

**Department of Health Services**  
**Summary**

A.R.S. § 36-103

Director: Susan Gerard

JLBC Analyst: John Malloy

	<b>FY 2004 Actual</b>	<b>FY 2005 Estimate</b>	<b>FY 2006 Approved</b>
<b>PROGRAM BUDGET</b>			
Administration	25,348,200	33,660,400	33,890,200
Public Health	29,971,700	40,854,700	45,204,300
Family Health	53,447,800	62,335,300	75,403,300
Behavioral Health	686,044,700	814,216,500	902,345,800
Arizona State Hospital	58,304,100	61,910,000	65,727,400
<b>AGENCY TOTAL</b>	<b>853,116,500</b>	<b>1,012,976,900</b>	<b>1,122,571,000</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,702.5	1,734.5	1,735.5 <sup>U</sup>
Personal Services	37,624,000	42,267,900	43,011,100
Employee Related Expenditures	10,788,600	12,602,100	14,077,500
Professional and Outside Services	9,768,200	8,973,600	8,974,000
Travel - In State	246,900	311,700	308,400
Travel - Out of State	13,700	27,600	27,600
Other Operating Expenditures	14,577,500	14,614,600	14,706,500
Equipment	724,800	218,100	218,100
<b>OPERATING SUBTOTAL</b>	<b>73,743,700</b>	<b>79,015,600</b>	<b>81,323,200</b>
Special Line Items (SLI)	779,372,800	933,961,300	1,041,247,800
<b>AGENCY TOTAL</b>	<b>853,116,500</b>	<b>1,012,976,900</b>	<b>1,122,571,000<sup>2/3/4/5/6</sup></b>
<b>FUND SOURCES</b>			
General Fund	314,960,700	389,037,900	476,823,200
<u>Other Appropriated Funds</u>			
Arizona Medical Board Fund	67,700	100,000	100,000
Arizona State Hospital Fund	8,282,200	9,581,400	11,164,600
ASH Land Earnings Fund	576,600	350,000	350,000
Capital Outlay Stabilization Fund	1,100,000	1,576,200	1,576,100
CBH Tobacco Settlement Fund	4,273,100	0	0
Child Fatality Review Fund	85,300	100,000	100,000
Emergency Medical Services Operating Fund	2,927,600	4,151,800	5,015,900
Environmental Laboratory Licensure Revolving Fund	523,000	845,300	883,200
Federal Child Care and Development Fund Block Grant	266,800	721,100	750,100
Health Research Fund	1,000,000	6,500,000	6,500,000
Hearing and Speech Professionals Fund	0	260,000	302,300
Indirect Cost Fund	4,758,400	7,053,800	7,299,400
Medical Services Stabilization Fund	360,800	0	0
Newborn Screening Program Fund	3,205,800	3,736,600	3,719,300
Nursing Care Institution Resident Protection Fund	2,500	638,000	38,000
Poison Control Fund	1,387,500	2,200,000	2,200,000
SMI Services Fund	502,900	0	0
Substance Abuse Services Fund	2,500,000	2,500,000	2,500,000
TTHCF Medically Needy Account	28,297,600	29,424,800	33,824,800
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>60,117,800</b>	<b>69,739,000</b>	<b>76,323,700</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>375,078,500</b>	<b>458,776,900</b>	<b>553,146,900</b>
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	432,014,900	507,390,500	569,424,100
Tobacco Litigation Settlement Fund	46,023,100	46,809,500	0
<b>SUBTOTAL - Expenditure Authority Funds</b>	<b>478,038,000</b>	<b>554,200,000</b>	<b>569,424,100</b>
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>853,116,500</b>	<b>1,012,976,900</b>	<b>1,122,571,000</b>
Other Non-Appropriated Funds	101,960,600	107,844,600	111,289,700
Federal Funds	222,224,200	255,357,100	251,985,800
<b>TOTAL - ALL SOURCES</b>	<b>1,177,301,300</b>	<b>1,376,178,600</b>	<b>1,485,846,500</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.

**Additional Legislation**

**FY 2005 Supplemental**

The Department of Health Services received 2 supplemental appropriations in FY 2005 to address the following issues:

*Title XIX Caseload Growth*

Laws 2005, Chapter 3 makes a supplemental appropriation of \$67,991,700 for FY 2005. This amount consists of \$21,546,000 from the General Fund and \$46,445,700 from Federal Title XIX expenditure authority.

Table 1 displays the expected allocations of the supplemental FY 2005 General Fund monies.

*Arizona State Hospital Corrective Action Plan*

Laws 2005, Chapter 5 makes a supplemental appropriation of \$1,281,400 from the Arizona State Hospital (ASH) Fund in FY 2005. Funding will be utilized to help correct deficiencies identified by the federal government in an audit of the Hospital's operation. Funding will be used to assist hiring and retaining nurses and other staff, to pay for

increased drug costs as well as to make improvements to the facility. The approved amount for FY 2006 annualizes the supplemental funding received by the hospital in FY 2005.

**Table 1**

	<b>FY 2005 Supplemental</b>
CBH	\$12,296,900
CBH Proposition 204	111,900
SMI	3,652,200
SMI Proposition 204	3,471,800
GMH/SA	798,500
GMH/SA Proposition 204	850,400
Medicaid Special Exemption Payments	364,300
<b>Total</b>	<b>\$21,546,000</b>

- 1/ Includes 400.7 GF, 169.2 OF and 10.4 EA FTE Positions funded from Special Line Items in FY 2005.
- 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 of Arizona. (General Appropriation Act footnote)
- 3/ The department shall report to the Joint Legislative Budget Committee by March 1 of each year on preliminary actuarial estimates of the capitation rate increases for the following fiscal year. Before implementation of any changes in capitation rates for the AHCCCS-Children's Rehabilitative Services Special Line Item and any Title XIX Behavioral Health line items, 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)
- 4/ 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 of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee by the 30th 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)
- 5/ 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 Nontitle XIX, Arnold v. Sarn, Folic Acid, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Nontitle XIX, Substance Abuse Nontitle XIX, Mental Health and Substance Abuse State Match for Title XIX, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, High Risk Perinatal Services, County Prenatal Services Grant, Community Placement Treatment, Sexually Violent Persons, County Tuberculosis Provider Care and Control, Kidney Program, County Nutrition Services, Community Health Centers, Vaccines, Renal and Nonrenal Disease Management, AIDS Reporting and Surveillance, Telemedicine, University of Arizona Poison Center Funding and the Poison Control Center Funding shall require review by the Joint Legislative Budget Committee. The department may transfer monies between the amounts appropriated for Proposition 204 Children's Behavioral Health Services, Proposition 204 Seriously Mentally Ill Services, and Proposition 204 General Mental Health and Substance Abuse without review by the Joint Legislative Budget Committee but may not transfer monies to and from these line items to any other line item except as provided above without review by 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 reviewed by the Joint Legislative Budget Committee or unless otherwise permitted to be expended for administrative costs as specified in this act. Monies shall not be used from these appropriated amounts for any other expenses of the Department of Health Services, unless a transfer of monies is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.