

Department of Health Services
Family 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		85.0	85.0	87.0 ^{1/}	87.0 ^{1/}
Personal Services		2,395,800	2,473,300	2,472,400	2,597,100
Employee Related Expenditures		509,200	531,800	575,900	564,100
Professional and Outside Services		82,900	44,200	144,200	144,200
Travel - In State		46,600	74,500	74,500	74,500
Travel - Out of State		5,700	1,200	1,200	1,200
Other Operating Expenditures		307,800	404,900	568,200	568,200
Equipment		15,700	0	0	0
<i>Operating Subtotal</i>		3,363,700	3,529,900	3,836,400	3,949,300
Children's Rehabilitative Services		3,368,000	3,093,800	3,693,800 ^{2/}	3,693,800 ^{2/}
AHCCCS-Children's Rehabilitative Services	(SA)	10,017,000	10,017,000	10,646,600	11,311,000
	(TF)	29,652,500	29,652,500	32,016,200 ^{23/}	33,819,500 ^{23/}
Adult Cystic Fibrosis		223,600	223,600	223,600	223,600
Adult Sickle Cell Anemia		70,100	70,100	70,100	70,100
High Risk Perinatal Services		2,756,000	3,829,000	3,829,000	3,829,000
TANF Perinatal Services		149,500	250,000	450,000	450,000
County Prenatal Services Grant		1,274,800	1,281,100	1,281,100 ^{4/}	1,281,100 ^{4/}
Health Start		481,900	1,202,100	1,206,500	1,211,400
Newborn Screening Program		1,921,800	2,305,400	2,331,600	2,346,700
Nutrition Services		366,600	390,100	390,100	390,100
Child Fatality Review Team		94,100	100,000	100,000	99,800
Teenage Pregnancy Prevention Task Force		224,800	250,000	250,000	250,000
Out-of-Wedlock Pregnancy Prevention		1,683,800	2,004,600	2,514,500	2,518,900
SUBTOTAL	(SA)	25,995,700	28,546,700	30,823,300	31,624,800
	(TF)	45,631,200	48,182,200	52,192,900	54,133,300
Additional Appropriations -					
Appropriations; Children's Physical Activity Programs, Ch. 320		0	0	75,000 ^{5/}	75,000 ^{5/}
TOTAL APPROPRIATIONS	(SA)	25,995,700	28,546,700	30,898,300	31,699,800
	(TF)	45,631,200	48,182,200	52,267,900 ^{67/}	54,208,300 ^{67/}
FUND SOURCES					
General Fund		21,878,000	23,436,700	25,052,200 ^{8/}	25,834,400 ^{8/}
Other Appropriated Funds					
Emergency Medical Services					
Operating Fund		268,500	450,000	450,000 ^{8/}	450,000 ^{8/}
Child Fatality Review Fund		94,100	100,000	100,000 ^{8/}	99,800 ^{8/}
Newborn Screening Program Fund		1,921,800	2,305,400	2,331,600 ^{8/}	2,346,700 ^{8/}
Federal Temporary Assistance for Needy Families Block Grant		1,833,300	2,254,600	2,964,500 ^{8/}	2,968,900 ^{8/}
Federal Title XIX Funds		19,635,500	19,635,500	21,369,600	22,508,500
<i>Subtotal - Other Appropriated Funds</i>		23,753,200	24,745,500	27,215,700	28,373,900
TOTAL APPROPRIATIONS		45,631,200	48,182,200	52,267,900	54,208,300

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 Division of Family Health Services provides public health programs primarily targeted toward women, children and the elderly. The largest program is Children's Rehabilitative Services (CRS) which provides treatment for seriously physically impaired children that would benefit from a team surgical approach. CRS includes children with severe congenital defects, spina bifida, cleft palate, and other serious, yet correctable or improvable conditions. Non-CRS programs include prenatal programs, out-of-wedlock pregnancy prevention programs, nutrition services, and targeted care for specific diseases.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• CRS clients served (Title XIX and non-Title XIX)	16,500/16,200	16,500/16,500	16,200	16,200/16,400
• Number of newborns screened under Newborn Screening Program	NA/90,536	80,000/80,000	80,000	82,000/84,000
• Births by girls age 19 and under (rate per 1,000)*	NA/30.2	29.5/NA	28.8	28.1
• % of women in Health Start program receiving prenatal care in first trimester	56.5/60	63/63	64	65

*Births by girls age 19 and under measured by calendar year.

