

Department of Health Services
Family Health

A.R.S. § 36-103

JLBC Analyst: Amy Upston

	FY 2006	FY 2007	FY 2008
	Actual	Estimate	Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	89.8	96.8	96.8 ^{1/}
Personal Services	2,583,000	2,988,100	3,103,200
Employee Related Expenditures	831,200	1,056,900	1,209,400
Professional and Outside Services	547,400	182,000	184,600
Travel - In State	23,400	33,000	33,000
Travel - Out of State	2,500	1,800	1,800
Other Operating Expenditures	988,500	1,544,000	1,469,100
Equipment	40,500	1,600	1,600
OPERATING SUBTOTAL	5,016,500	5,807,400	6,002,700
SPECIAL LINE ITEMS			
Children's Rehabilitative Services	3,587,000	3,587,000	3,587,000 ^{2/}
AHCCCS-Children's Rehabilitative Services	52,310,500	56,500,200	63,791,900 ^{2/3/}
Medicaid Special Exemption Payments	1,127,000	1,220,800	1,361,700
Abstinence Funding	638,000	1,500,000	1,500,000
Adult Cystic Fibrosis	105,200	105,200	105,200
Adult Sickle Cell Anemia	33,000	33,000	33,000
Breast and Cervical Cancer Screening	909,800	1,095,500	1,348,600
Child Fatality Review Team	99,600	100,000	100,000
County Nutrition Services	316,500	330,300	330,300
County Prenatal Services Grant	938,800	1,148,500	1,148,500
Folic Acid	185,500	200,000	400,000
Health Start	226,500	226,600	226,600
High Risk Perinatal Services	3,031,600	5,430,600	5,430,600 ^{4/}
Modular Dental Buildings	200,000	200,000	200,000
Newborn Screening Program	3,009,300	5,597,900	6,351,000
Senior Food Programs	0	0	600,000
Women's Services	0	500,000	501,500 ^{5/}
PROGRAM TOTAL	71,734,800	83,583,000	93,018,600^{6/}
FUND SOURCES			
General Fund	30,981,100	36,691,100	40,359,300
<u>Other Appropriated Funds</u>			
Child Fatality Review Fund	99,600	100,000	100,000
Emergency Medical Services Operating Fund	345,900	450,000	450,000
Newborn Screening Program Fund	3,009,300	5,597,900	6,351,000
TTHCF Medically Needy Account	185,500	200,000	400,000
SUBTOTAL - Other Appropriated Funds	3,640,300	6,347,900	7,301,000
SUBTOTAL - Appropriated Funds	34,621,400	43,039,000	47,660,300
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	37,113,400	40,544,000	45,358,300
SUBTOTAL - Expenditure Authority Funds	37,113,400	40,544,000	45,358,300
SUBTOTAL - Appropriated/Expenditure Authority Funds	71,734,800	83,583,000	93,018,600
Other Non-Appropriated Funds	10,806,800	20,885,800	20,885,800
Federal Funds	141,708,700	122,107,300	121,919,200
TOTAL - ALL SOURCES	224,250,300	226,576,100	235,823,600

^{1/} Includes 1 GF and 20.5 OF FTE Positions funded from Special Line Items in FY 2008.

^{2/} 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)

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, pregnancy prevention programs, nutrition services, and targeted care for specific diseases.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	Approved
• Number of newborns screened under Newborn Screening Program	88,882	93,229	96,000	100,000

Operating Budget

The budget provides \$6,002,700 and 75.3 FTE Positions for the operating budget in FY 2008. This amount consists of:

	FY 2008
General Fund	\$3,821,700
Federal Title XIX Expenditure Authority	2,181,000

These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$195,300 in FY 2008 for statewide adjustments. This amount consists of:

General Fund	117,600
Federal Title XIX Expenditure Authority	77,700

(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 2008. This amount is unchanged from FY 2007. 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 approximately 4,700 children in FY 2006.

AHCCCS-Children’s Rehabilitative Services

The budget provides \$63,791,900 for AHCCCS-CRS in FY 2008. This amount consists of:

- 3/ 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 Administration for the purpose of meeting indirect cost state match requirements related to AHCCCS - Children’s Rehabilitative Services program. (General Appropriation Act footnote)
- 4/ Of the \$5,430,600 appropriated for High Risk Perinatal Services, \$583,000 shall be distributed to counties. (General Appropriation Act footnote)
- 5/ Monies in the Women’s Services 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)
- 6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

General Fund	21,517,000
Federal Title XIX Expenditure Authority	42,274,900

These amounts fund the following adjustments:

Title XIX Caseload and Capitation Rate Growth

The budget provides an increase of \$7,291,700 in FY 2008 for Title XIX caseload and capitation rate growth. This amount consists of \$2,644,500 from the General Fund and \$4,647,200 from Federal Title XIX Expenditure Authority. The amount assumes 10.9% growth for capitation rate growth and 3.5% June 2008 over June 2007 growth in client population. It is expected to serve about 200,000 eligible children in FY 2008.

Medicaid Special Exemption Payments

The budget provides \$1,361,700 for Medicaid Special Exemption Payments in FY 2008. This amount consists of:

General Fund	459,300
Federal Title XIX Expenditure Authority	902,400

These amounts fund the following adjustments:

Title XIX Caseload and Capitation Rate Growth

The budget provides an increase of \$140,900 in FY 2008 for increased Medicaid Special Exemption Payments related to Title XIX caseload and capitation rate growth. This amount consists of \$51,500 from the General Fund and \$89,400 from Federal Title XIX Expenditure Authority.

