

**Department of Health Services
Administration**

A.R.S. § 36-103

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	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	406.6	406.5	428.3 ^{1/}
Personal Services	5,714,300	6,249,100	6,556,300
Employee Related Expenditures	1,737,200	1,947,200	2,247,600
Professional and Outside Services	50,100	135,900	135,900
Travel - In State	32,000	62,400	62,400
Travel - Out of State	3,700	6,100	6,100
Other Operating Expenditures	7,450,800	7,704,500	7,728,800
Equipment	241,300	38,300	38,300
OPERATING SUBTOTAL	15,229,400	16,143,500	16,775,400
SPECIAL LINE ITEMS			
Assurance and Licensure	9,003,600	9,828,100	11,601,800 ^{2/}
Attorney General Legal Services	412,800	444,900	444,900
Indirect Cost Fund	7,628,800	7,379,200	7,705,500
Newborn Screening Fund - Indirect Costs	0	478,600	478,600
Nursing Care Institution Incentive Grants	471,500	0	128,500
PROGRAM TOTAL	32,746,100	34,274,300	37,134,700^{3/}
FUND SOURCES			
General Fund	21,396,500	22,630,900	24,927,100
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	1,534,400	1,576,100	1,576,100
Emergency Medical Services Operating Fund	209,500	249,500	249,500
Federal Child Care and Development Fund Block Grant	658,300	760,900	802,200
Hearing and Speech Professionals Fund	115,000	307,800	329,800
Indirect Cost Fund	7,628,800	7,379,200	7,705,500
Newborn Screening Program Fund	0	478,600	478,600
Nursing Care Institution Resident Protection Fund	496,000	38,000	166,500
TTHCF Medically Needy Account	0	200,000	0
SUBTOTAL - Other Appropriated Funds	10,642,000	10,990,100	11,308,200
SUBTOTAL - Appropriated Funds	32,038,500	33,621,000	36,235,300
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	707,600	653,300	899,400
SUBTOTAL - Expenditure Authority Funds	707,600	653,300	899,400
SUBTOTAL - Appropriated/Expenditure Authority Funds	32,746,100	34,274,300	37,134,700
Other Non-Appropriated Funds	1,404,300	1,686,500	1,686,500
Federal Funds	4,599,200	4,788,300	4,788,300
TOTAL - ALL SOURCES	38,749,600	40,749,100	43,609,500

COST CENTER DESCRIPTION — The Administration program encompasses most centralized functions including the Director's Office, business and financial services, and information technology services. The program also provides Assurance and Licensure services, which include the monitoring and enforcement of statutes and rules concerning home and community-based adult health care, behavioral health and child care facilities.

^{1/} Includes 159.4 GF, 103.7 OF, and 12 EA FTE Positions funded from Special Line Items in FY 2007.

^{2/} Laws 2006, Chapter 350 appropriation of \$400,000.

^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	Approved
• % of re-licensure surveys completed on time:				
Child Care Facilities	64	70	41	50
Health Care Facilities	44	41	18	25
• % of complaint investigations initiated later than investigative guidelines:				
Child Care Facilities	5	8	0	5
Health Care Facilities	7	31	31	25

Operating Budget

The budget provides \$16,775,400 for the operating budget in FY 2007. This amount consists of:

	FY 2007
General Fund	\$14,999,800
Capital Outlay Stabilization Fund	1,576,100
Emergency Medical Services (EMS)	
Operating Fund	199,500

These amounts include an increase of \$631,900 from the General Fund for Statewide Adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Special Line Items

Assurance and Licensure

The budget provides \$11,601,800 and 188.4 FTE Positions for Assurance and Licensure in FY 2007. These amounts consist of:

General Fund	9,532,400
Federal Child Care and Development Fund	
(CCDF) Block Grant	802,200
Hearing and Speech Professionals Fund	329,800
Nursing Care Institution Resident	
Protection Fund	38,000
Federal Title XIX Expenditure Authority	899,400