Dental Sealant Program — The approved amount includes a General Fund increase of \$100,000 in both FY 2002 and FY 2003 above FY 2001 for the Dental Sealant Program. The Dental Sealant Program in the Office of Oral Health provides preventive sealants to school children who are at high risk for tooth decay. The program received General Fund monies until FY 2000 when General Fund monies were eliminated. The approved amount restores funding for the Dental Sealant Program.

Prepaid Dental Oversight — The approved amount includes a General Fund decrease of \$(133,000) and (2) FTE Positions in both FY 2002 and FY 2003 below FY 2001 to reflect a transfer authorized by Laws 2000, Chapter 339. The legislation transferred to the Department of Insurance (DOI) the regulatory responsibilities for dental care service delivery previously conducted by DHS and \$(133,000) and (2) FTE Positions beginning in FY 2002. The approved amount includes this decrease. The budget for DOI shows a corresponding increase to reflect the transfer.

Agency Reorganization — The approved amount includes an increase of \$22,800 and 1 FTE Position in both FY 2002 and FY 2003 above FY 2001 for organizational changes requested by the agency. The approved amount

transfers 1 FTE Position and \$46,900 from the Administration program to the Family Health program and \$(24,100) from the Family Health program to the Public Health program. These transfers result in a total increase of \$22,800 for the program in each year. The net General Fund change for the agency is \$0.

Family Health Relocation — The approved amount includes a General Fund increase of \$160,900 in both FY 2002 and FY 2003 above FY 2001 for relocation of the Family Health program. In FY 2001, the department consolidated the offices of the Family Health program into one location. The approved amount provides the General Fund share of funding for the increased lease costs associated with the relocation.

Special Line Items

Children's Rehabilitative Services Overview — CRS provides comprehensive health care to children suffering from handicapping or potentially handicapping conditions. The goal of the program is to provide early diagnosis and treatment including surgical intervention to prevent or substantially ameliorate medical conditions which, if left untreated, would lead to permanent handicaps. The program also serves children suffering from non-

1/ Includes 16.5 FTE Positions funded from Special Line Items in FY 2002 and FY 2003.
 2/ The amounts appropriated for Children's Rehabilitative Services, for AHCCCS-Children's Rehabilitative Services and for Federal Expenditure Authority are intended to cover all indirect, fixed contract, fee-for-services costs and all other costs of the Children's Rehabilitative Services program in full, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
 3/ Monies in the Arizona Health Care Cost Containment System - Children's Rehabilitative Services Special Line Items are appropriated for capitation rates effective 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)
 4/ The Department of Health Services shall distribute all monies appropriated for the County Prenatal Services Grant on a pass-through basis to counties to provide prenatal programs with consideration to population, need and amount received in prior years. (General Appropriation Act footnote)
 5/ Pursuant to Laws 2001, Chapter 320, this appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations until June 30, 2004.
 6/ In accordance with Laws 2000, Chapter 339, the sum of \$133,000 in Personal Services and Employee Related Expenditures and 2 FTE Positions has been transferred from the Department of Health Services to the Department of Insurance and is not included in this appropriation. (General Appropriation Act footnote)
 7/ General Appropriation Act funds are appropriated as a Modified Lump Sum for the Program.
 8/ These amounts represent direct appropriations. All other expenditures are part of total expenditure authority.

preventable handicaps. The CRS program provides services to children who are eligible for AHCCCS as well as children who are not AHCCCS eligible. Services for children who are AHCCCS eligible are funded through this line item; services for children that are not AHCCCS eligible are funded through the CRS line item.