This Special Line Item provides the funding necessary for insurance premium tax payments by the Department of Health 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.

Abstinence Funding

The budget provides \$1,500,000 from the General Fund for Abstinence Funding in FY 2008. This amount is unchanged from FY 2007.

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 \$1,300,000 in non-appropriated funding for this program in FY 2008. In FY 2006, approximately 23,000 persons received abstinence education.

Adult Cystic Fibrosis

The budget provides \$105,200 from the General Fund for Adult Cystic Fibrosis in FY 2008. This amount is unchanged from FY 2007. This line item provides contracted care and treatment services through the CRS program for 21 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 2008. This amount is unchanged from FY 2007. This line item provides contracted treatment through the CRS program for at least 8 adults suffering from sickle cell anemia.

Breast and Cervical Cancer Screening

The budget provides \$1,348,600 and 1 FTE Position from the General Fund for the Breast and Cervical Cancer Screening line item in FY 2008. This amount funds the following adjustments:

Statewide Adjustments

The budget provides an increase of \$3,100 from the General Fund in FY 2008 for statewide adjustments.

Expansion of Breast and Cervical Cancer Screening

The budget provides an increase of \$250,000 from the General Fund in FY 2008 for breast and cervical cancer screening. The additional monies will allow approximately 4,200 more women to be screened after the agency receives a federal to state 3:1 match.

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 served approximately 7,050 women in FY 2006.

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 2008. This amount is unchanged from FY 2007.

The program provides funding to organize child fatality review teams in all 15 counties and to study data collected by the 13 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 Nutrition Services

The budget includes \$330,300 from the General Fund for County Nutrition Services in FY 2008. This amount is unchanged from FY 2007. This line item provides funding to rural counties participating in the Community Nutrition Program. Since 1998, the 12 rural counties have provided a series of classes for low-income third grade students to increase fruit and vegetable consumption. 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 the Mariposa Community Health Center in Nogales.

County Prenatal Services Grant

The budget provides \$1,148,500 from the General Fund for the County Prenatal Services Grant in FY 2008. This amount is unchanged from FY 2007. 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.

Folic Acid

The budget provides \$400,000 from the Medically Needy Account of the Tobacco Tax for Folic Acid in FY 2008. This amount funds the following adjustment:

Folic Acid Education

The budget provides an increase of \$200,000 from the Medically Needy Account of the Tobacco Tax in FY 2008 for folic acid education to promote prenatal health awareness regarding the use of folic acid and multivitamins by women of childbearing age to prevent birth defects.

This 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). In FY 2006, 9,090 low-income women of childbearing age received folic acid education and multivitamins and 3,250 women received folic acid education.

Health Start

The budget provides \$226,600 from the General Fund for Health Start in FY 2008. This amount is unchanged from FY 2007.

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 16 contracts with 9 County Health Departments, 4 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 2008. This amount consists of:

General Fund	4,980,600
Emergency Medical Services Operating Fund	450,000

These amounts are unchanged from FY 2007.

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. It also provides funding for 4 visits 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.

Additionally, \$300,000 of this funding provides training for approximately 2,200 rural physicians in 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.

Modular Dental Buildings

The budget provides \$200,000 from the General Fund in FY 2008 for modular dental buildings. This amount is unchanged from FY 2007. This line item provides for the construction of rural modular dental buildings to address the shortage of dental providers in rural areas.

Newborn Screening Program

The budget provides \$6,351,000 and 18.5 FTE Positions from the Newborn Screening Program Fund for the Newborn Screening Program in FY 2008. This amount funds the following adjustments:

Statewide Adjustments

The budget provides an increase of \$92,100 from the Newborn Screening Program Fund in FY 2008 for statewide adjustments.

One-Time Funding for Operational Costs

The budget provides a one-time increase of \$661,000 from the Newborn Screening Program Fund in FY 2008 for higher-than-anticipated operational costs. In FY 2007, an additional \$2,239,700 was appropriated to screen newborns for an additional 21 disorders. The department had anticipated being able to process tests in the state lab but high error rates caused the department to purchase test kits, considerably increasing their costs. The department will seek alternatives to their current process for FY 2009, including issuing an RFP to privatize the testing process.

This line item funds the centralized testing of all newborns in the state for a standard set of 29 metabolic and congenital (environmental/inherited) disorders. In FY 2008, the program will provide screening for approximately 100,000 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.

Senior Food Programs

The budget provides \$600,000 from the General Fund in FY 2008 for a new Senior Food Programs Special Line Item. The Federal Government currently provides just under \$1,000,000 for administration of the Arizona Commodity Supplemental Food Program and \$4,000,000 worth of food annually for low-income pregnant women, children, and the elderly.

This line item provides food assistance to seniors below 130% of the federal poverty level through the Arizona Commodity Supplemental Food Program and the Seniors Farmers' Market program.

Women's Services

The budget provides \$501,500 from the General Fund in FY 2008 for Women's Services. This amount funds the following adjustment:

Statewide Adjustments

The budget provides an increase of \$1,500 from the General Fund for statewide adjustments in FY 2008.

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.