

Department of Health Services
Behavioral Health

A.R.S. § 36-103

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	166.0	155.5	153.0 ^{1/}
Personal Services	3,509,700	4,990,300	4,701,900
Employee Related Expenditures	1,315,900	2,142,100	2,040,700
Professional and Outside Services	628,000	613,800	613,800
Travel - In State	40,500	32,000	32,000
Travel - Out of State	700	1,300	1,300
Other Operating Expenditures	7,166,100	6,645,400	6,645,400
Equipment	32,800	40,300	40,300
OPERATING SUBTOTAL	12,693,700	14,465,200	14,075,400
SPECIAL LINE ITEMS			
Administration			
Contract Compliance	3,340,100	4,858,500	4,759,000
Dual Eligible Part D Copay Subsidy	466,800	0	0
Medicare Clawback Payments	10,718,100	7,831,800	8,581,500
Medicaid Special Exemption Payments	21,825,900	25,439,200	27,428,600
Proposition 204 Administration	5,849,800	6,680,600	6,680,600
Children's Behavioral Health			
Children's Behavioral Health Services	8,313,800	7,320,700	0
CBH State Match for Title XIX	400,119,300	456,651,900	515,477,600
Proposition 204 Children's Behavioral Health Services	3,249,300	8,999,600	10,487,400
Seriously Mentally Ill			
Seriously Mentally Ill Non-Title XIX	53,899,700	53,849,700	0
Non-Title XIX Prescription Medication	0	0	40,154,900
Supported Housing	0	0	5,324,800
Seriously Mentally Ill State Match for Title XIX	201,851,700	208,215,900	331,815,100
Proposition 204 Seriously Mentally Ill Services	235,190,300	275,253,400	61,948,600 ^{2/}
Court Monitoring	197,500	197,500	0
Arnold v. Sarn	32,741,100	34,170,200	0 ^{3/4/}
General Mental Health and Substance Abuse			
Crisis Services	0	0	16,391,100
Mental Health Non-Title XIX	1,947,200	1,747,300	0
Substance Abuse Non-Title XIX	12,010,000	6,339,400	0
Mental Health and Substance Abuse State Match for Title XIX	114,266,400	125,010,600	133,900,600
Proposition 204 General Mental Health and Substance Abuse	124,597,700	160,720,000	197,470,700 ^{2/}
Prior Year Federal Funds Draw Down	65,310,000	0	0
PROGRAM TOTAL	1,308,588,400	1,397,751,500	1,374,495,900^{5/6/}
FUND SOURCES			
General Fund	414,182,000	379,923,600	347,184,800
<u>Other Appropriated Funds</u>			
Substance Abuse Services Fund	2,375,000	2,250,000	2,250,000
TTHCF Medically Needy Account	25,785,500	35,924,800	34,767,000
SUBTOTAL - Other Appropriated Funds	28,160,500	38,174,800	37,017,000
SUBTOTAL - Appropriated Funds	442,342,500	418,098,400	384,201,800

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 APPROVED
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	866,245,900	979,653,100	990,294,100
SUBTOTAL - Expenditure Authority Funds	866,245,900	979,653,100	990,294,100
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,308,588,400	1,397,751,500	1,374,495,900
Other Non-Appropriated Funds	63,698,200	66,924,700	66,924,700
Federal Funds	40,058,100	39,978,000	39,978,000
TOTAL - ALL SOURCES	1,412,344,700	1,504,654,200	1,481,398,600

COST CENTER DESCRIPTION — The Behavioral Health program administers most mental health services for the state both adult and children's behavioral health services, in addition to substance abuse treatment. Most services are provided through contracts with 5 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network.

Title XIX Caseload and Inflation Overview

The budget includes an increase of \$133,707,600 for expected growth in the Title XIX Behavioral Health Programs. This adjustment would consist of \$32,183,400 from the General Fund and \$101,524,200 from Federal Title XIX Expenditure Authority (EA) under 12 months of enhanced Federal Medical Assistance Percentage (FMAP) that has been enacted by the federal government. (Please see the AHCCCS Summary for additional information.)

The Behavioral Health Services (BHS) Title XIX enrollment growth represents a 5.5% increase from June 2010 to June 2011. FY 2010 enrollment growth was originally budgeted at 8.9%, but is currently projected to grow by 21%. The FY 2010 supplemental covers this cost.

The budget increase includes an adjustment for the utilization rate of Title XIX Seriously Mentally Ill (SMI) and Title XIX General Mental Health and Substance Abuse (GMH/SA) services. FY 2010 utilization of SMI and GMH/SA was originally budgeted at 5.1% and 10.2%, respectively. Current data indicates that utilization of Title XIX SMI services is 4.1% and utilization of Title XIX GMH/SA services is 9.8%. The budget assumes a utilization rate of 3.7% for the Title XIX SMI population and 9.7% for the Title XIX GMH/SA population in FY 2011.

