

Arizona Health Care Cost Containment System

Summary

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DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
PROGRAM BUDGET			
Administration	188,012,200	218,032,600	205,450,700
Acute Care	3,881,484,800	4,232,661,900	4,676,606,700
Long-Term Care	994,594,600	1,120,438,700	1,204,490,300
AGENCY TOTAL	5,064,091,600	5,571,133,200	6,086,547,700

OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3,159.4	3,179.0	3,179.0
Personal Services	36,328,800	39,231,300	39,231,300
Employee Related Expenditures	13,772,000	14,940,900	14,940,900
Professional and Outside Services	3,079,600	3,079,900	3,079,900
Travel - In State	173,800	232,100	232,100
Travel - Out of State	63,400	29,600	29,600
Other Operating Expenditures	11,204,100	11,628,900	11,628,900
Equipment	1,797,200	964,900	964,900
OPERATING SUBTOTAL	66,418,900	70,107,600	70,107,600
Special Line Items (SLI)	4,997,672,700	5,501,025,600	6,016,440,100
AGENCY TOTAL	5,064,091,600	5,571,133,200	6,086,547,700

FUND SOURCES			
General Fund	1,132,444,300	1,269,136,000	1,466,666,500
<u>Other Appropriated Funds</u>			
Budget Neutrality Compliance Fund	2,531,900	2,683,100	2,841,000
Children's Health Insurance Program Fund	125,488,800	146,611,000	129,953,700
Healthcare Group Fund	3,766,600	8,468,700	6,521,000
Temporary Medical Coverage Fund	0	1,976,400	973,900
TPTF Emergency Health Services Account	28,754,400	29,264,100	25,716,500
TTHCF Medically Needy Account	76,248,900	78,306,100	62,886,200
SUBTOTAL - Other Appropriated Funds	236,790,600	267,309,400	228,892,300
SUBTOTAL - Appropriated Funds	1,369,234,900	1,536,445,400	1,695,558,800
County Funds	275,630,100	295,596,500	309,731,800
Federal Title XIX Funds	3,268,421,900	3,585,437,400	3,935,053,700
Third Party Collections	28,400	194,700	194,700
Tobacco Settlement Fund	90,319,600	92,004,100	92,004,100
TPTF Proposition 204 Protection Account	60,456,700	61,455,100	54,004,600
SUBTOTAL - Expenditure Authority Funds	3,694,856,700	4,034,687,800	4,390,988,900
SUBTOTAL - Appropriated/Expenditure Authority Funds	5,064,091,600	5,571,133,200	6,086,547,700
Other Non-Appropriated Funds	102,065,300	101,820,000	110,420,200
Federal Funds	37,657,000	45,285,700	45,613,100
TOTAL - ALL SOURCES	5,203,813,900	5,718,238,900	6,242,581,000

CHANGE IN FUNDING SUMMARY	FY 2008 to FY 2009 JLBC	
	\$ Change	% Change
General Fund	197,530,500	15.6%
Other Appropriated Funds	(38,417,100)	(14.4%)
Expenditure Authority Funds	356,301,100	8.8%
Total Appropriated/Expenditure Authority Funds	515,414,500	9.3%
Non Appropriated Funds	8,927,600	6.1%
Total - All Sources	524,342,100	9.2%

AGENCY DESCRIPTION — The Arizona Health Care Cost Containment System (AHCCCS) is Arizona’s alternative to a traditional fee-for-service Medicaid system. Started in 1982, AHCCCS operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS members gain eligibility through a variety of federal and state programs. In some cases, eligibility based on federal programs is tied to the applicant also being eligible for a cash assistance program, such as Supplemental Security Income (SSI). Although another cash assistance program, Aid to Families with Dependent Children (AFDC), was replaced and its automatic link to eligibility severed, citizens who meet AFDC eligibility criteria as of July 16, 1996 remain eligible for AHCCCS. Low-income pregnant women and children can qualify under a federal “medical assistance only” category. Individuals not qualifying under one of these programs, but with incomes below 100% of the Federal Poverty Level (FPL), can qualify for health coverage under Proposition 204. In addition to an acute medical services program, AHCCCS also operates the Arizona Long-Term Care System (ALTCS), a Medicaid program that provides long-term nursing care in nursing facilities or home and community based settings.

