

Department of Health Services
Family Health

JLBC: John Malloy
 OSPB: Bob Chapko

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	89.8	89.8	89.8
Personal Services	2,474,300	3,065,000	3,065,000
Employee Related Expenditures	707,000	854,400	866,400
Professional and Outside Services	263,300	172,200	172,200
Travel - In State	25,000	36,800	36,800
Travel - Out of State	200	2,600	2,600
Other Operating Expenditures	883,800	1,088,300	1,076,300
Equipment	77,400	0	0
OPERATING SUBTOTAL	4,431,000	5,219,300	5,219,300
SPECIAL LINE ITEMS			
Children's Rehabilitative Services	3,587,000	3,587,000	3,587,000
AHCCCS-Children's Rehabilitative Services	38,079,300	42,872,600	53,934,900
Medicaid Special Exemption Payments	658,300	937,200	1,176,900
Adult Cystic Fibrosis	105,200	105,200	105,200
Adult Sickle Cell Anemia	33,000	33,000	33,000
Child Fatality Review Team	85,300	100,000	100,000
County Prenatal Services Grant	793,800	1,148,500	1,148,500
Health Start	0	226,600	226,600
High Risk Perinatal Services	2,625,800	3,630,600	3,630,600
Newborn Screening Program	2,865,500	3,258,000	3,205,100
County Nutrition Services	183,600	330,300	330,300
Breast and Cervical Cancer Screening	0	887,000	887,000
PROGRAM TOTAL	53,447,800	62,335,300	73,584,400
FUND SOURCES			
General Fund	21,606,900	27,070,800	30,923,000
<u>Other Appropriated Funds</u>			
Child Fatality Review Fund	85,300	100,000	100,000
Emergency Medical Services Operating Fund	252,100	450,000	450,000
Newborn Screening Program Fund	2,865,500	3,258,000	3,205,100
SUBTOTAL - Other Appropriated Funds	3,202,900	3,808,000	3,755,100
SUBTOTAL - Appropriated Funds	24,809,800	30,878,800	34,678,100
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	28,638,000	31,456,500	38,906,300
SUBTOTAL - Expenditure Authority Funds	28,638,000	31,456,500	38,906,300
SUBTOTAL - Appropriated/Expenditure Authority Funds	53,447,800	62,335,300	73,584,400
Other Non-Appropriated Funds	12,482,200	15,077,500	12,693,800
Federal Funds	143,180,400	148,046,300	147,250,200
TOTAL - ALL SOURCES	209,110,400	225,459,100	233,528,400

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	3,852,200	14.2%
Other Appropriated Funds	(52,900)	(1.4%)
Expenditure Authority Funds	7,449,800	23.7%
Total Appropriated/Expenditure Authority Funds	11,249,100	18.0%
Non Appropriated Funds	(3,179,800)	(1.9%)
Total - All Sources	8,069,300	3.6%

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.

	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 JLBC
PERFORMANCE MEASURES				
• Number of newborns screened under Newborn Screening Program	86,360	88,882	90,000	92,500

Comments: The number of newborns screened under the Newborn Screening Program increased by 2.9% from FY 2003 to FY 2004.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$5,219,300 for the operating budget in FY 2006. This amount consists of \$3,291,700 from the General Fund and \$1,927,600 from Federal Title XIX expenditure authority. These amounts are unchanged from FY 2005, but would fund the following adjustments:

	FY 2006
Shift 1 FTE to Breast and Cervical Cancer Screening Line Item	GF \$0

The JLBC recommends a decrease of (1) FTE Position from the General Fund in FY 2006 to shift the authority for a vacant FTE Position from the operating budget to the Breast and Cervical Cancer Screening SLI. There are no monies associated with this position and there is a corresponding FTE Position increase in the Breast and Cervical Cancer Screening SLI for no net impact to the agency’s FTE Position authority.

