	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	92.2	89.8	89.8 1/
Personal Services	2,741,200	2,993,400	3,065,000
Employee Related Expenditures	690,100	805,300	811,900
Professional and Outside Services	287,500	193,800	193,800
Travel - In State	45,100	67,400	67,400
Travel - Out of State	3,200	2,800	2,800
Other Operating Expenditures	867,200	1,262,200	1,035,900
Equipment	24,900	0	0
OPERATING SUBTOTAL	**4,659,200**	**5,324,900**	**5,176,800**
SPECIAL LINE ITEMS			
Children's Rehabilitative Services	3,587,000	3,587,000	3,587,000 2/
AHCCCS-Children's Rehabilitative Services	34,485,000	38,820,400 3/	42,872,600 2/ 4/ 5/
Medicaid Special Exemption Payments	0	654,300 3/	937,200
Adult Cystic Fibrosis	105,200	105,200	105,200
Adult Sickle Cell Anemia	33,000	33,000	33,000
Child Fatality Review Team	88,400	100,000	100,000
County Prenatal Services Grant	1,147,900	1,148,500	1,148,500 6/
Health Start	66,000	0	226,600
High Risk Perinatal Services	2,669,000	3,630,600	3,630,600 7/
Newborn Screening Program	2,517,300	3,239,800	3,258,000
County Nutrition Services	218,500	330,300	330,300
Breast and Cervical Cancer Screening	0	0	887,000
PROGRAM TOTAL	**49,576,500**	**56,974,000**	**62,292,800 8/**
FUND SOURCES			
General Fund	22,195,400	24,785,700	27,037,500
Other Appropriated Funds			
Child Fatality Review Fund	88,400	100,000	100,000
Emergency Medical Services Operating Fund	318,400	450,000	450,000
Newborn Screening Program Fund	2,517,300	3,239,800	3,258,000
SUBTOTAL - Other Appropriated Funds	2,924,100	3,789,800	3,808,000
SUBTOTAL - Appropriated Funds	**25,119,500**	**28,575,500**	**30,845,500**
Expenditure Authority Funds			
Federal Title XIX Funds	24,457,000	28,398,500	31,447,300
SUBTOTAL - Expenditure Authority Funds	24,457,000	28,398,500	31,447,300
SUBTOTAL - Appropriated/Expenditure Authority Funds	**49,576,500**	**56,974,000**	**62,292,800**
Other Non-Appropriated Funds	10,248,100	15,839,200	13,954,700
Federal Funds	119,613,000	130,327,300	129,400,500
TOTAL - ALL SOURCES	179,437,600	203,140,500	205,648,000

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. 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.

1/ Includes 13.5 Other Fund FTE Positions funded from Special Line Items in FY 2005.
2/ The amounts appropriated for Children's Rehabilitative Services and for AHCCCS-Children's Rehabilitative Services are intended to cover all costs in full for contracts for the provision of services to clients, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote)

PERFORMANCE MEASURES	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Appropriation
• Number of newborns screened under Newborn Screening Program	84,000	86,360	88,000	90,000
• Births by girls age 19 and under (rate per 1,000)	28.1	NA	28.1	--

Comments: The department no longer collects information about births by girls age 19 and under.

Federal Match Rate Change
Under the Title XIX program state monies provide approximately a 33% match to the Federal Funds received. The federal Jobs and Growth Tax Relief and Reconciliation Act of 2003 included a temporary increase of 2.95% in the federal matching assistance percentage (FMAP) for the last quarter of FY 2003 and all of FY 2004, providing more Federal Funds for each dollar spent and generating General Fund savings in FY 2004. This federal match rate change expires at the end of FY 2004 and the budget fills in these one-time savings. Because the department was given the discretion to allocate these monies among its Title XIX programs, the monies associated with filling in the savings are not shown in individual cost centers but are displayed in the Summary section. *(Please see Summary for more information.)*

Operating Budget

The budget provides $5,176,800 for the operating budget in FY 2005. This amount consists of $3,258,400 from the General Fund and $1,918,400 from Federal Title XIX expenditure authority. These amounts include:

- An increase for statewide salary adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*
- A decrease of $(226,300) from the General Fund to shift funding for the PLTO rent for the new DHS building to the Administration program. There is a corresponding increase in the Administration program for no net impact to the budget. (*See Administration program for more details.)*

Special Line Items

Children's Rehabilitative Services
The budget provides $3,587,000 from the General Fund for Children's Rehabilitative Services (CRS) in FY 2005. This amount is unchanged from FY 2004. CRS offers comprehensive health care to children suffering from handicapping or potentially handicapping conditions. This line item provides funding for uninsured children in the CRS program who are not eligible for Title XIX coverage.