Children’s Rehabilitative Services — Provides funding for uninsured children in the CRS program who are not eligible for Title XIX coverage. This line item was reduced in FY 2000 and FY 2001 to reflect a shift in funding from the General Fund to fund balances in the non-appropriated Federal Title V Maternal and Child Health Block Grant. The approved amount includes an increase of \$600,000 from the General Fund in both FY 2002 and FY 2003 above FY 2001 to shift a portion of this funding back to the General Fund.

AHCCCS-Children’s Rehabilitative Services — Provides funding to deliver CRS services to Title XIX eligible children. State monies provide approximately one-third match to the federal monies received. The total program cost (General Fund and Federal Funds) is shown in the Total Funds (TF) line. The approved FY 2001 amount includes a supplemental increase of \$300,000 TF (Laws 2001, Chapter 232). This change provides increased federal expenditure authority for the CRS program. The General Fund monies required for state match were already included in the Department of Health Services budget.

The approved FY 2002 amount includes an increase of \$629,600 General Fund and \$2,363,700 Total Funds for increased costs in the Title XIX program above FY 2001. The approved FY 2003 amount includes a General Fund increase of \$1,294,000 and a Total Fund increase of \$4,167,000 above FY 2001.

In the past, CRS has contracted with community providers on a fixed-price basis. During FY 2000, CRS along with AHCCCS developed a capitation methodology for the Title XIX component of the CRS program. CRS began reimbursing contractors using a per-member, per month capitation rate in FY 2001. These rates vary by provider. The rate structure also includes a high, medium, and low tier, which represent varying degrees of medical acuity. The table below summarizes the projected capitation rate and enrollment for each provider tier. The projected capitation rate grows by 5.2% in each year. Projected enrollment growth is 1% in each year.

Adult Cystic Fibrosis — Provides contracted care and treatment services for adult residents of the state suffering from cystic fibrosis through the CRS program. This program is funded from the General Fund.

Adult Sickle Cell Anemia — Provides contracted treatment for adults suffering from sickle cell anemia through the CRS program. This program is funded from the General Fund.

CRS Enrollment and Capitation Rate Projections							
<u>Contractor</u>	<u>Acuity</u>	FY 2001		FY 2002		FY 2003	
		<u>Member Months</u>	<u>Capitation Rate</u>	<u>Member Months</u>	<u>Capitation Rate</u>	<u>Member Months</u>	<u>Capitation Rate</u>
Phoenix	High	11,811	470.18	11,929	494.63	12,048	520.35
	Med	20,120	275.89	20,321	290.24	20,524	305.33
	Low	<u>30,494</u>	195.64	<u>30,799</u>	208.81	<u>31,107</u>	216.52
	Total	62,425		63,049		63,680	
Tucson	High	8,900	370.17	8,989	389.42	9,079	409.67
	Med	7,171	348.19	7,243	366.30	7,315	385.34
	Low	<u>11,402</u>	210.64	<u>11,516</u>	221.59	<u>11,631</u>	233.12
	Total	27,473		27,748		28,025	
Flagstaff	High	2,766	295.28	2,793	310.63	2,821	326.79
	Med	4,893	177.14	4,942	186.35	4,991	196.04
	<u>Low</u>	<u>4,646</u>	147.63	<u>4,693</u>	155.31	<u>4,740</u>	163.38
	Total	12,305		12,428		12,553	
Yuma	High	1,917	202.64	1,936	213.18	1,956	224.26
	Med	862	140.08	871	147.36	879	155.03
	<u>Low</u>	<u>2,698</u>	123.70	<u>2,725</u>	130.13	<u>2,752</u>	136.90
	Total	5,477		5,532		5,587	