PERFORMANCE MEASURES	FY 2005	FY 2006	FY 2007	FY 2009
	Actual	Actual	Actual	JLBC
• % of people under age 65 that are uninsured	24	17	15.5	15.5

<u>Administration</u>			Expiration of KidsCare Parents Services	GF	(9,172,700)
				OF	(41,123,600)
One-Time Healthcare			Temporary Medical Coverage Premium Collection Decrease	OF	(1,002,500)
Group Subsidy	GF	\$(8,000,000)			
Reduction in Healthcare			Medicare Clawback Payments	GF	1,663,600
Group Administrative Costs	OF	(1,947,700)			
KidsCare FMAP Adjustment	OF	(91,300)	Statutory GME Inflation Adjustment	GF	254,000
				EA	495,600
Expiration of KidsCare Parents Administration	GF	(456,000)	Revised Payments to Hospitals Federal Matching Percentage	GF	313,800
	OF	(1,486,900)		EA	(313,800)
BNCF Statutory Adjustment	GF	(157,900)	<u>Long Term Care</u>		
	OF	157,900			
One-Time 2-1-1 Equipment	GF	(600,000)	Caseload and Capitation Rate Growth	GF	18,197,200
				EA	65,062,400
<u>Acute Care</u>			Medicare Clawback Payment	GF	441,300
Traditional Medicaid Caseload And Capitation Rate Growth	GF	89,904,500		EA	350,700
	EA	165,423,800			

Proposition 204 Caseload And Capitation Rate Growth	GF	74,406,400	FORMAT — Varies by program		
	EA	144,292,400			
Outlier Payment Methodology Revision	GF	(5,664,200)	FOOTNOTES		
	EA	(10,936,700)			
Tobacco Tax Revenue Shortfall	GF	26,418,000	<i>Standard Footnotes</i>		
	OF	(18,967,500)	For the contract year beginning October 1, 2008, the administration may expend funds for federally-matched preventive adult dental services of up to \$1,000 per ALTCS member and federally-matched hospice services to non-ALTCS members.		
	EA	(7,450,500)			
Maricopa County GDP Deflator	GF	622,800	Before making fee-for-service program or rate changes that pertain to hospital, nursing facility or home and community based services rates or for any of the other fee-for-service rate categories that have increases that, in the aggregate, are 2% above and \$1,500,000 from the state General Fund greater than budgeted medical inflation in		
	EA	(622,800)			
KidsCare Caseload and Capitation Rate Growth (Children Only)	GF	9,359,700			
	OF	26,044,500			

FY 2009, the Arizona Health Care Cost Containment System Administration shall report its expenditure plan for review by the Joint Legislative Budget Committee.

The Arizona Health Care Cost Containment System Administration shall report to the Joint Legislative Budget Committee by March 1 of each year on the preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum shall be no more than 2%. Before implementation of any changes in capitation rates, the Arizona Health Care Cost Containment System Administration shall report its expenditure plan for review by the Joint Legislative Budget Committee. Before the administration implements any changes in policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services, the administration 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 administration shall submit the policy changes for review by the Joint Legislative Budget Committee.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Tobacco Tax Revenue Shortfall

In the November 2006 election the voters approved Proposition 203, which included an 80-cent increase in the tobacco tax to fund early childhood programs. In addition, voters also approved Proposition 201, which included a 2-cent increase to fund enforcement of the Smoke-Free Arizona Act. As a result of this increase in the tax, consumption has declined. Although overall revenues have increased due to the additional 82 cents in taxes, the other funds that receive funding from the tobacco tax have seen a decline in revenues.

Although there is no general consensus on an estimate of price elasticity of demand for cigarettes, numerous estimates generally have ranged from (0.2) to (0.8), with most of the estimates closer to the lower end of the range.

Based on the national studies, the original JLBC Staff analysis of Propositions 201 and 203 assumed an estimate of (0.4), meaning that for each 10% increase in price, there will be a corresponding 4% decline in consumption. The actual pattern of collection since December 2006 suggests an elasticity of demand closer to (0.65).

As a result of the greater than expected decline in consumption, appropriated FY 2008 tobacco tax revenues are projected to be \$26.6 million less than forecast. This decline in revenue will result in a shortfall of a corresponding magnitude in the AHCCCS budget.

