements for services through the RBHAs and also directly with the department.*

- 1/ Includes 2 FTE Positions funded from Special Line Items in FY 2002 and FY 2003.
- 2/ All federal Title XIX funds appropriated for administration are appropriated as a Lump Sum. (General Appropriation Act footnote)
- 3/ The amount appropriated for Children's Behavioral Health Services shall be used to provide services for non-Title XIX eligible children. The amount shall not be used to pay for either federally or nonfederally reimbursed services for Title XIX eligible children, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 4/ Monies in the Children's Behavioral Health State Match for Title XIX, Seriously Mentally Ill State Match for Title XIX and Mental Health and Substance Abuse State Match for Title XIX Special Line Items are appropriated for capitation rates effective on December 1, 2000. No monies may be expended for a change in these capitation rates unless an expenditure plan is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 5/ On a monthly basis, the department shall provide information by program for all populations on the number of new and Non-Title XIX clients reviewed for Title XIX eligibility under the provisions of Proposition 204 as well as the number that convert from Non-Title XIX status or that are newly enrolled. (General Appropriation Act footnote)
- 6/ For every dollar appropriated from the state General Fund for the Arnold v. Sarn Special Line Item that is used for state match for Title XIX eligible clients, an amount consistent with the Federal Matching Assistance Program that is current during the fiscal year of the appropriation shall be appropriated in federal expenditure authority. It is the intent of the Legislature that the total amount available in the Arnold v. Sarn Special Line Item be used for the population covered by the Arnold v. Sarn lawsuit in counties with a population over 2,000,000 and for seriously mentally ill persons that meet the same criteria as those covered by the Arnold v. Sarn lawsuit in counties with populations of less than 2,000,000 persons. Prior to expenditure of these monies, the department shall submit an expenditure plan to the Joint Legislative Budget Committee for review. The report shall include projected Title XIX and non-Title XIX expenditures and estimated expenditures by service category. (General Appropriation Act footnote)
- 7/ General Appropriation Act funds are appropriated as a Modified Lump Sum for the Program.
- 8/ Pursuant to Laws 2001, Chapter 374, this appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.
- 9/ These amounts represent direct appropriations. All other expenditures are a part of total expenditure authority.

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of SMI clients on anti-psychotics receiving new generation psychotropic medications	NA/31	NA/47	51	68/71
• % of RBHA Title XIX clients satisfied with services*	86/88	87/67	68	68
• % of clients with improved functioning**	75/75	85/78	25	26/27
• Title XIX clients served	39,500/41,500	32,000/38,900	39,200	45,600/48,300
• Non-Title XIX clients served	36,000/32,000	37,900/32,100	36,700	39,400/36,500
• % of eligible Title XIX consumer enrolled	NA/8	NA/8	8	8

* Instrument used to collect data regarding % of RBHA Title XIX clients satisfied with services changed in FY 2000.

** Instrument used to collect data for % of clients with improved functioning changed in FY 2001.

FY 2001 Supplemental — At its May 31, 2001 meeting, the Joint Legislative Budget Committee approved a \$14,800,000 transfer from the Medical Services Stabilization Fund (MSF) to address a projected deficit in the FY 2001 state match appropriation for Title XIX behavioral health services, due in part to growth in the number of people eligible for services beyond original projections. In addition, Laws 2001, Chapter 232 included a total of \$27,888,000 in corresponding federal expenditure authority for the deficit. The amounts are detailed below:

Children's Behavioral Health State Match for Title XIX — The FY 2001 approved amount includes an increase of \$15,823,800 TF from the original FY 2001 appropriation of \$65,969,200 for the Children's Behavioral Health State Match for Title XIX. This amount includes a \$10,223,800 increase in federal expenditure authority included in Laws 2001, Chapter 232, as well as a transfer of \$5,600,000 from the Medical Stabilization Services Fund (MSF) approved by the JLBC at its May 31, 2001 meeting.