High Risk Perinatal Services — Provides contracted transport services for high risk expectant mothers and contracted physician follow-up services for uninsured newborns in intensive care centers. Of the approved amount, in each year, \$3,379,000 is funded from the General Fund and \$450,000, for the emergency transport function, is supported by the Emergency Medical Services (EMS) Operating Fund). (*See the Public Health section for further description of the EMS Operating Fund.*)

TANF Perinatal Services — Provides funding from the Federal Temporary Assistance for Needy Families Block Grant for a pilot program for non-medical perinatal services for single women under the age of 30 who are eligible for TANF or Arizona Works. Laws 1999, Chapter 328 originally appropriated \$250,000 for both FY 2000 and FY 2001 for this purpose. The approved amount continues the funding for the pilot program in FY 2002 and FY 2003 at the same level.

The approved amount also includes an increase of \$200,000 in both FY 2002 and FY 2003 above FY 2001 to shift monies for non-medical perinatal substance abuse treatment and services from DES to the DHS TANF Perinatal Services Special Line Item. Laws 2000, Chapter 393 appropriated \$200,000 in FY 2001 from the TANF Block Grant to DES for non-medical perinatal substance abuse treatment and services to families whose income does not exceed 200% of the Federal Poverty Guidelines. Under the legislation, the monies were to be provided to DHS to supplement the other monies in the TANF Perinatal Services Special Line Item.

County Prenatal Services Grant — Provides General Fund block grants to counties for programs that focus on increasing prenatal care among women at high risk of not seeking or receiving prenatal care. Block granting the monies allows counties greater flexibility in planning and coordinating prenatal programs which directly target the needs in their regions. A General Appropriation Act footnote requires the formula for distributing the funds to be based on population, need, and the amount received in prior years.

Health Start — Provides funding to county health departments and community organizations to create neighborhood outreach programs staffed with lay health workers who assist high risk (low-income, minority and teen) pregnant women obtain prenatal care services.

The approved amount includes an increase of 3 FTE Positions in both FY 2002 and FY 2003 above FY 2001. Laws 1999, Chapter 241 appropriated \$1,200,000 from the General Fund in FY 2001 for the Health Start Special Line Item but did not specify any FTE Positions for the program. The approved amount continues the total funding for the program at \$1,206,500 in FY 2002 and \$1,211,400 in FY 2003 and adds 3 FTE Positions for the program. (*See discussion of Proposition 204 at the end of this section for more information.*)

Newborn Screening Program — Provides for the centralized testing of all newborns in the state for a standard set of metabolic disorders. If these disorders are detected and treated at birth, serious disabilities can be avoided. The program also provides for follow-up counseling for the parents of affected newborns. The department is required to contract for the laboratory-testing portion of the program at least once every 4 years. Currently, the State Health Laboratory holds the contract. The program is funded entirely from the Newborn Screening Fund, which receives a fee of \$20 for every child born in Arizona. The fee is collected as part of the hospital charges when the infant is born. The approved amount includes operating costs for 8.5 FTE Positions.

Nutrition Services — Provides support to rural counties participating in the Nutritional Assessment Program, which provides screening, education, counseling and referrals to persons identified as needing nutrition services. This program is funded from the General Fund.

Child Fatality Review Team — The program provides funding to organize child fatality review teams in all 15 counties and to study data collected by the 15 teams to determine ways to reduce the state's child mortality rate. The program is funded entirely from the Child Fatality Review Fund, which receives revenues from a \$1 surcharge on fees collected on all certified copies of death certificates. The approved amount includes 2 FTE Positions and \$100,000 in both FY 2002 and FY 2003, the maximum level of expenditure that statute allows for this program.