In terms of FY 2009, prior data are conflicting with regard to trends in tobacco tax collections. The current long-term trend in consumption is clearly negative; however, the number of cigarette stamps sold increased in FY 2005 and FY 2006, which was 2 fiscal years after the enactment of the last increase in the tobacco tax rate in FY 2003. While this increase in collections was attributed to increased enforcement, it is unclear if there are any confounding factors that may lead consumption to rebound in FY 2009. Given conflicting trends, FY 2009 tobacco consumption and revenue collections are projected to be flat in comparison to the updated FY 2008 forecasted level.

Due to the 82-cent increase, overall tobacco revenues are expected to increase in FY 2008 by 16.7% to \$426.8 million from a FY 2007 actual of \$365.8 million. Tobacco revenues are expected to remain flat overall in FY 2009. A breakdown by fund is provided in *Table 1*.

Prior to the enactment of the 2006 ballot propositions, \$1 of existing tobacco tax collections were already being deposited into the Tobacco Tax Health Care Fund (TTHCF) and the Tobacco Products Tax Fund (TPTF) to finance state health care programs. For the first 2 months of FY 2008, revenue to these health care accounts has declined by (20.2)% below FY 2007 year-to-date levels. For the remainder of FY 2008, revenues to these health care accounts are estimated to be (10.8)% below the FY 2007 collections. In aggregate, these accounts are anticipated to decrease by (12.8)% in FY 2008 as shown in *Table 1*. Revenues are then forecasted to remain at this

Table 1
Forecasted FY 2008 & FY 2009 and FY 2007 Actual Tobacco Collections by Fund Source

<u>Fund</u>	<u>FY 2007 Actuals</u>	<u>Forecasted FY 2008 & 2009</u>	<u>Percentage Change Year-Over-Year</u>
General and Corrections Fund (Original Tax)	\$ 43,773,100	\$ 38,266,200	(12.6)%
Tobacco Tax and Health Care Fund (Prop. 200) and Tobacco Products Tax Fund (Prop. 303)	245,779,800	214,304,200	(12.8)%
Early Childhood Development and Health Fund (Prop. 203)	74,445,200	170,060,700	128.4%
Smoke-Free Arizona Fund (Prop. 201)	<u>1,778,800</u>	<u>4,165,300</u>	<u>134.2%</u>
Total	\$365,776,900	\$426,796,400	16.7%

reduced level through FY 2009.

A portion of the \$1 tobacco tax is deposited into the Medically Needy Account, the Proposition 204 Protection Account and the Emergency Health Services Account. All 3 accounts are used to reduce the General Fund cost of AHCCCS and Department of Health Services programs. Due to reduced consumption, the estimated shortfall in these 3 accounts is \$(26.6) million in FY 2008 as shown in *Table 2*.

To further display the shortfall *Table 3* is provided below to illustrate the year-over-year change in revenues for all funds and accounts.

FY 2008 Supplemental

AHCCCS is estimated to have a \$57 million shortfall in FY 2008. This shortfall is due to higher than budgeted caseloads and declining tobacco revenues.

Through November 2007, AHCCCS caseloads have been higher than forecasted. The FY 2008 budget allowed for total caseload growth of 2.6% from June 2007 to June 2008. Revised forecasts now estimate that caseloads will grow by 5.8% during that same time period. Additionally, the budget allowed for Acute Care capitation rate growth of 6.0% but the actual rates adopted by AHCCCS effective October 1, 2007 represented an increase of 6.9%. These caseload and inflation issues account for \$30 million of the shortfall.

The second factor affecting AHCCCS' FY 2008 budget is the impact of the Proposition 203 80-cent tobacco tax increase as described above. The FY 2008 tobacco tax collections will fall \$(27) million below the FY 2008 appropriated levels. The summary tables for AHCCCS' FY 2008 budget tables have not been updated to reflect any supplemental appropriations.

	FY 2007 <u>Actual</u>	FY 2008 & FY 2009 <u>Forecast</u>
General Fund	\$ 38,958,100	\$ 33,753,400
Corrections Fund	6,206,700	6,206,700
Medically Needy Account	114,742,200	98,411,100
Proposition 204 Protection Account	60,210,600	54,004,600
Emergency Health Services Account	28,671,700	25,716,500
Health Education Account	28,108,700	23,499,600
Health Research Account	12,654,900	10,978,500
Smoke Free Arizona Fund	1,778,800	4,165,300
Early Childhood Development Health Fund	<u>74,445,200</u>	<u>170,060,700</u>
Total	\$365,776,900	\$426,796,400

	FY 2008 <u>Appropriation</u>	Forecasted FY 2008 Revenues	<u>Difference</u>
Medically Needy Account	\$114,030,900	\$ 98,411,100	\$(15,619,900)
Proposition 204 Protection Account	61,455,100	54,004,600	(7,450,500)
Emergency Health Services Account	<u>29,264,100</u>	<u>25,716,500</u>	<u>(3,547,600)</u>
Total	\$204,750,100	\$178,132,100^{1/}	\$(26,618,000)

^{1/} Numbers do not add due to rounding.