Special Line Items

Children’s Rehabilitative Services

The JLBC recommends \$3,587,000 from the General Fund for Children’s Rehabilitative Services (CRS) in FY 2006. This amount is unchanged from FY 2005. 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 JLBC recommends \$53,934,900 for AHCCCS-CRS in FY 2006. This amount consists of \$17,745,900 from the General Fund and \$36,189,000 from Federal Title XIX expenditure authority. These amounts would fund following adjustments:

Title XIX Caseload and Capitation	GF 3,770,500
Rate Growth	EA 7,291,800

The JLBC recommends an increase of \$11,062,300 in FY 2006 for Title XIX caseload and capitation rate growth.

This amount consists of \$3,770,500 from the General Fund and \$7,291,800 from Federal Title XIX expenditure authority. The recommended amount assumes 6.0% growth for capitation rate growth and 1.3% annual growth in client population.

Medicaid Special Exemption Payments

The JLBC recommends \$1,176,900 for Medicaid Special Exemption Payments in FY 2006. This amount consists of \$387,200 from the General Fund and \$789,700 from Federal Title XIX expenditure authority. These amounts would fund following adjustments:

Title XIX Caseload and Capitation	GF 81,700
Rate Growth	EA 158,000

The JLBC recommends an increase of \$239,700 in FY 2006 for increased Medicaid Special Exemption Payments related to Title XIX caseload and capitation rate growth. This amount consists of \$81,700 from the General Fund and \$158,000 from Federal Title XIX expenditure authority.

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.

Adult Cystic Fibrosis

The JLBC recommends \$105,200 from the General Fund for Adult Cystic Fibrosis in FY 2006. This amount is unchanged from FY 2005. 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 JLBC recommends \$33,000 from the General Fund for Adult Sickle Cell Anemia in FY 2006. This amount is unchanged from FY 2005. This line item provides contracted treatment through the CRS program for adults suffering from sickle cell anemia.

Child Fatality Review Team

The JLBC recommends \$100,000 and 2 FTE Positions from the Child Fatality Review Team Fund for the Child Fatality Review Team in FY 2006. These amounts are unchanged from FY 2005.

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.

County Prenatal Services Grant

The JLBC recommends \$1,148,500 from the General Fund for the County Prenatal Services Grant in FY 2006. This amount is unchanged from FY 2005. 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 JLBC recommends \$226,600 from the General Fund for Health Start in FY 2006. This amount is unchanged from FY 2005.

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 JLBC recommends \$3,630,600 for High Risk Perinatal Services in FY 2006. 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 2005. 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 JLBC recommends \$3,205,100 and 11.5 FTE Positions from the Newborn Screening Program Fund for the Newborn Screening Program in FY 2006. This amount would fund the following adjustments:

Standard Changes OF (52,900)

The JLBC recommends a decrease of \$(52,900) from the Newborn Screening Program Fund in FY 2006 for standard changes.

This line item provides for the centralized testing of all newborns in the state for a standard set of metabolic disorders. In FY 2006, the program will provide screening for approximately 92,500 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.

County Nutrition Services

The JLBC recommends \$330,300 from the General Fund for County Nutrition Services in FY 2006. This amount is unchanged from FY 2005. 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 JLBC recommends \$887,000 and 1 FTE Position from the General Fund for the Breast and Cervical Cancer Screening line item in FY 2006. This amount is unchanged from FY 2005, but would fund the following adjustments:

Shift 1 FTE to Breast and Cervical Cancer Screening Line Item GF 0

The JLBC recommends an increase of 1 FTE Position from the General Fund in FY 2006 to shift the authority for a vacant FTE Position from the operating budget to the Breast and Cervical Cancer Screening SLI. There are no monies associated with this position and there is a corresponding FTE Position decrease in the operating budget for no net impact to the agency's FTE Position authority.

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.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Program

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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.

THE DEPARTMENT SHALL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE BY MARCH 31 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, 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. *(The JLBC recommends adding this language to improve the accuracy of capitation rate forecasts.)*

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.

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.

Of the \$3,630,600 appropriated for High Risk Perinatal Services \$583,000 shall be distributed to counties.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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