

Department of Health Services
Behavioral Health

A.R.S. § 36-103

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		FY 2001	FY 2002	FY 2003
		Actual	Estimate	Approved
OPERATING BUDGET				
Full Time Equivalent Positions		128.6	130.6	126.9 ^{1/}
Personal Services	(SA)	1,857,800	1,904,600	1,997,000
	(TF)	3,645,600	3,742,400	3,909,500
Employee Related Expenditures	(SA)	342,900	489,600	526,300
	(TF)	666,700	952,600	1,016,400
Professional and Outside Services	(SA)	201,500	1,278,200	1,278,200
	(TF)	415,700	2,636,900	2,636,900
Travel - In State	(SA)	21,800	61,800	61,800
	(TF)	39,300	111,400	111,400
Travel - Out of State	(SA)	5,000	5,800	5,800
	(TF)	14,200	16,500	16,500
Other Operating Expenditures	(SA)	1,556,000	361,900	361,900
	(TF)	2,661,200	619,200	619,200
Equipment	(SA)	37,800	0	0
	(TF)	58,000	0	0
Less Lump Sum Reduction		0	0	(1,198,700)
<i>Operating Subtotal</i>	(SA)	4,022,800	4,101,900	3,032,300
	(TF)	7,500,700	8,079,000	7,111,200 ^{2/}
Administration				
Client Satisfaction Incentive Program		56,200	0	0
RBHA Client Encounter Reports		1,830,900	0	0
Computer Hardware Lease		190,700	125,000	0
Mental Health Institute		0	2,500,000	0
Children's Behavioral Health				
Children's Behavioral Health Services		9,957,600	9,351,800	9,351,800 ^{3/}
CBH State Match for Title XIX	(SA)	21,971,100	37,939,100	40,344,600 ^{4/5/}
	(TF)	55,679,400	106,079,800	117,853,500
Seriously Emotionally Handicapped Children		3,249,600	4,200,300	4,200,300
Tobacco Settlement CBH Services		4,159,700	0	0
Seriously Mentally Ill				
Seriously Mentally Ill State Match for Title XIX	(SA)	22,985,700	46,563,000	49,241,500 ^{4/5/}
	(TF)	58,250,700	133,623,500	148,064,800
Seriously Mentally Ill Non-Title XIX		73,575,500	58,916,700	64,116,700
Tobacco Settlement SMI Services		13,254,300	0	0
Court Monitoring		205,700	197,500	197,500
Psychiatric Review Board		62,900	82,800	86,400
Suicide Prevention Program		0	140,000	120,000
Arnold v. Sarn		0	27,500,000	27,500,000 ^{6/}
Proposition 204	(SA)	0	0	46,809,500
	(TF)	0	0	150,753,100
General Mental Health/Substance Abuse				
Mental Health Non-Title XIX		9,857,100	947,300	947,300
Substance Abuse Non-Title XIX		15,463,400	15,485,400	15,485,400
Mental Health and Substance Abuse State Match for Title XIX	(SA)	4,958,300	11,871,600	12,532,300 ^{4/5/}
	(TF)	12,565,400	34,072,600	37,538,800
Less Offset for Receipts		0	(17,500,000)	(10,000,000)
Less Capitation Rate Adjustment		0	0	(15,200,000)

		FY 2001	FY 2002	FY 2003
		Actual	Estimate	Approved
TOTAL APPROPRIATIONS	(SA)	185,801,500	202,422,400	248,765,600 ^{7/}
	(TF)	265,859,800	383,801,700	558,126,800
FUND SOURCES				
General Fund		149,937,500	179,282,400	187,816,100 ^{8/}
<u>Other Appropriated Funds</u>				
Substance Abuse Services Fund		1,850,000	1,850,000	3,350,000 ^{8/}
Tobacco Tax and Health Care Fund				
Medically Needy Account		16,600,000	10,790,000	10,790,000 ^{8/}
Tobacco Settlement Funds		0	0	46,809,500
Federal Title XIX Funds		80,058,300	181,379,300	309,361,200
Medical Services Stabilization Fund		0	10,500,000	0
Serious Mental Illness Services Fund		13,254,300	0	0
Children's Behavioral Health				
Tobacco Settlement Fund		4,159,700	0	0
<i>Subtotal - Other Appropriated Funds</i>		<u>115,922,300</u>	<u>204,519,300</u>	<u>370,310,700</u>
TOTAL APPROPRIATIONS		265,859,800	383,801,700	558,126,800

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.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• % of SMI clients on anti-psychotics receiving new generation psychotropic medications	NA/31	NA/47	51/89	68/71
• % of RBHA Title XIX clients satisfied with services*	86/88	87/67	68/74	68
• % of clients with improved functioning**	75/75	85/78	25/31.07	26/27
• % of eligible Title XIX population enrolled	NA/8	NA/8	8/13.26	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.

^{1/} Includes 2 FTE Positions funded from Special Line Items in 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/} Before implementation of any changes in capitation rates in any Title XIX Behavioral Health Special Line Item the Department of Health Services shall report its plan to the Joint Legislative Budget Committee for its review. (General Appropriation Act footnote)

^{5/} On a monthly basis, the department shall provide information to the Joint Legislative Budget Committee 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, the corresponding federal expenditure authority based on the current year Federal Matching Assistance Percentage shall be appropriated. 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. Before the 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 (Laws 2002, Chapter 327) funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

^{8/} These amounts represent direct appropriations. All other expenditures are a part of total expenditure authority.