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
Budget Neutrality Compliance Fund (HCA2478/A.R.S. § 36-2928)		Appropriated
Source of Revenue: County contributions.		
Purpose of Fund: To provide administrative funding for costs associated with the implementation of the Proposition 204 expansion. Proposition 204 shifted some county administrative functions to the state, for which the counties now compensate the state.		
Funds Expended	2,531,900	2,683,100
Year-End Fund Balance	8,600	8,600
Children's Health Insurance Program Fund (HCA2409/A.R.S. § 36-2995)		Appropriated
Source of Revenue: Includes the federal Title XXI matching monies for Arizona's State Children's Health Insurance Program (SCHIP), called KidsCare. General Fund monies are used to leverage the federal monies and are not included in the reported CHIP Fund expenditures.		
Purpose of Fund: To provide health insurance for low-income children 19 years of age and under. The eligibility limit for the program has been set at 200% of the Federal Poverty Level, which is approximately \$40,000 for a family of 4.		
Funds Expended	125,488,800	146,611,000
Year-End Fund Balance	3,017,300	1,500,700
County Contributions (HCA2120 Acute Care/HCA2223 Long Term Care/ A.R.S. § 36-2912 Acute Care/A.R.S. § 36-2953 Long Term Care)		Non-Appropriated
Source of Revenue: Statutorily prescribed county contributions.		
Purpose of Fund: For the provision of acute medical and long term care services to AHCCCS eligible populations. County contributions and state General Fund appropriations serve as the state match for federal Medicaid (Title XIX) dollars.		
Funds Expended	275,630,100	295,596,500
Year-End Fund Balance	0	0
Employee Recognition Fund (HCA2025/A.R.S. § 36-2903)		Non-Appropriated
Source of Revenue: Private donations.		
Purpose of Fund: To be used for the agency's employee recognition program.		
Funds Expended	51,400	55,000
Year-End Fund Balance	8,100	4,100
Federal Funds (HCA2120 Acute Care/HCA2223 Long Term Care/ A.R.S. § 36-2913 Acute Care/A.R.S. § 36-2953 Long Term Care)		Non-Appropriated
Source of Revenue: Federal funding through the U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Services.		
Purpose of Fund: For AHCCCS' administrative costs and for the provision of acute and long term care services to categorically eligible populations.		
Funds Expended	3,268,421,900	3,585,437,400
Year-End Fund Balance	26,830,500	0
Federal - Medicaid Direct Services (HCA2120/A.R.S. § 36-2913)		Non-Appropriated
Source of Revenue: Federal funding through the U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Services.		
Purpose of Fund: To reimburse schools participating in the Direct Services Claiming program for services provided to children with disabilities who are Title XIX eligible. All federal Medicaid monies must flow through AHCCCS, therefore, the Title XIX monies are obtained by AHCCCS and then passed on to the participating schools.		
Funds Expended	37,059,700	39,342,800
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
Federal Grants (HCA2000/A.R.S. § 36-2913)		Non-Appropriated
Source of Revenue: Federal grant monies.		
Purpose of Fund: To provide federal match for non-appropriated state expenditures.		
Funds Expended	597,300	5,942,900
Year-End Fund Balance	4,500	0
