

**Department of Health Services**

**A.R.S. § 36-103**

**Summary**

Director: Catherine Eden

JLBC Analyst: Gina Guarascio/Beth Kohler

	<b>FY 2000 Actual</b>	<b>FY 2001 Estimate</b>	<b>FY 2002 Approved</b>	<b>FY 2003 Approved</b>
<b>COST CENTER SUMMARY</b>				
Administration	22,152,500	24,754,100	28,634,700	28,152,300
Public Health	22,394,000	29,320,400	31,978,600	29,829,200
Family Health	45,631,200	48,182,200	52,267,900	54,208,300
Behavioral Health	268,284,400	386,040,200	357,236,700	412,134,600
Arizona State Hospital	50,526,900	55,832,700	44,532,000	50,234,900
<b>TOTAL APPROPRIATIONS</b>	<b>408,989,000</b>	<b>544,129,600</b>	<b>514,649,900</b>	<b>574,559,300</b>
<b>OPERATING BUDGET</b>				
Full Time Equivalent Positions	1,677.5	1,764.5	1,789.9 <sup>1/</sup>	1,854.9 <sup>1/</sup>
Personal Services	37,435,500	40,023,300	41,275,800	45,157,900
Employee Related Expenditures	8,162,800	8,711,500	9,558,800	9,924,400
Professional and Outside Services	10,240,000	11,632,200	11,737,900	13,261,000
Travel - In State	304,600	425,000	425,000	425,000
Travel - Out of State	59,000	33,700	33,700	33,700
Other Operating Expenditures	8,772,200	8,519,200	8,437,800	8,491,100
Equipment	1,091,800	414,500	419,500	514,500
<i>Operating Subtotal</i>	66,065,900	69,759,500	71,888,500	77,807,600
Special Line Items	342,923,100	473,370,200	440,646,400	488,156,700
Additional Appropriations	0	1,000,000	10,115,000	8,595,000
Less Offset for Receipts	0	0	(8,000,000)	0
<b>TOTAL APPROPRIATIONS</b>	<b>408,989,000</b>	<b>544,129,600</b>	<b>514,649,900</b> <sup>2/3/4/</sup> <sub>5/</sub>	<b>574,559,300</b> <sup>2/3/4/</sup> <sub>5/</sub>
<b>FUND SOURCES</b>				
General Fund	247,481,900	254,130,300	304,148,500	354,292,100
<b>Other Appropriated Funds</b>				
Nursing Care Institution Resident				
Protection Fund	5,100	260,000	38,000	38,000
Newborn Screening Program Fund	2,423,200	3,034,000	2,810,200	2,825,300
Indirect Cost Fund	3,953,300	5,325,300	7,801,100	6,477,300
Federal Child Care and Development Fund				
Block Grant	0	0	394,700	394,700
Tobacco Tax and Health Care Fund				
Medically Needy Account	6,167,400	23,600,000	15,527,000	14,527,000
Tobacco Tax and Health Care				
Health Research Account	0	2,000,000	1,000,000	0
Disease Control Research Fund	0	0	1,000,000	1,000,000
Emergency Medical Services Operating Fund	3,501,700	3,440,000	5,248,700	3,808,300
Poison Control Fund	1,387,500	1,850,000	1,850,000	1,850,000
Environmental Laboratory Licensure				
Revolving Fund	560,900	749,700	778,000	794,600
Child Fatality Review Fund	94,100	100,000	100,000	99,800
Federal Temporary Assistance for				
Needy Families Block Grant	1,833,300	2,254,600	2,964,500	2,968,900
Substance Abuse Services Fund	2,150,000	1,850,000	1,850,000	1,850,000
Medical Services Stabilization Fund	0	14,800,000 <sup>6/</sup>	2,500,000	2,500,000
Federal Title XIX Funds	128,357,200 <sup>6/</sup>	148,341,800 <sup>6/</sup>	166,239,200 <sup>6/</sup>	180,733,300 <sup>6/</sup>
Serious Mental Illness Services Fund	0	50,000,000	0	0
Children's Behavioral Health Tobacco				
Settlement Fund	0	20,000,000	0	0
Arizona State Hospital Fund	10,851,300	11,993,900	0	0
ASH Land Earnings Fund	222,100	400,000	400,000	400,000
<i>Subtotal - Other Appropriated Funds</i>	161,507,100	289,999,300	210,501,400	220,267,200
<b>TOTAL APPROPRIATIONS</b>	<b>408,989,000</b>	<b>544,129,600</b>	<b>514,649,900</b>	<b>574,559,300</b>

