

**Department of Health Services
Administration**

A.R.S. § 36-103

JLBC Analyst: Amy Upston

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	406.5	428.3	432.8 ^{1/}
Personal Services	6,096,500	6,641,000	6,839,200
Employee Related Expenditures	1,993,600	2,263,500	2,451,700
Professional and Outside Services	19,600	135,900	207,500
Travel - In State	33,700	62,400	62,400
Travel - Out of State	8,400	6,100	6,100
Other Operating Expenditures	7,343,200	7,541,500	7,966,400
Equipment	330,600	125,000	125,000
OPERATING SUBTOTAL	15,825,600	16,775,400	17,658,300
SPECIAL LINE ITEMS			
Assurance and Licensure	9,626,800	11,601,800	12,174,900
Attorney General Legal Services	444,900	444,900	444,900
Indirect Cost Fund	6,879,900	7,705,300	8,053,000
Newborn Screening Fund - Indirect Costs	258,000	478,600	478,600
Nursing Care Institution Quality Improvement Grants	0	128,500	400,000 ^{2/}
PROGRAM TOTAL	33,035,200	37,134,500	39,209,700^{2/}
FUND SOURCES			
General Fund	22,447,100	24,927,100	25,285,500
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	1,406,200	1,576,100	1,578,100
Emergency Medical Services Operating Fund	219,700	249,500	253,900
Federal Child Care and Development Fund Block Grant	727,200	802,200	829,200
Hearing and Speech Professionals Fund	152,100	329,800	343,200
Indirect Cost Fund	6,879,900	7,705,300	9,053,000
Newborn Screening Program Fund	258,000	478,600	478,600
Nursing Care Institution Resident Protection Fund	0	166,500	438,000
TTHCF Medically Needy Account	196,200	0	0
SUBTOTAL - Other Appropriated Funds	9,839,300	11,308,000	12,974,000
SUBTOTAL - Appropriated Funds	32,286,400	36,235,100	38,259,500
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	748,800	899,400	950,200
SUBTOTAL - Expenditure Authority Funds	748,800	899,400	950,200
SUBTOTAL - Appropriated/Expenditure Authority Funds	33,035,200	37,134,500	39,209,700
Other Non-Appropriated Funds	1,768,200	1,010,700	1,010,700
Federal Funds	4,462,500	4,886,800	4,856,000
TOTAL - ALL SOURCES	39,265,900	43,032,000	45,076,400

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.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	Approved
• % of re-licensure surveys completed on time:				
Child Care Facilities	70	41	40	70
Health Care Facilities	41	18	21	85
• % of complaint investigations initiated later than investigative guidelines:				
Child Care Facilities	8	0	0	0
Health Care Facilities	31	31	20	15

Operating Budget

The budget provides \$17,658,300 and 153.2 FTE Positions for the operating budget in FY 2008. This amount consists of:

	FY 2008
General Fund	\$14,876,300
Capital Outlay Stabilization Fund	1,578,100
Emergency Medical Services (EMS)	
Operating Fund	203,900
Indirect Cost Fund	1,000,000

These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$882,900 for statewide adjustments. This amount consists of:

General Fund	876,500
Capital Outlay Stabilization Fund	2,000
EMS Operating Fund	4,400

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

Fund Shift

The budget also provides an increase of \$1,000,000 from the Indirect Cost Fund and a corresponding decrease of \$(1,000,000) from the General Fund in FY 2008.

Special Line Items

Assurance and Licensure

The budget provides \$12,174,900 and 192.9 FTE Positions for Assurance and Licensure in FY 2008. This amount consists of:

General Fund	10,014,300
Federal Child Care and Development Fund (CCDF) Block Grant	829,200
Hearing and Speech Professionals Fund	343,200
Nursing Care Institution Resident Protection Fund	38,000
Federal Title XIX Expenditure Authority	950,200

Statewide Adjustments

The budget provides an increase of \$412,700 for statewide adjustments. This amount consists of:

1/ Includes 163.9 GF, 103.7 OF, and 12 EA FTE Positions funded from Special Line Items in FY 2008.