Healthcare Group Fund (HCA3197/A.R.S. § 36-2912.01)		Partially-Appropriated
Source of Revenue: Premiums paid by employers and employees enrolled in Healthcare Group, including monies to fund the administration of the Healthcare Group program. Monies will no longer be deposited into the Donations Fund.		
Purpose of Fund: A portion of this fund is appropriated to fund the administrative costs of Healthcare Group, instead of the Donations Fund. The rest of the fund is non-appropriated, and used to pay medical claims for members of Healthcare Group. Healthcare Group is operated by AHCCCS, and is a premium based health insurance program available to small businesses and self-employed persons. AHCCCS says the year-end balances are due to premium revenues that are collected from enrollees in previous months but will be paid to the health plans in future months.		
Appropriated Funds Expended	3,766,600	8,468,700
Non-Appropriated Funds Expended	70,729,200	62,142,600
Year-End Fund Balance	11,861,300	10,788,900
Hospital Loan Residency Fund (HCA2532/A.R.S. § 36-2921)		Non-Appropriated
Source of Revenue: Received a \$1,000,000 deposit from the General Fund in FY 2007 and FY 2008. AHCCCS plans to expend all \$2,000,000 in FY 2008, but this amount is not displayed below to avoid double counting. In future years, will also include any repaid loan money received from the participating hospitals.		
Purpose of Fund: To provide interest free loans to fund start-up and ongoing costs for residency programs in accredited hospitals, with priority given to rural areas.		
Funds Expended	0	0
Year-End Fund Balance	1,000,000	0
Intergovernmental Service Fund (HCA2438/A.R.S. § 36-2927)		Non-Appropriated
Source of Revenue: Monies collected from the State of Hawaii.		
Purpose of Fund: To be used for costs associated with information technology services provided by AHCCCS to the State of Hawaii for the design, development, implementation, operation, and maintenance of a Medical Management Information System.		
Funds Expended	7,269,000	9,411,900
Year-End Fund Balance	3,662,500	1,841,500
Proposition 202 -Trauma and Emergency Services Fund (HCA2494/A.R.S. § 36-2903.07)		Non-Appropriated
Source of Revenue: Receives gaming monies from the Arizona Benefits Fund.		
Purpose of Fund: For unrecovered trauma center readiness and emergency services costs.		
Funds Expended	22,714,800	30,210,500
Year-End Fund Balance	6,430,800	6,680,800
Temporary Medical Coverage Fund (HCA2529/A.R.S. § 36-2930)		Appropriated
Source of Revenue: Received a General Fund deposit of \$6,500,000 in FY 2007 and revenue of \$172,100 from premium payments. In FY 2007 AHCCCS spent \$1,915,400 from the appropriation for this program. This figure is not displayed below to avoid double counting. Beginning in FY 2008, the General Fund appropriation was no longer deposited into the Temporary Medical Coverage Fund and only premium revenues will be displayed in this fund in future years. In total, AHCCCS plans to expend \$10,326,400 on this program in FY 2008, but only the premium revenues are displayed below to avoid double counting.		
Purpose of Fund: To pay for the services and costs associated with persons who are eligible for temporary medical coverage for an estimated 700 participants in June 2008.		
Funds Expended	0	1,976,400
Year-End Fund Balance	4,756,700	3,385,800