AHCCCS-Children's Rehabilitative Services
The budget provides $42,872,600 for AHCCCS-CRS in FY 2005. This amount consists of $13,975,400 from the General Fund and $28,897,200 from Federal Title XIX expenditure authority. These amounts include the following adjustments:

CRS Title XIX Caseload and Capitation Rate Growth
The budget includes an increase of $1,210,400 from the General Fund and $2,841,800 from Federal Title XIX expenditure authority for caseload growth in the CRS Title XIX program. The budget assumes 6% growth for medical inflation and 2.8% June over June growth in client population. The budget would provide capitation payments for approximately 12,503 children per month.

FY 2004 Supplemental
Laws 2004, Chapter 277 provides supplemental FY 2004 funding for AHCCCS-CRS. The legislation provides $1,263,800 from the General Fund and $2,970,500 from Federal Title XIX expenditure authority for caseload increases in AHCCCS-CRS and allows the department to spend up to 1.54% of these amounts for Medicaid Special Exemption payments. The department expects to spend $1,244,300 from the General Fund and $2,924,800 from

3/ Laws 2004, Chapter 277 appropriated $1,263,800 from the General Fund and $2,970,500 in Federal Title XIX expenditure authority for AHCCCS Children's Rehabilitative Services. Of this amount, up to 1.54% may be used for Medicaid Special Exemption Payments.
4/ Before implementation of any changes in capitation rates for the AHCCCS-Children's Rehabilitative Services Special Line Item, the Department of Health Services shall report its expenditure plan to the Joint Legislative Budget Committee for its review. Unless required for compliance with federal law, before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result in additional state costs of $500,000 or greater for a given fiscal year, the department shall submit the policy changes to the Joint Legislative Budget Committee for review. The department shall also report quarterly to the Joint Legislative Budget Committee itemizing all policy changes with fiscal impacts of less than $500,000 in state costs. (General Appropriation Act footnote)
5/ The Department of Health Services may transfer up to $350,000 in revenues from the Indirect Cost Fund to the Arizona Health Care Cost Containment System for the purpose of meeting indirect cost state match requirements related to AHCCCS - Children's Rehabilitative Services program. (General Appropriation Act footnote)
6/ The Department of Health Services shall distribute all monies appropriated for the County Prenatal Services Grant on a pass-through basis with consideration to population, need and amount received in prior years. (General Appropriation Act footnote)
7/ Of the $3,630,600 appropriated for High Risk Perinatal Services $583,000 shall be distributed to counties. (General Appropriation Act footnote)
8/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

Federal Title XIX expenditure authority on AHCCCS-CRS services and the remainder of the FY 2004 supplemental funding on Medicaid Special Exemption payments *(see below)*. This funding is continued in FY 2005.

Medicaid Special Exemption Payments
The budget provides $937,200 for Medicaid Special Exemption Payments in FY 2005. This amount consists of $305,500 from the General Fund and $631,700 from Federal Title XIX expenditure authority. These amounts include an increase of $93,000 from the General Fund and $189,900 from Federal Title XIX expenditure authority associated with the increase in Medicaid Special Exemption payments that results from an increase in CRS Title XIX expenditures.

This Special Line Item provides the funding necessary for insurance premium tax payments by DHS required by Laws 2003, Chapter 186. Because DHS contracts with AHCCCS to provide Title XIX CRS services, the department is required to pay a 2% tax on the capitation payments for CRS. Therefore, any increases in capitation payments associated with caseload growth and inflation necessitate an increase in premium tax payments.

FY 2004 Supplemental
Laws 2004, Chapter 277 provides supplemental FY 2004 funding for AHCCCS-CRS *(see AHCCCS-CRS line item for more detail)*. Of the supplemental funding for AHCCCS-CRS, the department is permitted to spend 1.54% of medicaid special exemption payments. The department expects to spend $19,500 from the General Fund and $45,700 from Federal Title XIX expenditure authority on medicaid special exemption payments and the remainder of the FY 2004 supplemental funding AHCCCS-CRS services. This funding is continued in FY 2005.