**AGENCY DESCRIPTION** — *The Department of Health Services (DHS) is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, the Arizona State Hospital (ASH), emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.*

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 relicensure surveys completed on time:				
Child Care Facilities	NA	NA	50	46
Health Care Facilities	NA	NA	50	46
• Percent of high school youth who smoked in the last month	NA/26.1	NA/26.1	25.6	25.1/24.9
• Births by girls age 19 and under (rate per 1,000)*	NA/30.2	29.5/NA	28.8	28.1
• % of Agency staff turnover	20.0/16.1	18.0/19.0	10.5	9.5/9.0

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

**FY 2001 Supplemental** — Laws 2001, Chapter 232 included a FY 2001 increase of \$195,900 from the Indirect Cost Fund above the original FY 2001 appropriation for technical adjustments to the Indirect Cost Fund Special Line Item (SLI) (*see the Administration section for more detail*). This legislation also included a FY 2001 increase of \$300,000 in federal expenditure authority above the original FY 2001 appropriation in the AHCCCS-CRS Special Line Item in the Family Health Program (*see the Family Health section for more detail*).

The legislation also included a FY 2001 increase of \$27,888,000 in federal expenditure authority above the original FY 2001 appropriation in the Behavioral Health Program to address a projected deficit in the federal expenditure authority for Title XIX and Non-Title XIX behavioral health services. Further, 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. The supplemental increases for behavioral health services are allocated to the Children’s Behavioral Health State Match for Title XIX SLI, the Seriously Mentally Ill State Match for Title XIX SLI, the Seriously Mentally Ill Non-Title XIX SLI and the Mental Health and Substance Abuse State Match for Title XIX SLI (*see Behavioral Health section for more detail on the FY 2001 supplemental*).

**Additional Legislation: Tobacco Tax Allocation; Detoxification Services (Chapter 374)** — This legislation requires the Governor to submit to the director of the Joint Legislative Budget Committee a copy of any Executive Order that sets aside monies from the Health Crisis Fund

- 1/ Includes 549.4 FTE Positions funded from Special Line Items in FY 2002 and 556.4 in FY 2003.
- 2/ In addition to the appropriation for the Department of Health Services, earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated to the State Hospital in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote)
- 3/ A monthly report comparing total expenditures for the month and year to date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees and the Director of the Joint Legislative Budget Committee by the twenty-fifth of the following month. The report shall include an estimate of (1) potential shortfalls in programs, (2) potential Federal and Other Funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, and (3) total expenditure authority of the month and year to date for Seriously Mentally Ill State Match for Title XIX, Seriously Mentally Ill Non-Title XIX, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Non-Title XIX, Substance Abuse Non-Title XIX, Seriously Emotionally Handicapped Children and Children's Rehabilitative Services. (General Appropriation Act footnote)
- 4/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Seriously Mentally Ill State Match for Title XIX, Seriously Mentally Ill Non-Title XIX, Arnold v. Sarn, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Non-Title XIX, Substance Abuse Non-Title XIX, Mental Health and Substance Abuse State Match for Title XIX, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, Tuberculosis Provider Care and Control, Alzheimer's Disease Research, Kidney Program, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, High-Risk Perinatal Services, County Prenatal Services Grant, Nutrition Services, Community Placement Treatment, Sexually Violent Persons, University of Arizona Poison Control Center funding and the Poison Control Center funding shall require approval of the Joint Legislative Budget Committee. The amounts appropriated for these items shall be used exclusively for contracts for the provision of services to clients unless a transfer of monies is approved by the Joint Legislative Budget Committee. No monies may be used from these appropriated amounts for any other expenses of the Department of Health Services. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as a Modified Lump Sum for the Program.
- 6/ These amounts represent non-appropriated funds and are included in total expenditure authority. For FY 2002, other appropriated funds total \$44,262,200. For FY 2003, other appropriated funds total \$39,533,900.

for a health crisis or a potential health crisis, pursuant to A.R.S. § 36-797.

In addition, the legislation contains both appropriations and allocations from the Medically Needy Account of the Tobacco Tax and Health Care Fund to DHS, AHCCCS, and the University of Arizona. (*See DHS, AHCCCS, and the University of Arizona sections for more information*).

**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.

**Capital Outlay Appropriations: (Chapter 237)** — Appropriates \$75,800 in FY 2002 and \$78,900 in FY 2003 from the Southern Arizona Mental Health Center Building Renewal Fund to DHS for building renewal. This represents 100% of the building renewal formula. Prior to expenditure, DHS must present an expenditure plan to Joint Committee on Capital Review for its review.

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