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
Third Party Collections Fund (HCA3791 Acute Care/HCA3019 Long Term Care/A.R.S. § 36-2913)		Non-Appropriated
Source of Revenue: Collections from third-party payers and revenues from lien and estate recoveries.		
Purpose of Fund: To provide acute medical services to AHCCCS members.		
Funds Expended	28,400	194,700
Year-End Fund Balance	2,338,200	1,618,300
 Arizona Tobacco Litigation Settlement Fund (TRA2561/A.R.S. § 36-2901.02)		Non-Appropriated
Source of Revenue: Monies received from tobacco companies as part of a lawsuit settlement.		
Purpose of Fund: Established by Proposition 204 (enacted in the 2000 General Election) to provide funding to expand the AHCCCS program to 100% of the Federal Poverty Level and for 6 public health programs. Also includes previously enacted appropriations.		
Funds Expended	90,319,600	92,004,100
Year-End Fund Balance	200	0
 Tobacco Tax and Health Care (RVA1306/A.R.S. § 36-771)		Non-Appropriated
Source of Revenue: The fund consists of certain tax monies collected on cigarettes, cigars, smoking tobacco, plug tobacco, snuff and other forms of tobacco, and all interest earned on these monies.		
Purpose of Fund: To Arizona Health Care Cost Containment System (AHCCCS) for the Medically Needy Account (70%), the Arizona Department of Health Services (DHS) for the Health Education Account (23%), the Health Research Account (5%), and the State Department of Corrections (DOC) for the Corrections Fund Adjustment Account (2%). Under A.R.S. § 36-775, the amount transferred to the Corrections Fund Account is to reflect only the actual amount needed to offset decreases in the Corrections Fund resulting from lower tax revenues. Any unexpended Corrections Fund Adjustment Account amounts are to be transferred out proportionally to the other 3 accounts.		
Please see the table following the summary of funds for consolidated information on the expenditures from each account receiving a distribution from the Tobacco Tax and Health Care Fund.		
 Tobacco Tax and Health Care - Medically Needy Account (HCA1306/A.R.S. § 36-774)		Partially-Appropriated
Source of Revenue: The account receives 70¢ of each dollar deposited in the Tobacco Tax and Health Care Fund, administered by the Department of Revenue, and 27¢ of each dollar deposited into the Tobacco Products Tax Fund, also administered by the Department of Revenue. The fund also receives a portion of the monies reverting from the Corrections Fund Adjustment Account and an allocation from the Healthcare Adjustment Account.		
Purpose of Fund: For health care services including, but not limited to, preventive care, transplants and the treatment of catastrophic illness or injury. Eligible recipients include persons statutorily determined to be medically indigent, medically needy, or low-income children. A portion of the monies is transferred to the DHS for statutorily established services, grants and pilot programs.		
 Tobacco Tax and Health Care - Premium Sharing Demonstration Project (HCA2151/A.R.S. § 36-2923)		Non-Appropriated
Source of Revenue: Consisted of annual transfers from the Tobacco Tax and Health Care Fund - Medically Needy Account and premiums collected from participants of the Premium Sharing Program. The Premium Sharing Program was eliminated in FY 2004, and no deposits have been made since FY 2003.		
Purpose of Fund: To provide medical services to eligible members through a cost sharing arrangement. This program was eliminated in FY 2004, and the FY 2005 expenditures are expected to pay all remaining claims and close out the program.		
 Tobacco Products Tax (RVA1310/A.R.S. § 36-770)		Partially-Appropriated
Source of Revenue: The fund consists of certain tax monies collected on cigarettes, cigars, smoking tobacco, plug tobacco, snuff and other forms of tobacco, and all interest earned on these monies. These taxes were enacted in Proposition 303, and approved by voters in the 2002 General Election.		
Purpose of Fund: To Arizona Health Care Cost Containment System (AHCCCS) for the Proposition 204 Protection Account (42%), Medically Needy Account (27%), and the Emergency Health Services Account (20%), the Arizona Department of Health Services (DHS) for the Health Education Account (2%), the Health Research Account (5%), and the Healthcare Adjustment Account (4%).		
Please see the table following the summary of funds for consolidated information on the expenditures from each account receiving a distribution from the Tobacco Products Tax Fund.		