Adult Cystic Fibrosis
The budget provides $105,200 from the General Fund for Adult Cystic Fibrosis in FY 2005. This amount is unchanged from FY 2004. This line item provides contracted care and treatment services through the CRS program for adult residents of the state suffering from cystic fibrosis.

Adult Sickle Cell Anemia
The budget provides $33,000 from the General Fund for Adult Sickle Cell Anemia in FY 2005. This amount is unchanged from FY 2004. This line item provides contracted treatment through the CRS program for adults suffering from sickle cell anemia.

Child Fatality Review Team
The budget provides $100,000 from the Child Fatality Review Team Fund for the Child Fatality Review Team in FY 2005. This amount is unchanged from FY 2004. 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 Child Fatality Review Fund receives revenues from a $1 surcharge on fees collected on all certified copies of death certificates. Statute limits the revenue to the Child Fatality Review Fund to $100,000, so the appropriation for this program is limited to $100,000. The line item includes 2 FTE Positions.

County Prenatal Services Grant
The budget provides $1,148,500 from the General Fund for the County Prenatal Services Grant in FY 2005. This amount is unchanged from FY 2004. This line item provides grants to counties for programs that focus on increasing prenatal care among women at high risk of not seeking or receiving prenatal care.

Health Start
The budget provides $226,600 from the General Fund for Health Start in FY 2005. This amount includes an increase of $226,600 from FY 2004. In FY 2001 and FY 2002, Health Start received monies from the Tobacco Litigation Settlement Fund and the General Fund support for this program was eliminated in FY 2002. FY 2003 and FY 2004 expenditures from this line item are from these prior year Tobacco Litigation Settlement Fund appropriations but these amounts will be insufficient to fully fund the program in FY 2005. The budget adds General Fund monies in FY 2005 to backfill these insufficient funds and assumes the department will spend $775,000 in prior year Tobacco Litigation Settlement Fund monies to fund the remainder of the program. The Executive estimates that these General Fund monies will enable 955 high-risk pregnant and postpartum women and their children to receive services.

This line item provides General Fund monies to county health departments and community organizations to create neighborhood outreach programs staffed with lay health workers who assist high risk pregnant women in obtaining prenatal care services.

High Risk Perinatal Services
The budget provides $3,630,600 for High Risk Perinatal Services in FY 2005. This amount consists of $3,180,600 from the General Fund and $450,000 from the Emergency Medical Services Operating Fund. These amounts are unchanged from FY 2004. This line item provides contracted transport services for high risk expectant mothers and contracted physician follow-up services for uninsured newborns in intensive care centers.

Newborn Screening Program
The budget provides $3,258,000 from the Newborn Screening Program Fund for the Newborn Screening Program in FY 2005. This amount includes an increase for statewide salary and other adjustments. This line item provides for the centralized testing of all newborns in the state for a standard set of metabolic disorders. In FY 2005, the program will provide screening for approximately

90,000 newborns. The program also provides for follow-up counseling for the parents of affected newborns. The State Health Laboratory currently holds the contract for testing. 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 line item includes 11.5 FTE Positions.

County Nutrition Services
The budget provides $330,300 from the General Fund for County Nutrition Services in FY 2005. This amount is unchanged from FY 2004. This line item provides funding to rural counties participating in the Nutritional Assessment Program, which provides screening, education, counseling and referrals to persons identified as needing nutrition services.

Breast and Cervical Cancer Screening
The budget provides $887,000 from the General Fund for a new Breast and Cervical Cancer Screening line item in FY 2005. This amount includes an increase of $887,000 to shift funding for this issue from the AHCCCS budget to the department. The Well Woman Healthcheck program contracts for cancer screening for women over age 40 who do not have health insurance and have incomes less than 250% of the Federal Poverty Level. Woman who are diagnosed with breast and cervical cancer through this program are eligible to receive treatment through AHCCCS. Previously, the funding for screening, diagnostic, and referral services were funded through an interagency services agreement with AHCCCS. In FY 2005, the monies for these functions are appropriated directly to the department.

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