Teenage Pregnancy Prevention Task Force — Provides \$140,000 from the General Fund to implement a statewide media campaign to reduce the incidence of teenage pregnancy, and \$110,000 to contract with local communities to develop teenage pregnancy prevention programs and strategies. (*See the Out-of-Wedlock Pregnancy Prevention Special Line Item below for more discussion of pregnancy prevention activities and Vetoed Appropriations section for more information.*)

Out-of-Wedlock Pregnancy Prevention — Provides funding from the Federal Temporary Assistance for Needy Families Block Grant for abstinence-only education programs intended to prevent out-of-wedlock pregnancy. DHS also receives funding from the Maternal and Child Health (MCH) Block Grant for out-of-wedlock pregnancy prevention. The approved amount includes funding for 3 FTE Positions. (*See discussion of Proposition 204 at the end of this section for more information.*)

The approved amount includes an increase of \$500,000 in both FY 2002 and FY 2003 to shift a teenage pregnancy prevention advertising campaign from the Department of Economic Security (DES) to DHS. Laws 2000, Chapter 393 appropriated \$500,000 in FY 2001 from the Temporary Assistance for Needy Families (TANF) Block

Grant to DES for a teen pregnancy prevention advertising campaign. The legislation did not specify that these monies were to be used for abstinence-only education. Since the DHS budget contains monies for similar out-of-wedlock pregnancy prevention programs, DES contracted with DHS for this campaign.

Additional Appropriations: Appropriations: Children's Physical Activity Programs (Chapter 320) — This legislation provides funding for grants to county health departments for school-based children's physical activity programs, and for evaluations of the programs. The legislation appropriates \$75,000 from the General Fund in both FY 2002 and FY 2003 for these purposes, and requires DHS to transfer up to 4% of this appropriation to the Auditor General for the evaluations. The appropriations are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, until June 30, 2004.

Vetoed Appropriations: Appropriations: TANF; Health Services (S.B. 1390) — This bill appropriated \$1,500,000 from the Federal Temporary Assistance for Needy Families Block Grant to DHS in both FY 2002 and FY 2003. Of this amount, \$1,250,000 was to be distributed to county health departments for family planning services for uninsured women with incomes up to 200% of the Federal Poverty Level. The remaining \$250,000 was to be distributed to county health departments for a pilot program to provide outreach to adolescents who received a negative pregnancy test.

The bill also contained additional appropriations to the Department of Economic Security (DES) and Arizona Department of Education (ADE) (*see DES and ADE sections for more detail*). The Governor vetoed this bill.

Additional Legislation: Folic Acid Supplements (Chapter 295) — This legislation requires DHS to establish a program to distribute folic acid supplements through local health departments to women of childbearing age as well as provide counseling and information on the use of the supplements. The legislation also requires DHS to establish a Farmer's Market Nutrition Program. For both the folic acid supplements and the Farmer's Market Nutrition Program, the legislation allows DHS to use the monies allocated by Proposition 204 for the Federal Women, Infants, and Children Food Program.

Other Issues: Proposition 204 — At the 2000 General Election, voters approved Proposition 204, which expands the AHCCCS program to individuals with incomes below 100% of the Federal Poverty Level and specifies that the public health programs listed in A.R.S. § 5-522, as enacted in 1996, shall be funded from the monies the state receives from the Tobacco Litigation Master Settlement (*see AHCCCS section for more information on Proposition 204*). The allocations are determined by the Proposition and are not subject to appropriation.

Proposition 204 requires the Joint Legislative Budget Committee to calculate annual inflation adjustments for the programs to determine the funding amount for each program. An Attorney General opinion states that the inflation shall be calculated since 1996 and that the FY 2001 amounts should not be prorated. At the May 2001 JLBC meeting, the Committee approved the following amounts for FY 2001 (*see the AHCCCS section for a complete list of the programs*).

The Proposition specifies that the public health programs receive funding after the AHCCCS expansion. The JLBC Staff estimates that there will be sufficient tobacco settlement monies to fund the FY 2002 allocations, but whether the programs will receive monies in FY 2003 is uncertain. If there are not sufficient monies to fully fund all the programs, the funding will be adjusted on a prorated basis in line with the monies available.

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