

**Department of Health Services**  
**Family Health**

A.R.S. § 36-103

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	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Approved</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	89.8	89.8	96.8 <sup>1/</sup>
Personal Services	2,406,800	2,783,000	2,948,500
Employee Related Expenditures	728,100	905,200	1,058,600
Professional and Outside Services	276,100	152,900	152,900
Travel - In State	27,900	33,000	33,000
Travel - Out of State	4,700	1,800	1,800
Other Operating Expenditures	1,218,000	1,600,100	1,612,600
Equipment	64,700	0	0
<b>OPERATING SUBTOTAL</b>	<b>4,726,300</b>	<b>5,476,000</b>	<b>5,807,400</b>
<b>SPECIAL LINE ITEMS</b>			
Children's Rehabilitative Services	3,587,000	3,587,000	3,587,000 <sup>2/</sup>
AHCCCS-Children's Rehabilitative Services	43,009,400	53,934,900	56,500,200 <sup>2/3/</sup>
Medicaid Special Exemption Payments	933,900	1,176,900	1,220,800
Adult Cystic Fibrosis	105,200	105,200	105,200
Adult Sickle Cell Anemia	33,000	33,000	33,000
Child Fatality Review Team	97,400	100,000	100,000
County Prenatal Services Grant	804,000	1,148,500	1,148,500 <sup>4/</sup>
Health Start	0	226,600	226,600
High Risk Perinatal Services	2,806,900	3,630,600	5,430,600 <sup>5/6/</sup>
Newborn Screening Program	2,942,800	3,262,200	5,597,900
County Nutrition Services	265,500	330,300	330,300
Breast and Cervical Cancer Screening	687,300	1,092,100	1,095,500
Abstinence Funding	0	1,000,000	1,500,000
Folic Acid	0	200,000	200,000
Modular Dental Buildings	0	200,000	200,000 <sup>7/</sup>
Women's Services	0	0	500,000 <sup>8/</sup>
<b>PROGRAM TOTAL</b>	<b>59,998,700</b>	<b>75,503,300</b>	<b>83,583,000<sup>9/</sup></b>
<b>FUND SOURCES</b>			
General Fund	25,289,600	32,499,900	36,691,100
<u>Other Appropriated Funds</u>			
Child Fatality Review Fund	97,400	100,000	100,000
Emergency Medical Services Operating Fund	379,700	450,000	450,000
Newborn Screening Program Fund	2,942,800	3,262,200	5,597,900
TTHCF Medically Needy Account	0	200,000	200,000
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>3,419,900</b>	<b>4,012,200</b>	<b>6,347,900</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>28,709,500</b>	<b>36,512,100</b>	<b>43,039,000</b>
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	31,289,200	38,991,200	40,544,000
<b>SUBTOTAL - Expenditure Authority Funds</b>	<b>31,289,200</b>	<b>38,991,200</b>	<b>40,544,000</b>
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>59,998,700</b>	<b>75,503,300</b>	<b>83,583,000</b>
Other Non-Appropriated Funds	12,937,400	16,006,500	16,006,500
Federal Funds	143,577,900	158,826,600	158,826,600
<b>TOTAL - ALL SOURCES</b>	<b>216,514,000</b>	<b>250,336,400</b>	<b>258,416,100</b>

<sup>1/</sup> Includes 1.0 GF and 20.5 OF FTE Positions funded from Special Line Items in FY 2007.

<sup>2/</sup> 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 reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)

<sup>3/</sup> 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)

**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.

<b>PERFORMANCE MEASURES</b>	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	Approved
• Number of newborns screened under Newborn Screening Program	86,360	88,882	93,229	92,500

Comments: The number of newborns screened under the Newborn Screening Program increased by 4.9% from FY 2004 to FY 2005 and is due to a growing population and every newborn required to get screened.

**Operating Budget**

The budget provides \$5,807,400 for the operating budget in FY 2007. This amount consists of:

	<b>FY 2007</b>
General Fund	\$3,704,100
Federal Title XIX Expenditure Authority	2,103,300

These amounts include an increase of \$331,400 from the General Fund for statewide adjustments.

General Fund	240,600
Federal Title XIX Expenditure Authority	90,800

(Please see the Statewide Adjustments section at the end of this Appropriations Report for 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 2007. This amount is unchanged from FY 2006. 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. The program served 4,150 children in FY 2005.