2/ Contingent on federal approval of the use of these monies, the \$400,000 appropriation for Nursing Care Institution Quality Improvement Grants shall be used to award grants to applicant nursing care institutions that in the past has received one or more deficiencies on the annual facility compliance and licensure survey conducted pursuant to section A.R.S. § 36-425.02, regardless of the actual date of the survey. The purpose of the Nursing Care Institution Quality Improvement Grant is to improve the quality in the particular facility in reference to one or more of 6 specific quality measures: 1) reduction in incidences of pressure ulcers; 2) reduction in physical restraints; 3) improvement in pain management; 4) reduction in incontinence; 5) reduction in falls; 6) reduction in the use of anti-psychotic medication. A nursing care institution must use a grant awarded pursuant to this paragraph only for programs and activities designed to improve the quality of resident care in the specified 6 quality measures. The department shall make awards based on the likelihood of success of the grant in addressing one or more of the specified quality measures, the potential development of services or procedures that will contribute to best practices methodology in addressing one or more of the specified criteria, the financial controls identified to ensure the proper expenditure of grant funds and the quality and development of the application. The grant funds shall be available after July 1, 2007. The department shall adopt application forms, timeframes for application, timeframes for response and timeframes for question and answer follow-up. The department may stipulate that if any applicant does not meet any particular timeframe in the application process, the applicant's request for a grant is dismissed. The nursing care institution may use available grant funds for measurement tools, in-service training, consultation, technology improvement, work force development initiatives, systems improvements, medication management improvements and development and adoption of best practices and materials in order to improve one or more of the specified quality measures. The department may divide the appropriation based on the number and scope of approved applications into a number of grants that the department deems appropriate. If a facility is awarded a grant, it must submit in writing to spend the grant on the program contained in its application or forfeit the grant and repay the funds to the department. The department may require a grant awardee to report the uses of the award and to share data and best practices that have been developed by the facility. If the facility transfers ownership, the department shall award the grant to the licensee at the time of the award. If the facility ceases operation before the quality improvement grant distribution date it is not eligible for a quality improvement grant. Up to 10% of the monies appropriated to the department for quality improvement grants may be used by the department for administrative purposes. Monies appropriated for nursing care institution quality improvement grants shall not be used for any other expenses of the Department of Health Services without review of the Joint Legislative Budget Committee. Any transfer to or from the amounts appropriated for Nursing Care Institution Quality Improvement Grants shall require prior review by the Joint Legislative Budget Committee. (General Appropriation Act footnote)

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

General Fund	321,500
CCDF Block Grant	27,000
Hearing and Speech Professionals Fund	13,400
Federal Title XIX Expenditure Authority	50,800

Child Care Licensing

The budget provides an increase of \$250,000 and 4.5 FTE Positions from the General Fund in FY 2008 for child care licensing. Funding will enable the department to continue its progress towards a 50:1 surveyor ratio. The current surveyor ratio is 64:1. Of the FY 2008 appropriation, \$21,800 is designated for one-time new equipment.

Eliminate One-Time Equipment

The budget provides a decrease of \$(89,600) from the General Fund in FY 2008 for the elimination of one-time equipment. In FY 2007, the Legislature added \$1,349,000 and 21.8 FTE Positions to reduce backlogs and improve surveyor ratios. Of that amount, \$89,600 was designated for one-time equipment.

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 2008. This amount consists of:

General Fund	394,900
EMS Operating Fund	50,000

These amounts are unchanged from FY 2007.

Indirect Cost Fund

The budget provides \$8,053,000 and 86.7 FTE Positions from the Indirect Cost Fund in FY 2008 for Indirect Costs. This amount funds the following adjustment:

Statewide Adjustments

The budget provides an increase of \$347,700 from the Indirect Cost Fund in FY 2008 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 in FY 2008 for Newborn Screening Fund Indirect Costs. This amount is unchanged from FY 2007.

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 Quality Improvement Grants

The budget provides \$400,000 from the Nursing Care Institution Resident Protection Fund in FY 2008 for one-time funding for Nursing Care Quality Improvement Grants.

Monies in this line item in FY 2008 will be used to award grants to nursing care facilities which have received 1 or more deficiencies on the annual facility compliance and licensure survey that meet 1 or more of the following quality measures: 1) reduction in incidences of pressure ulcers; 2) reduction in physical restraints; 3) improvement in pain management; 4) reduction in incontinence; 5) reduction in falls; or 6) reduction in the use of anti-psychotic medication. DHS will award grants on a competitive basis as described in the General Appropriation Act footnote.