Seriously Mentally Ill State Match for Title XIX — The FY 2001 approved amount includes an increase of \$19,221,900 TF from the original FY 2001 appropriation of \$67,746,300 for the Seriously Mentally Ill State Match for Title XIX. This amount includes a \$12,371,900 increase in federal expenditure authority included in Laws, 2001, Chapter 232, as well as a transfer of \$6,850,000 from the Medical Stabilization Services Fund (MSF) approved by the JLBC at its May 31, 2001 meeting.

Seriously Mentally Ill Non-Title XIX — The FY 2001 approved amount includes a supplemental adjustment of \$300,000 TF as a technical adjustment.

Mental Health and Substance Abuse State Match for Title XIX — The FY 2001 approved amount includes an increase of \$6,947,700 TF above the original FY 2001 appropriation of \$14,943,900 for the Mental Health and Substance Abuse State Match for Title XIX. This amount includes an increase of \$4,992,300 in federal expenditure authority included in Laws 2001, Chapter 232, as well as a transfer of \$2,350,000 from the Medical Stabilization

Services Fund (MSF) approved by the JLBC at its May 31, 2001 meeting.

Special Line Items

Client Satisfaction Incentive Program — Provides small monetary awards to provider and RBHA employees that have very high client satisfaction scores according to monthly client surveys. The goal of this program is to increase emphasis on client outcomes and satisfaction. The program is currently being implemented as a pilot program for the Pinal Gila Behavioral Health Authority (PGBHA) and is funded from the General Fund.

RBHA Client Encounter Reports — Provides partial reimbursement to the RBHAs for the cost of data systems which provide claims processing and encounter data showing service utilization and the composition of behavioral health clients. This function was formerly provided by DHS, but was transferred to the RBHAs in FY 1998. The cost of this administrative function is not included in the capitation rate. This program is funded from the General Fund.

Computer Hardware Lease — Provides funds to maintain hardware to operate the computer system in the Behavioral Health program. This program was funded from the General Fund. The approved amount includes a decrease of \$500,000 in FY 2002 and FY 2003 to reflect the expiration of the hardware lease.

Children's Behavioral Health (CBH) — The funding provided by the Special Line Items shown in the following table represents the appropriations for CBH programs. The goal of these programs is to provide comprehensive behavioral health care to all eligible children. *Table 1* depicts funding for this program.

The total expenditures by the state for Children's Behavioral Health programs may exceed the amounts shown in *Table 1*. The Courts, the Department of Juvenile Corrections, the Department of Economic Security, and some counties also expend funds directly for Children's Behavioral Health Services in addition to those children referred to DHS, which are not shown in *Table 1*. In

addition, the numbers shown below reflect only contracted costs, while there are substantial administrative expenses within the department that are not included.

		<u>FY 2002</u>	<u>FY 2003</u>
CBH Services (Non-Title XIX)	GF	\$ 10,137,700	\$ 10,137,700
Seriously Emotionally Handicapped Children	GF	4,375,300	4,375,300
CBH State Match for Title XIX	GF	33,384,400	36,298,900
	FF	<u>59,667,000</u>	<u>65,956,800</u>
Total	GF	\$ 47,897,400	\$ 50,811,900
	TF	\$107,564,400	\$116,768,700

Children's Behavioral Health Services — Provides funding for prevention programs and for treatment of Non-Title XIX eligible children. A footnote in the General Appropriation Act specifies that the monies are not available to serve Title XIX eligible children unless a transfer of monies is approved by the Joint Legislative Budget Committee. This program is funded from the General Fund.

Children's Behavioral Health State Match for Title XIX — Provides the GF share of the cost of providing behavioral health treatment to Title XIX eligible children. State monies provide approximately a 35% match to the Federal Funds received. The total program cost (GF and FF) is shown in the Total Funds (TF) line.

The FY 2002 approved amount includes an increase of \$9,913,300 GF and \$27,079,200 TF above the original FY 2001 level to address an expected Title XIX capitation rate increase of 5%, as well as projected growth of 7.5% in the number of children eligible for services. Approximately \$5,600,000 of the \$9,913,300 GF increase replaces the MSF increase from FY 2001, while \$4,313,300 represents additional funding for program growth and inflation. The TF increase includes \$15,823,800 to continue the FY 2001 Supplemental and \$11,255,400 for new FY 2002 growth.