The utilization rate is the actual number of individuals receiving services as a percentage of the total eligible

population for that program. The department receives a flat amount for each Title XIX eligible individual per month, regardless of whether or not those individuals actually receive treatment.

During the economic downturn, the number of individuals requiring behavioral health services has not grown at the same rate as the overall caseload. As a result, the overall utilization rate has been lowered to prevent excess funding of services. (There was no downward utilization adjustment for Children's Behavioral Health.)

While the utilization rate has been reduced, the actual number of individuals receiving services will still grow each year. *Table 1* below summarizes utilization actuals, as well as projected utilization for the end of FY 2010 and FY 2011, for the 3 Title XIX behavioral health populations.

	June 2009 <u>Actual</u>	June 2010 <u>Estimate</u>	June 2011 <u>Estimate</u>
CBH	30,420	35,903	35,834
SMI	23,266	24,672	24,924
GMH/SA	55,573	61,333	65,365

The budget increase does not include medical inflation growth. Actual BHS capitation rate growth was 0% in FY 2010, 3.6% in FY 2009, 11.3% in FY 2008, 5.2% in FY 2007, 11.4% in FY 2006, and 12.8% in FY 2005.

- 1/ Includes 13.4 GF and 29 EA FTE Positions funded from Special Line Items in FY 2011.
- 2/ The amounts included in the Proposition 204 Administration, Proposition 204 Children's Behavioral Health Services, Proposition 204 General Mental Health and Substance Abuse and Proposition 204 Seriously Mentally Ill Services Special Line Items include all available sources of funding consistent with A.R.S. § 36-2901.01B. (General Appropriation Act footnote)
- 3/ The Department of Health Services shall report to the Joint Legislative Budget Committee 30 days after the end of each calendar quarter on the progress the department is making toward settling the *Arnold v. Sarn* lawsuit. The report shall include at a minimum the department's progress towards meeting the exit criteria and whether the department is in compliance with the exit criteria schedule. (General Appropriation Act footnote)
- 4/ It is the intent of the Legislature that the percent attributable to administration/profit for the regional behavioral health authority in Maricopa County is 9% of the overall capitation rate. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as an Agencywide Operating Lump Sum with Special Line Items by Program.
- 6/ See agency summary for agencywide lump sum reductions.

	FY 2010 <u>Appropriated</u>	FY 2010 <u>Revised</u>	FY 2011 <u>Revised</u>	FY 2011 Above FY 2010 <u>Revised</u>
Medicare Clawback Payments	\$ 11,932,800	\$ 7,831,800	\$ 8,581,500	\$749,700
Medicaid Special Exemption Payments	5,589,800	6,392,200	6,583,900	191,700
CBH	93,191,600	110,501,400	123,758,300	13,256,900
CBH Proposition 204	1,130,700	2,261,400	2,518,100	256,700
SMI	58,061,600	51,154,700	79,624,900	28,470,200
SMI Proposition 204	53,299,700	67,443,600	14,648,200	(52,795,400)
GMH/SA ^{2/}	29,694,300	30,909,500	32,141,500	1,232,000
GMH/SA Proposition 204	<u>26,964,400</u>	<u>40,384,900</u>	<u>47,404,400</u>	<u>7,019,500</u>
Total	\$279,864,900	\$316,879,500	\$315,260,800	\$(1,618,700)

^{1/} These amounts represent spending under the enhanced FMAP and contingent appropriation under Laws 2010, Chapter 232.
^{2/} Base amounts include \$3,600,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund.

Table 2 summarizes the FY 2011 General Fund projections, as well as estimated Clawback payments in FY 2010 and FY 2011.

State monies provide approximately a 34% match to the Federal Funds (EA) received. However, federal legislation has extended the ARRA enhanced match rate of 24% in FY 2011. As a result of the ARRA enhanced FMAP extension, the state will pay approximately \$(131,176,900) less from the General Fund for Behavioral Health Services in FY 2011. These amounts are incorporated into Table 2. The adjustment also includes changes in behavioral health services and Medicaid Special Exemption Payments but does not address any changes in administrative costs.

Behavioral Health Statewide Crisis System Consolidation

The state has been a longstanding defendant in the *Arnold v. Sarn* litigation concerning the level of services provided

to the SMI population. Due to the state's fiscal condition, the plaintiffs and the state agreed to suspend the lawsuit for 2 years due to lack of funding. The SMI population is funded under both Title XIX and Non-Title XIX line items.

