

# Arizona Health Care Cost Containment System

## Proposition 204

JLBC: Tim Sweeney  
 OSPB: Derik Leavitt

Subcommittee: Health & Welfare

DESCRIPTION	FY 2002 ACTUAL	FY 2003 ESTIMATE	FY 2004	
			OSPB	JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	788.0	892.0	NA	892.0
<b>SPECIAL LINE ITEMS</b>				
Administration	49,400,100	38,705,100	NA	38,705,100
Services	566,953,800	690,689,400	NA	904,131,000
County Hold Harmless	5,432,500	4,825,600	NA	0
Deposit into Budget Neutrality Compliance Fund	69,331,100	0	NA	0
Deposit into Medical Services Stabilization Fund	13,405,600	0	NA	0
<b>PROGRAM TOTAL</b>	<b>704,523,100</b>	<b>734,220,100</b>	NA	<b>942,836,100</b>
<b>FUND SOURCES</b>				
General Fund	88,169,200	100,980,700	230,111,900	196,513,000
<u>Other Appropriated Funds</u>				
Budget Neutrality Compliance Fund	46,736,000	28,147,800	0	0
Federal Title XIX Funds	412,342,500	508,343,200	707,919,300	646,208,300
Proposition 204 Protection Account	0	37,901,400	62,617,900	55,067,800
Tobacco Settlement Fund	157,275,400	58,847,000	38,112,900	45,047,000
SUBTOTAL - Other Appropriated Funds	616,353,900	633,239,400	808,650,100	746,323,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>704,523,100</b>	<b>734,220,100</b>	<b>1,038,762,000</b>	<b>942,836,100</b>
<b>TOTAL - ALL SOURCES</b>	<b>704,523,100</b>	<b>734,220,100</b>	<b>1,038,762,000</b>	<b>942,836,100</b>

### CHANGE IN FUNDING SUMMARY

	<u>FY 2003 to FY 2004 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	95,532,300	94.6%
Budget Neutrality Compliance Fund	(28,147,800)	(100.0%)
Federal Title XIX Funds	137,865,100	27.1%
Proposition 204 Protection Account	17,166,400	45.3%
Tobacco Settlement Fund	(13,800,000)	(23.5%)
<b>Total Appropriated Funds</b>	<b>208,616,000</b>	<b>28.4%</b>

**COST CENTER DESCRIPTION** — *The AHCCCS Proposition 204 program serves adults up to 100% Federal Poverty Level (FPL). This expansion of AHCCCS coverage was approved by Arizona voters in November 2000 and, following federal approval of the expansion waiver, implementation began in April 2001. The Proposition 204 program follows the health maintenance organization (HMO) model similar to the Acute Care program*

### RECOMMENDED CHANGES FROM FY 2003

	<u>FY 2004</u>
<b>Population and Inflationary Increases</b>	<b>GF 85,906,500</b> <b>TF 244,990,800</b>

The JLBC recommends a General Fund and Total Funds increase for population and inflationary increases. These amounts include increases for Capitation, Fee-For-Service, and Reinsurance.

#### Enrollment

The JLBC estimates that Proposition 204 enrollment will increase by 29,006 member months, or 16.9%, from June 2003 to June 2004, resulting in approximately 188,321 member years in FY 2004. This population grew at a rapid pace in the first 6-8 months of the Proposition 204 expansion. The growth rate has slowed as the program continues, though it will likely remain higher than the Acute Care population.

#### Inflation

Capitation payments are made on a per member per month basis to health plans under contract with AHCCCS for the