The FY 2003 approved amount includes an increase of \$12,827,800 GF and an increase of \$36,286,500 TF from the FY 2001 level. Approximately \$5,600,000 of the \$12,827,800 GF increase replaces the MSF increase from FY 2001, while \$7,227,800 represents additional funding for program growth and inflation. The TF increase includes \$15,823,800 to continue the FY 2001 Supplemental, \$11,255,400 to continue the FY 2002 growth, and \$9,207,300 for new FY 2003 growth.

The approved budget provides capitation payments for an average of approximately 322,717 eligible children per month in FY 2003. DHS receives a monthly capitation payment from AHCCCS for every child eligible for Title XIX behavioral health services, although only a small portion of the eligible population will utilize services.

The budget assumes population eligible growth of 3% and an increase in the capitation rate for medical inflation of 5% above FY 2002. The projected number of eligible children as well as the capitation rates for all 3 fiscal years are summarized in *Table 2*. Although the budget includes funding for increases in the capitation rate, a footnote in the General Appropriation Act requires DHS to submit an expenditure plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

The approved amounts for FY 2002 and FY 2003 also include \$1,500,000 GF for non-federally reimbursed services for Title XIX eligible children. (See FY 2001 Supplemental section for more information.)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Capitation Rate	\$24.06	\$25.24	\$26.50
Average Projected Eligibles Per Month ^{1/}	282,275	307,808	322,717
^{1/} Only a small portion of the eligible population will utilize services.			

Seriously Emotionally Handicapped Children — Provides funding for a portion of the cost of residential treatment and educational services for children referred by school districts. Referrals are based on an inability to educate the children in a conventional school environment due to a serious emotional handicap. Funding is also provided for this program through the state Department of Education and local school districts. This program is funded from the General Fund.

Tobacco Settlement Children's Behavioral Health Services — Provides one-time funding from the Tobacco Settlement for Children's Behavioral Health Services. These monies must be used to provide behavioral health services to families whose children receive behavioral health services through DHS, the Department of Economic Security (DES), the Department of Juvenile Corrections (DJC), and the Administrative Office of the Courts (AOC). Funds may also be used for telemedicine programs. An additional \$150,000 will be transferred to the Office of the Auditor General to be used for a performance evaluation to measure the effectiveness of the program. Funding was allocated to each RBHA based upon population. DHS requires the programs be operational by July 1, 2001, and must remain in operation through June 30, 2003.

Seriously Mentally Ill (SMI) — SMI is a population of adult patients with more long-term or ongoing mental illness than those funded through the General Mental Health Special Line Items. These adults require frequent treatment and case management services. SMI

determination is made based upon a "SMI checklist" developed by the department. SMI funding is divided into several Special Line Items. *Table 3* depicts state expenditures and estimated federal revenue for SMI programs. The counties also directly expend considerable funds for SMI treatment; however, these amounts are not shown.

Table 3
Seriously Mentally Ill Funding

		<u>FY 2002</u>	<u>FY 2003</u>
SMI State Match for	GF	\$ 34,671,700	\$ 37,195,400
Title XIX	FF	48,897,400	70,496,100
SMI (Non Title XIX)	GF	57,308,800 ^{1/}	57,308,800 ^{1/}
	TT	8,000,000	8,000,000
Arnold v. Sarn	GF	27,500,000	54,902,100
	FF	10,300,000	20,800,000
Projected Proposition			
204 Funding	TF	<u>68,200,000</u>	<u>81,400,000</u>
Total	GF	\$119,480,500	\$149,406,300
	TF	\$254,877,900	\$330,102,400

^{1/} When the General Appropriation Act was enacted, DHS estimated that \$19,600,000 in FY 2002 and \$17,800,000 in FY 2003 of these amounts will be freed up for additional Non-Title XIX services due to Proposition 204.