SUMMARY OF FUNDS

**FY 2007
Actual****FY 2008
Estimate**

Tobacco Products Tax - Proposition 204 Protection Account (HCA1303/A.R.S. § 36-778)**Non-Appropriated**

Source of Revenue: This account receives 42¢ of each dollar deposited into the Tobacco Products Tax Fund, administered by the Department of Revenue.

Purpose of Fund: To fund state match costs in AHCCCS for the Proposition 204 program. These monies are non-appropriated and must be spent before any other state monies on the Proposition 204 program.

Tobacco Products Tax - Emergency Health Services Account (HCA1304/A.R.S. § 36-776)**Appropriated**

Source of Revenue: This account receives 20¢ of each dollar deposited into the Tobacco Products Tax Fund, administered by the Department of Revenue.

Purpose of Fund: For primary care services, reimbursement of uncompensated care costs, and trauma center readiness costs.

Tobacco Tax and Health Care Fund and Tobacco Products Tax Fund ^{1/}	FY 2007	FY 2008
Medically Needy Account		
<u>Funds Available</u>		
Balance Forward	\$ 5,879,200	\$ 0
Transfer In - Tobacco Tax and Health Care Fund	71,561,100	63,693,700
Transfer In - Tobacco Products Tax Fund	38,706,800	34,717,300
Interest and Revertments	46,000	16,000
Total Funds Available	\$116,193,100	\$ 98,427,000
<u>AHCCCS Allocations</u>		
<u>GF Offsets</u>		
Traditional Medicaid State Match Appropriation	\$ 58,832,400	\$ 58,840,800
Proposition 204 State Match Appropriation	17,416,500	19,465,300
Transplants (non-appropriated)	1,300,900	0
Total AHCCCS Allocations	\$ 77,549,800	\$ 78,306,100
<u>DHS/DES Allocations</u>		
Behavioral Health GF Offset	\$ 30,401,000	\$ 30,424,800
DHS Health Crisis Fund	552,400	140,400
Folic Acid	193,300	400,000
Autism Pilot	236,000	2,064,000
Autism Training and Oversight – Department of Economic Security	200,000	0
Community Health Centers	2,713,500	4,500,000
Total DHS Allocations	\$ 34,296,200	\$ 37,529,200
<u>Other Allocations</u>		
Department of Insurance – Healthcare Group	0	200,000
Total Allocations	\$111,846,000	\$116,035,300
Administrative Adjustments	4,791,500	0
Balance Forward	\$ (444,400)	\$(17,608,300) ^{2/}
AHCCCS Proposition 204 Protection Account		
<u>Funds Available</u>		
Balance Forward	\$ (9,000)	\$ 1,000
Transfer In - Tobacco Products Tax Fund	60,210,600	54,004,600
Transfer In - Emergency Health Services Account	217,100	0 ^{3/}
Interest Revenue	39,000	0
Total Funds Available	\$ 60,457,700	\$ 54,005,600
<u>Allocations</u>		
AHCCCS State Match	\$ 60,456,700	\$ 61,455,100
Administrative Adjustments	0	900
Balance Forward	\$ 1,000	\$ (7,450,400)
AHCCCS Emergency Health Services Account		
<u>Funds Available</u>		
Balance Forward	\$ 11,500	\$ 0
Transfer In - Tobacco Products Tax Fund	28,671,700	25,716,500
Interest Revenue	71,100	0
Total Funds Available	\$ 28,754,300	\$ 25,716,500
<u>Allocations</u>		
AHCCCS State Match Appropriation	\$28,537,300	\$29,264,100
Transfer Out - Prop 204 Protection Account	217,100	0 ^{3/}
Administrative Adjustments	0	5,900
Balance Forward	\$ (100)	\$(3,553,500)

Tobacco Tax and Health Care Fund and Tobacco Products Tax Fund	FY 2007	FY 2008
DHS Health Crisis Fund		
<u>Funds Available</u>		
Balance Forward	\$ 447,600	\$ 859,600
Transfer In - AHCCCS Medically Needy Account	552,400	140,400
Total Funds Available	\$ 1,000,000	\$ 1,000,000
<u>Allocations</u>		
Health Crisis Spending	\$ 140,400	\$ 1,000,000
Balance Forward	\$ 859,600	\$ 0
DHS Health Education Account		
<u>Funds Available</u>		
Balance Forward	\$17,762,700	\$11,472,700
Transfer In - Tobacco Tax and Health Care Fund	23,771,400	20,927,900
Transfer In - Tobacco Products Tax Fund	2,867,200	2,571,700
Total Funds Available	\$44,401,300	\$34,972,300
<u>Allocations</u>		
Tobacco Education and Prevention Program	\$31,931,000	\$29,818,700
Leading Causes of Death - Prevention and Detection	997,600	931,600
Balance Forward	\$11,472,700	\$ 4,222,000
Health Research Account		
<u>Funds Available</u>		
Balance Forward	\$ 6,317,500	\$ 7,370,800
Transfer In - Tobacco Tax and Health Care Fund	5,167,500	4,549,400
Transfer In - Tobacco Products Tax Fund	7,167,900	6,429,100
Interest Revenue	294,400	0
Total Funds Available	\$18,947,300	\$18,349,300
<u>Allocations</u>		
Arizona Biomedical Research Commission	\$ 5,076,500	\$11,038,800
Alzheimer's	1,000,000	1,000,000
Autism Training – Department of Economic Security	0	200,000
Biotechnology (Laws 2002, Ch. 186)	500,000	500,000
Biotechnology (Laws 2002, Ch. 320) ^{4/}	5,000,000	0
TGen Non-Appropriated Allocation ^{4/}	0	5,000,000
Balance Forward	\$ 7,370,800	\$ 610,500
^{1/}	Based on revised FY 2008 revenue estimates.	
^{2/}	Actual balances in FY 2008 will not be negative.	
^{3/}	Any unencumbered funds in the Emergency Health Services Account are transferred to the Proposition 204 Protection Account at the end of each year.	
^{4/}	Laws 2002, Chapter 320 appropriated \$5,000,000 annually from FY 2003 to FY 2007 to TGen. ABRC signed a contract with TGen to continue this appropriation through FY 2012 through the commission's non-appropriated grant program.	