Substance Abuse Services Fund Shift — The FY 2003 approved amount for behavioral health includes a one-time increase of \$1,500,000 in the Substance Abuse Services Fund appropriation and a corresponding decrease in the General Fund appropriation.

Medical Services Stabilization Fund Shift — The FY 2003 approved amount for behavioral health reflects a decrease of \$(8,000,000) from the Medical Services Stabilization Fund from FY 2002 level to reflect the elimination of a one-time appropriation from the fund for Title XIX behavioral health services.

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. This Special Line Item was eliminated in FY 2002.

RBHA Client Encounter Reports — Provides partial reimbursement to the RBHAs for the cost of data systems, which provide claims processing and encounter data. This Special Line Item was eliminated in FY 2002.

Computer Hardware Lease — Provides funds to maintain hardware to operate the computer system in the Behavioral Health program. This Special Line Item was eliminated in FY 2003.

Mental Health Institute — Provides funds for the Arizona Mental Health Research Institute. Reflects a reduction of \$(2,500,000) in FY 2003 from the FY 2002 approved amount from the Medical Services Stabilization Fund, as approved in the Health Omnibus Reconciliation Bill (ORB) (Laws 2002, Chapter 329).

Children's Behavioral Health (CBH)

Children's Behavioral Health Services — Provides General Fund monies 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.

Children's Behavioral Health State Match for Title XIX — Provides the General Fund (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 (FF) received. The total program cost (GF and FF) is shown in Total Funds (TF).

The FY 2003 approved amount includes an increase of \$2,405,500 GF and an increase of \$11,773,700 TF from the FY 2002 level. The approved budget provides

capitation payments for an average of approximately 373,900 eligible children per month in FY 2003. The Department of Health Services (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 annual population growth of 11%. The budget also assumes no increase in the FY 2002 capitation rate of \$25.75. A footnote in the General Appropriation Act requires DHS to submit a plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

The approved amount also includes \$1,500,000 GF for non-federally reimbursed services for Title XIX eligible children.

Seriously Emotionally Handicapped Children — Provides General Funds 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.

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, the Department of Juvenile Corrections, and the Administrative Office of the Courts. 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.

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

The FY 2003 approved amount includes an increase of \$2,678,500 GF and an increase of \$14,441,300 TF from the FY 2002 level. The approved amount provides

capitation payments for an average of approximately 182,900 eligible adults in FY 2003. 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 budget assumes annual population growth of 11%. The budget also assumes no increase in the FY 2002 capitation rate of \$75.13. A footnote in the General Appropriation Act requires DHS to submit a plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

Seriously Mentally Ill Non-Title XIX — Provides funding for treatment for SMI clients that 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 Health ORB requires that all SMI persons apply for Title XIX eligibility before they are eligible to receive non-Title XIX services. The Health ORB also allocates \$10,790,000 from the Tobacco Tax Medically Needy account for psychotropic medications for the SMI non-Title XIX population.

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. Funding was allocated to each RBHA based upon population. Programs 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 for operating costs to review the cases of persons committed to the Arizona State Hospital as “Not Guilty by Reason of Insanity.”

Suicide Prevention — This Special Line Item receives General Fund monies and includes 2 FTE Positions to coordinate the state’s suicide prevention activities. The FY 2003 approved amount reflects a decrease of \$(20,000) from the FY 2002 approved amount due to the elimination of one-time equipment costs.

Arnold v. Sarn — Provides \$27,500,000 GF 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. The sum of \$5,000,000 will be used for state match for expansion of SMI Title XIX services. A General Appropriation Act footnote also appropriates matching Federal Funds for this purpose.

The department may receive other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also expend significant amounts for behavioral health services.

Proposition 204 — The implementation of Proposition 204, passed by the voters in November of 2000, expanded categories of eligibility for Title XIX services, including behavioral health services, up to 100% of the federal poverty level. In FY 2003, the Legislature allocated \$46,809,500 from the Tobacco Settlement and \$150,753,100 TF to provide behavioral health services for these expanded eligibility groups.

General Mental Health and Substance Abuse — General Mental Health and Substance Abuse (GMH/SA) funding assists adults who do not qualify as SMI.

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 2003 approved amount includes \$3,350,000 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 \$3,350,000 from the Substance Abuse Services Fund and \$12,135,400 GF in 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 2003 approved amount includes an increase of \$660,700 GF and an increase of \$3,466,200 TF from the FY 2002 level. The approved amount provides capitation payments for an average of approximately 182,900 eligible adults in FY 2003. 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 budget assumes annual population growth of 11%. The budget also assumes no increase in the FY 2002 capitation rate of \$17.69. A footnote in the General Appropriation Act requires DHS to submit a plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

In addition, 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.

Less Collection for Receipts — Reflects the continuation of a reduction in the GF appropriation for behavioral health of \$(8,000,000) associated with the receipt of other monies and \$(2,000,000) to reflect interest from the Serious Mental Illness Services Fund. The Health ORB requires that DHS use these interest earnings for SMI services in FY 2003.

Less Capitation Rate Adjustment — Reflects a reduction in the General Fund appropriation due to expected GF savings from capitation rate reductions in the Title XIX Special Line Items and other adjustments.

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