Seriously Mentally Ill State Match for Title XIX — Provides the GF share of the cost of providing behavioral health treatment to Title XIX eligible adults who have been diagnosed SMI. State monies provide approximately a 35% match to the Federal Funds received.

The FY 2002 approved amount includes an increase of \$11,686,000 GF and an increase of \$31,807,400 TF from the original FY 2001 level. Approximately \$6,850,000 of the GF increase replaces the FY 2001 MSF increase, while \$4,836,000 GF represents additional funding for program growth and inflation. The TF increase includes \$19,221,900 to continue the FY 2001 Supplemental and \$12,585,500 for new FY 2002 growth.

Like the children's population, during FY 2000 and FY 2001 the SMI Title XIX population has been increasing (although at a slower rate than the children). The approved amount includes a projected increase in those eligible for services of 6%. In addition, the approved amount assumes an increase in the monthly capitation rate for medical inflation of 5%. The approved budget provides funding for an average of approximately 149,233 Seriously Mentally Ill eligibles per month in FY 2002. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX behavioral health services, although only a small portion of the eligible population will utilize services.

The FY 2003 approved amount includes an increase of \$14,209,700 GF and \$39,945,200 TF from the original FY 2001 level. Approximately \$6,850,000 of the GF increase replaces the FY 2001 MSF increase, while \$7,359,700 represents additional funding for program growth and inflation. The TF increase includes \$19,221,900 to continue the FY 2001 Supplemental, \$12,585,500 to continue the FY 2002 growth, and \$8,137,800 for new FY 2003 growth.

This increase assumes population growth of 1.8% and an increase in the capitation rate for medical inflation of 5%. The budget provides funding for an average of approximately 153,733 Seriously Mentally Ill eligibles per month. The projected number of persons eligible for services and capitation rates for all 3 fiscal years are summarized in *Table 4*.

Although the budget includes funding for increases in the capitation rate, a footnote in the General Appropriation Act requires DHS to submit an expenditure plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase. (See FY 2001 Supplemental section for more information.)

Table 4
Title XIX Seriously Mentally Ill

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Capitation Rate	\$53.62	\$56.97	\$59.82
Average Projected Eligibles Per Month	138,083	149,233	153,733

^{1/} Only a small portion of the eligible population will utilize services.

Seriously Mentally Ill Non-Title XIX — Provides funding for treatment for clients that have been diagnosed as SMI according to the SMI checklist, but are not eligible for Title XIX coverage. This line item is funded from the General Fund and the Medically Needy Account of the Tobacco Tax and Health Care Fund.

The FY 2002 and FY 2003 approved amount of \$8,000,000 includes a decrease of \$(8,600,000) from the FY 2001 level for psychotropic medications from the Medically Needy Account of the Tobacco Tax and Health Care Fund. Laws 2001, Chapter 234, authorized the transfer of Medically Needy Account monies for psychotropic medications. According to DHS, between 50 and 75% of the seriously mentally ill that currently receive Non-Title XIX services will be eligible to convert to Title XIX services under the provisions of Proposition 204. Funding from the Tobacco Tax was reduced by approximately 50% to reflect this anticipated shift. In addition, DHS projects that this shift from Non-Title XIX to Title XIX will free up \$19,600,000 in FY 2002 and \$17,800,000 in FY 2003 in Non-Title XIX dollars that will be available for increased services in the Non-Title XIX program.

In total, the FY 2002 and FY 2003 approved amount includes \$57,308,800 GF and \$8,000,000 from the Tobacco Tax Medically Needy Account. (See FY 2001 Supplemental section for more information.)

Arnold v. Sarn — The approved amount includes a \$27,500,000 GF increase in FY 2002 and a \$54,902,100 GF increase in FY 2003 to address the requirements of the *Arnold v. Sarn* lawsuit. It is the intent of the Legislature that this funding be used throughout the state for all persons who meet the same criteria as those covered in the *Arnold v. Sarn* lawsuit. DHS anticipates using some of this funding to fund increases in the Title XIX capitation rates to offer expanded services for the Seriously Mentally Ill. The General Appropriation Act requires that prior to expenditure of these monies, DHS present an expenditure plan to the Joint Legislative Budget Committee for its review. This plan will include projected Title XIX and Non-Title XIX expenditures and estimated expenditures by service category.