**AHCCCS-Children’s Rehabilitative Services**  
 The budget provides \$56,500,200 for AHCCCS-CRS in FY 2007. This amount consists of:

- 4/ 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)
- 5/ Of the \$5,430,600 appropriated for High Risk Perinatal Services \$583,000 shall be distributed to counties. (General Appropriation Act footnote, as adjusted for Laws 2006, Chapter 350)
- 6/ Laws 2006, Chapter 350 appropriation of \$1,800,000.
- 7/ Laws 2006, Chapter 350 appropriation of \$200,000.
- 8/ Monies in the Women’s Services Special Line Item shall be used to provide \$20,000 in individual grants to non-profit agencies whose primary function is to assist pregnant women in seeking alternatives to abortion. Grant monies shall be used to provide medically accurate services and programs related to pregnancy and up to 12 months after birth. Grant monies shall not be used for abortion or abortion referral services or granted to entities that promote, refer or perform abortions. The department may use up to 10% of monies appropriated to this line item for any associated administrative costs. (General Appropriation Act footnote)
- 9/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

General Fund	18,872,500
Federal Title XIX Expenditure Authority	37,627,700

**Title XIX Caseload and Capitation Rate Growth**  
 The budget provides an increase of \$2,565,300 in FY 2007 for Title XIX caseload and capitation rate growth. This amount consists of \$1,126,600 from the General Fund and \$1,438,700 from Federal Title XIX Expenditure Authority. The amount assumes 6.0% growth for capitation rate growth and 1.41% June over June growth in client population and is expected to serve approximately 191,200 eligible children in FY 2007.

**Medicaid Special Exemption Payments**  
 The budget provides \$1,220,800 for Medicaid Special Exemption Payments in FY 2007. This amount consists of:

General Fund	407,800
Federal Title XIX Expenditure Authority	813,000

**Title XIX Caseload and Capitation Rate Growth**  
 The budget provides an increase of \$43,900 in FY 2007 for increased Medicaid Special Exemption Payments related to Title XIX caseload and capitation rate growth. This amount consists of \$20,600 from the General Fund and \$23,300 from Federal Title XIX Expenditure Authority.

This Special Line Item provides the funding necessary for insurance premium tax payments by DHS. 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 budget provides \$105,200 from the General Fund for Adult Cystic Fibrosis in FY 2007. This amount is unchanged from FY 2006. This line item provides contracted care and treatment services through the CRS program for 15 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 2007. This amount is unchanged from FY 2006. This line item provides contracted treatment through the CRS program for 8 adults suffering from sickle cell anemia.

**Child Fatality Review Team**

The budget provides \$100,000 and 2 FTE Positions from the Child Fatality Review Fund for the Child Fatality Review Team in FY 2007. This amount is unchanged from FY 2006.

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 budget provides \$1,148,500 from the General Fund for the County Prenatal Services Grant in FY 2007. This amount is unchanged from FY 2006. 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.

Monies from this grant are distributed on a pass-through basis with consideration to population, need and amount received in prior years.

**Health Start**

The budget provides \$226,600 from the General Fund for Health Start in FY 2007. This amount is unchanged from FY 2006.

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. Funds are distributed to communities with a high incidence of inadequate prenatal care, inadequate infant health care, infants with low birth weight and inadequate childhood immunizations. Monies are awarded on a competitive basis. The program currently has 15 contracts with 9 County Health Departments, 3 Community Health Centers and 3 Community Service agencies.

**High Risk Perinatal Services**

The budget provides \$5,430,600 for High Risk Perinatal Services in FY 2007. This amount consists of:

General Fund	4,980,600
EMS Operating Fund	450,000

**Increase Home Visits**

The State Government Budget Reconciliation Bill (BRB) (Laws 2006, Chapter 350) provides an increase of \$1,800,000 from the General Fund for High Risk Perinatal Services.

Of the additional funding, \$1,500,000 will be used to increase the number of home visits from 2.5 to 4 per year to families who have babies born at risk of having developmental problems (i.e. speech problems, poor motor skills, delay in walking, etc.). The purpose of the visits is to have children developmentally ready to enter school by age 5. Visits are conducted by registered nurses from companies that DHS contracts with to perform perinatal services. These types of visits are conducted from the time the child is enrolled in the program until age 3. During the home visits, the nurses may conduct growth checks, developmental screenings, review immunization status, or provide referrals for other related services.