These amounts include an increase of \$624,700 for statewide adjustments. This amount consists of:

General Fund	518,400
Federal Child Care and Development Fund	
(CCDF) Block Grant	41,300
Hearing and Speech Professionals Fund	22,000
Federal Title XIX Expenditure Authority	43,000

The budget also includes the following adjustments:

Health Care Licensure Backlogs

The budget also provides an increase of \$1,349,000 and 21.8 FTE Positions in FY 2007 for Health Care Licensure Backlogs. This amount consists of:

General Fund	1,145,900
Federal Title XIX Expenditure Authority	203,100

Of the General Fund amount, \$89,600 is designated for new equipment. The State Government Budget Reconciliation Bill (Laws 2006, Chapter 350) appropriated \$400,000 and 8.5 FTE Positions from the General Fund and \$36,000 in federal expenditure authority in FY 2007 for child care licensure costs. The remaining amounts appear in the General Appropriation Act.

Additional funding will allow the department to hire and retain staff to decrease and eventually eliminate backlogs and refunds. Turnover rates for licensing employees were 17% in CY 2005.

Backlogs represent the number of facilities whose licenses expire prior to DHS conducting a renewal survey. Backlogs in the department's Office of Assisted Living, Office of Medical Facilities, Office of Behavioral Health Licensing, and Office of Long-Term Care totaled approximately 525 in FY 2005 and are estimated to total 645 in FY 2006.

When a healthcare facility submits an application for a new license to DHS, the department has 180 days to issue a license. Application fees are deposited into the General Fund. If this timeframe is missed, the department must refund the fees to the respective facility. DHS is expected to refund \$254,900 in fees to various facilities in FY 2006.

Elimination of One-Time Funding

The approved amount includes a decrease of \$(200,000) from the Medically Needy Account of the Tobacco Tax and Healthcare Fund in FY 2007 to eliminate one-time funding to address backlogs of the health care facilities in the Assurance and Licensure program.

In general, monies in this line item are used to provide licensure services, which include the monitoring, and enforcement of health and safety standards for home and community-based adult health care facilities, nursing homes, residential behavioral health facilities, and child care facilities.

Attorney General Legal Services

The budget provides \$444,900 for Attorney General Legal Services in FY 2007. This amount consists of:

General Fund	394,900
EMS Operating Fund	50,000

These amounts are unchanged from FY 2006.

Indirect Cost Fund

The budget provides \$7,705,500 and 86.7 FTE Positions from the Indirect Cost Fund in FY 2007. The amount includes an increase of \$326,300 from the Indirect Cost Fund for statewide adjustments.

Monies in this line item consist of charges made to federal and non-appropriated funds and interagency agreements which are then deposited in the Indirect Cost Fund. These monies are used for the administrative overhead costs associated with operating the programs.

Newborn Screening Fund – Indirect Costs

The budget provides \$478,600 from the Newborn Screening Fund for Newborn Screening Fund Indirect Costs in FY 2007. This amount is unchanged from FY 2006.

Monies in this line item provide funding for the indirect administrative costs of the Newborn Screening Program, such as accounting, procurement, and Personal Services.

Nursing Care Institution Incentive Grants

The budget provides \$128,500 from the Nursing Care Institution Resident Protection Fund in FY 2007 for grant monies to 7 Nursing Care Facilities.

In FY 2005, \$600,000 was appropriated from the Nursing Care Institution Resident Protection Fund for incentive grants for nursing care facilities. No additional monies were appropriated for FY 2006. Of 36 facilities, 29 received grants in FY 2005 for a total of \$471,500, leaving a balance of \$128,500 to be paid out to 7 facilities. The use of the grants was contingent upon federal approval. DHS reports that 3 of the facilities were approved to receive the grants but received the approval after the appropriation deadline of June 30, 2005. The remaining 4 facilities turned in their applications too late to complete the approval process before the appropriation deadline. The remaining \$128,500 reverted to the Nursing Care Institution Resident Protection Fund. The budget permits the 7 facilities to utilize the grant monies.