In addition, the General Appropriation Act also includes a footnote that provides that for every dollar appropriated from the General Fund that is used for state match for Title XIX services, an amount consistent with the Federal Matching Assistance Program (FMAP) shall be appropriated in federal expenditure authority. At the time of the budget's enactment, DHS estimated that the Federal Funds amount may total approximately \$10,300,000 in FY 2002 and \$20,800,000 FY 2003, based on 10% of the expenditures being for Title XIX services. However, this amount is likely to change.

In addition to the amounts shown above, the department may receive other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also expend significant amounts for services which are not included in the table.

Proposition 204 — The implementation of Proposition 204, passed by the voters in November of 2000, will also affect the number of people that receive Title XIX behavioral health services. The Executive estimates that between 50 and 75% of those currently receiving Non-Title XIX SMI Services will convert to Title XIX eligibility under the provisions of Proposition 204. DHS estimates an additional \$68,200,000 TF in FY 2002 and \$81,400,000 TF in FY 2003 will be available for the Seriously Mentally Ill. The number of people that will be eligible for General Mental Health/Substance Abuse services will also increase. (Please see the discussion of Proposition 204 in the AHCCCS section of this report for further details.)

Tobacco Settlement SMI Services — Provides \$50,000,000 from the Seriously Mentally Ill Services Fund, which received a one-time appropriation from Tobacco Settlement monies in FY 2001, to provide community housing, vocational rehabilitation, and other recovery support services for the seriously mentally ill.

The monies are planned to be expended over 3 years. Each RBHA submitted a plan to DHS to meet the requirements of the legislation and most effectively utilize the monies within each RBHA. Funding was allocated to each RBHA based upon population. Programs will be operational by July 1, 2001 and must remain in operation through June 30, 2003. DHS specified that a RBHA may use the funds to purchase housing stock or create a rental subsidy program to increase housing stock. Plans for housing purchase, ownership or construction by the RBHA or its subcontractor must be sustained for at least 15 years without additional funding.

Court Monitoring — Provides funding for the state share of the expenses incurred by the Office of the Court Monitor, which was established as a result of the *Arnold v. Sarn* lawsuit. This special line item is funded from the General Fund.

Psychiatric Review Board — Includes 2 FTE Positions and \$86,900 General Fund in FY 2002 and \$89,400 General Fund in FY 2003 for operating costs to review the cases of persons committed to ASH as "Not Guilty by Reason of Insanity."

General Mental Health and Substance Abuse — General Mental Health and Substance Abuse (GMH/SA) funding assists adults who do not qualify as SMI. These persons typically require less frequent and less intensive treatment or experience mental illness that is more temporary in nature. Table 5 depicts state expenditures and estimated federal revenues for the treatment of non-SMI adults for general mental health and substance abuse.

Table 5

General Mental Health and Substance Abuse

		FY 2002	FY 2003
Mental Health Non-Title XIX	GF	\$ 9,862,100	\$ 9,862,100
Substance Abuse Non-Title XIX	GF	13,635,400	13,635,400
	OF	1,850,000	1,850,000
Mental Health/Substance Abuse	GF	8,726,200	9,360,700
State Match for Title XIX	FF	16,329,600	17,741,100
Mental Health Block Grant	FF	4,400,000	4,400,000
Substance Abuse Block Grant	FF	<u>27,127,100</u>	<u>27,127,100</u>
Total	GF	\$32,223,700	\$32,858,200
	TF	\$81,930,400	\$83,976,400

Mental Health - Non-Title XIX — Provides funding for mental health treatment services for adults who require treatment but are not diagnosed SMI and are not eligible for the Title XIX program. This program is funded from the General Fund.