The other \$300,000 will provide training for approximately 2,200 physicians in rural Arizona to use the PEDS evaluation tool (a screening tool for physicians to better detect developmental problems in the infants), a statewide evaluation of the perinatal system, resource guides and maps for physicians and families, and enrollment forms.

In general, 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. Prior to the FY 2007 increase, the program provided hospital treatment for 5,078 critically ill newborns, maternal transport to 1,404 women, and community health nursing to 5,392 women.

**Newborn Screening Program**

The budget provides \$5,597,900 and 18.5 FTE Positions from the Newborn Screening Program Fund for the Newborn Screening Program in FY 2007. The amount includes an increase of \$96,300 from the Newborn Screening Program Fund for statewide adjustments plus the following issue.

**Additional Newborn Screening Tests**

The budget provides an increase of \$2,239,400 and 7 FTE Positions from the Newborn Screening Program Fund in FY 2007 to expand the types of screenings.

This line item funds the centralized testing of all newborns in the state for a standard set of metabolic disorders. In FY 2007, the program will provide screening for approximately 95,300 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.

Laws 2005, Chapter 172 expanded the screenings program to include congenital (environmental/inherited) as well as metabolic disorders, thereby increasing the number of disorders for which infants are tested from 8 to 29. The legislation also requires DHS to test for hearing loss. In order to pay for the increased tests, the bill also increased the fee limits for newborn screenings from \$20 to \$30 for first blood and hearing screening, and from \$20 to \$40 for second blood and hearing screening.

Four of the additional 7 FTE Positions will be used for follow-up on positive blood work screenings. DHS projects an increase of approximately 5,000 positive screenings that will require follow-up due to the increased screening. These additional 4 FTE Positions will keep the workload of each Follow-Up Specialist at the current level of 1,500 cases. The remaining 3 positions will be used for follow-up services in the new Hearing Screening tests.

#### ***County Nutrition Services***

The budget provides \$330,300 from the General Fund for County Nutrition Services in FY 2007. This amount is unchanged from FY 2006. 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. Funding is provided to all rural counties except La Paz. Funds go directly to county health departments except Santa Cruz, where the state contracts with Mariposa Community Health Center in Nogales.

#### ***Breast and Cervical Cancer Screening***

The budget provides \$1,095,500 and 1 FTE Position from the General Fund for the Breast and Cervical Cancer Screening line item in FY 2007. The amount includes an increase of \$3,400 from the General Fund for statewide adjustments.

The Well Woman Healthcheck program contracts for cancer screening for women over age 40 that do not have health insurance and have incomes less than 250% of the Federal Poverty Level. Women who are diagnosed with breast and cervical cancer through this program are eligible to receive treatment through AHCCCS. The program is expected to serve 1,487 women in FY 2006.

#### ***Abstinence Funding***

The budget provides \$1,500,000 from the General Fund for Abstinence Funding in FY 2007.

#### ***Additional Funding***

The budget provides an increase of \$500,000 from the General Fund in FY 2007 for additional funding.

Monies in this line item support community-based prevention programs to promote abstinence and decision making for healthy life choices. The appropriated amount supplements approximately \$1,100,000 in non-appropriated funding for this program in FY 2007.

#### ***Folic Acid***

The budget provides \$200,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund for Folic Acid in FY 2007. This amount is unchanged from FY 2006.

This Special Line Item provides for the distribution of folic acid to women of child bearing age to help prevent neural tube defects (birth defects of a baby's brain and spine). Monies in this line item will be used only to purchase supplements.

#### ***Modular Dental Buildings***

The budget provides \$200,000 from the General Fund in FY 2007 for Modular Dental Buildings.

Laws 2005, Chapter 314 appropriated \$200,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund in FY 2006 for the construction of rural modular dental buildings to address the shortage of dental providers in rural areas. The State Government BRB continues the funding in FY 2007 from the General Fund.

#### ***Women's Services***

The budget provides \$500,000 from the General Fund in FY 2007 for a new program, Women's Services. This line item provides funding for grants to nonprofit agencies whose primary function is to assist pregnant women seeking alternatives to abortion.

A footnote in the General Appropriation Act requires that \$20,000 grants be provided to non-profit agencies and allows the department to use up to 10% of the monies appropriated for associated administrative costs.