Substance Abuse - Non-Title XIX — Provides funding for drug and alcohol abuse services for adults who are not eligible for the Title XIX program.

The FY 2002 and FY 2003 approved amounts include \$1,850,000 from the Substance Abuse Services Fund. The fund receives 14.2% of revenues to the Medical Services Enhancement Fund (MSEF) for alcohol and drug treatment for persons that have been ordered by the court to attend, but do not have sufficient resources to pay. The fund also receives 9.4% of MSEF revenues for development and maintenance of Non-Title XIX alcohol and drug abuse services. In total, the line item consists of \$1,850,000 from the Substance Abuse Services Fund and \$13,635,400 GF in FY 2002 and FY 2003.

Mental Health and Substance Abuse State Match for Title XIX — Provides the GF share of the cost of providing mental health and substance abuse treatment to Title XIX eligible individuals. State monies provide approximately a 35% match to the Federal Funds received.

The FY 2002 approved amount includes an increase of \$10,111,900 TF and a General Fund increase of \$3,562,800 above the original FY 2001 level. This increase assumes population growth of 6% and an increase in the capitation rate for medical inflation of 5%. Approximately \$2,350,000 of the GF increase replaces the MSF increase from FY 2001, while \$1,212,800 represents additional funding for program growth and inflation. The TF increase includes \$6,947,700 to continue the FY 2001 Supplemental and \$3,164,200 for new FY 2001 growth. The budget provides funding for an average of 149,233 projected eligibles per month. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX behavioral health services, although only a portion of the eligible population will utilize services.

The FY 2003 approved amount includes an increase of \$12,157,900 TF and \$4,197,300 GF above the original FY 2001 approved appropriation. Of the General Fund increase, approximately \$2,350,000 replaces the FY 2001 MSF increase, while \$1,848,300 represents additional funding for program growth and inflation. The TF increase includes \$6,947,700 to continue the FY 2001 Supplemental, \$3,164,200 to continue the FY 2002 growth, and \$2,046,000 for new FY 2003 growth. The projected number of average AHCCCS eligibles and capitation rates for all 3 fiscal years are summarized in *Table 6*.

Although the budget includes funding for increases in the capitation rate, a footnote in the General Appropriation Act requires DHS to submit an expenditure plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

(See FY 2001 Supplemental section for more information.)

Mental Health Block Grant — Provides non-appropriated federal funding for comprehensive mental health services for children and adults including treatment, rehabilitative services, and activities to reduce hospitalization rates among the mentally ill.

Substance Abuse Block Grant — Provides non-appropriated federal funding for drug and alcohol abuse prevention and treatment. The Block Grant requires certain percentages of the funding to be spent in the following broad categories: 35% for drug abuse services; 35% for alcohol abuse services; 20% for primary prevention programs targeting at-risk populations; and 5% for HIV/AIDS services. The Block Grant also requires the department to maintain the current level of services for pregnant women and women with dependent children.

In addition to the amounts shown above, the department may receive Tobacco Tax monies, other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also provide services, which are not included in the table.

Less Collection for Receipts— In July of 1997, Governor Symington declared a Behavioral Health Emergency by Executive Order and DHS initiated court action to operate ComCare, the agency that at the time was contracted to provide mental health services in Maricopa County. During the course of FY 2000 and FY 2001, approximately \$18,000,000 from the dissolution of ComCare, was placed in a Behavioral Health Trust Fund to be used to provide mental health services in Maricopa County. This fund is not part of the state accounting system nor the DHS budget.

Monies in the trust fund have been used to provide a variety of behavioral health services in Maricopa County. For example, monies have been used to fund community placement for patients leaving the Arizona State Hospital, as well as the development of the Family Recovery Partnership, which focuses on the parents' substance abuse inhibiting family reunification. In recognition of the additional source of revenue for behavioral health in Maricopa County, the FY 2002 General Fund appropriation for behavioral health was reduced by \$(8,000,000).

Additional Appropriations: Appropriation: Mental Health Institute (Chapter 273) — This bill appropriates \$2,500,000 in both FY 2002 and FY 2003 from the Medical Services Stabilization Fund (MSF) for dollar-for-dollar matching grants from the private sector for the establishment of the Arizona Mental Health Research Institute. It is the intent of the Legislature that funds be

Table 6

**Title XIX General Mental Health/
Substance Abuse**

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Capitation Rate	\$13.73	\$14.57	\$15.30
Average Projected Eligibles Per Month	138,083	149,233	153,733

1/ Only a small portion of the eligible population will utilize services.

used to develop interdisciplinary teams of scientists and clinicians to engage in research, studies, and health systems evaluation, as well as to fund conferences, sabbaticals, lectureships and fellowships.

Suicide Prevention Program (Chapter 319) — This bill establishes a suicide prevention program to coordinate the state's suicide prevention activities, and develop and implement a statewide suicide prevention and awareness plan to reduce the number of attempted suicides and deaths from suicides. The bill appropriates \$140,000 in FY 2002 and \$120,000 in FY 2003 from the General Fund for the program, as well as 2 FTE Positions.

Tobacco Tax Allocation; Detoxification Services (Chapter 374) — This legislation appropriates \$1,500,000 in FY 2002 and FY 2003 to DHS from the Medically Needy Account of the Tobacco Tax and Health Care Fund for Non-Title XIX Children's Behavioral Health Services, including juvenile court programs. These appropriations are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations

In addition, the legislation appropriates monies to the DHS Public Health Program for county health department reimbursement and emergency vaccines, the University of Arizona for a new telemedicine program for behavioral health and for a new pilot program to determine the efficacy of using telemedicine services in school health clinics (these appropriations are in addition to the ongoing telemedicine programs), and to AHCCCS for HealthCare Group reinsurance. *(See the Additional Appropriations sections in DHS Public Health, University of Arizona and AHCCCS for more information)*

This legislation also modifies existing allocations and establishes new allocations from the Medically Needy Account of the Tobacco Tax and Health Care Fund to both DHS and AHCCCS *(see AHCCCS and DHS sections for more information)*.

Additional Legislation: AHCCCS; Eligibility; Programs, (Chapter 385) — This legislation requires DHS to contract for an annual study of the adequacy and appropriateness of Title XIX reimbursement rates for behavioral health services. The department is required to provide the report to the Joint Legislative Budget Committee and AHCCCS by October 1, 2002 and each year thereafter. The results of the study shall be incorporated into the behavioral health capitation rate requests that DHS submits to AHCCCS. If the results are not incorporated into the capitation rates, AHCCCS must report to the Joint Legislative Budget Committee within 30 days of the rate setting on the differences between the set rates and the study.

Other Issues: Community Treatment Provider Increase — The General Appropriation Act, as amended by Laws 2001, Chapter 385, appropriated \$20,578,400 from the General Fund and \$2,000,000 from the Federal Temporary Assistance for Needy Families (TANF) Block Grant in FY

2003 for community treatment program provider rate adjustments. These monies will be allocated to the following 4 agencies: the Department of Economic Security, the Department of Health Services, the Department of Juvenile Corrections and the Judiciary. The appropriation will provide an average 5% increase on July 1, 2002, with an additional 5% increase on April 1, 2003 for most agencies and January 1, 2003 for the Division of Developmental Disabilities in the Department of Economic Security. Because the exact distribution will be reviewed by the Joint Legislative Budget Committee in spring 2002, JLBC Staff will include the final distributions within each agency in its **FY 2002 & FY 2003 Supplemental Adjustments** book. Therefore, these monies are currently not reflected in agencies' budgets.

The Governor line item vetoed the FY 2002 appropriation of \$5,478,400 GF and \$400,000 TANF, which would have started the first 5% increase on January 1, 2002 for DDD and April 1, 2001 for all other agencies. Instead, this first 5% increase will start July 1, 2002 as noted above. *(Please see the **Provider Rate Adjustment** discussion in the General Provisions section in the front of this report for further details on this adjustment.)*

[Click here to return to the Table of Contents](#)