As part of this suspension, the FY 2011 budget reduces and reorganizes Non-Title XIX behavioral health spending for both SMI and the General Mental Health populations. As shown in Table 3, total spending declined from \$103,624,800 in FY 2010 to \$61,870,800. As part of this change, the Non-Title XIX line items for Children's Behavioral Health, SMI, Mental Health, and Substance Abuse were eliminated. They were replaced by new line items for Prescription Medication, Supported Housing and Crisis Services. These services were already being provided under the prior system, but the new line items names will be more descriptive of the types of assistances.

<u>Program</u>	<u>FY 2011 Change</u>				<u>FY 2011 TF</u>
	<u>FY 2010 TF</u>	<u>GF</u>	<u>OF/EA</u>	<u>TF</u>	
CBH Non-Title XIX	\$ 7,320,700	\$(7,320,700)	\$ 0	\$(7,320,700)	\$ 0
SMI Non-Title XIX	53,849,700	(22,024,900)	(31,824,800)	(53,849,700)	0
Prescription Medication	0	28,453,800	11,701,100	40,154,900	40,154,900
Supported Housing	0	0	5,324,800	5,324,800	5,324,800
Court Monitor	197,500	(197,500)	0	(197,500)	0
<i>Arnold v. Sarn</i>	34,170,200	(24,569,500)	(9,600,700)	(34,170,200)	0
Crisis Services	0	0	16,391,100	16,391,100	16,391,100
Mental Health Non-TXIX	1,747,300	(1,247,300)	(500,000)	(1,747,300)	0
Substance Abuse Non-TXIX	<u>6,339,400</u>	<u>(4,089,400)</u>	<u>(2,250,000)</u>	<u>(6,339,400)</u>	<u>0</u>
Net Funding	\$103,624,800	\$(30,995,500)	\$(10,758,500)	\$(41,754,000)	\$61,870,800

GF = General Fund OF/EA = Other Funds/Expenditure Authority TF = Total Funds

Prior to these changes, approximately 14,600 SMI adults received SMI services. That number is expected to remain the same, but the benefit package will be reduced. In terms of non-SMI services, 4,200 children and 11,100 adults had previously received mental health services along with 6,600 adult substance abusers. The budget changes would eliminate most of those non-SMI Non-Title XIX services, although substance abuse assistance will continue to be provided through federal funds.

Operating Budget

The budget includes \$14,075,400 and 110.6 FTE Positions from the General Fund for the operating budget in FY 2011. These amounts consist of:

	FY 2011
General Fund	\$ 3,625,100
Federal Title XIX Expenditure Authority	10,450,300

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(389,800) in FY 2011 for statewide adjustments. This amount consists of:

General Fund	(100,400)
Federal Title XIX Expenditure Authority	(289,400)

(Please see the General Provisions section.)

Administration

Contract Compliance

The budget includes \$4,759,000 and 42.4 FTE Positions for Contract Compliance in FY 2011. These amounts consist of:

General Fund	1,157,700
Federal Title XIX Expenditure Authority	3,601,300

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of (99,500) in FY 2011 for statewide adjustments. This amount consists of:

General Fund	(24,200)
Federal Title XIX Expenditure Authority	(75,300)

This line item provides funding to improve contract monitoring and oversight, including additional personnel to evaluate contract compliance among the Regional Behavioral Health Authorities (RBHAs) and to ensure that DHS is meeting its obligations in both the *Arnold v. Sarn* and *JK v. Gerard* lawsuits.

Dual Eligible Part D Copay Subsidy

The budget includes no funding for the Dual Eligible Part D Copay Subsidy in FY 2011. This amount is unchanged from FY 2010.

This line item paid the prescription drug copayments of low income individuals qualifying for both Medicare and Medicaid, known as “dual eligibles.” Prior to the federal government taking over prescription drug costs from the state for dual eligibles on January 1, 2006; these individuals did not pay for their prescriptions. As part of the benefit, the copayment ranges from \$1.05 to \$6.01, depending on the class of the drug as well as the recipient’s income.

Medicare Clawback Payments

The budget includes \$8,581,500 from the General Fund for Medicare Clawback Payments in FY 2011. This amount funds the following adjustments:

Formula Growth

The budget includes an increase of \$325,400 from the General Fund in FY 2011 for formula growth associated with Medicare Clawback Payments.

Savings Reduction

The budget includes an increase of \$424,300 from the General Fund in FY 2011 for reduced savings in FY 2011. In February 2010, the federal government announced that it would apply the ARRA enhanced matching rate against the Medicare Clawback payments, thereby reducing the amounts made for Clawback payments. It is estimated that this will reduce behavioral health payments by \$(4,101,000) in FY 2010 and \$(3,676,700) in FY 2011. The savings in FY 2010 are greater than in FY 2011 due to the timing of these savings.

As part of the Medicare Modernization Act (MMA) effective January 1, 2006, DHS is not required to pay for prescription drug costs for members who are also eligible for Medicare. Instead, DHS is required to make “Clawback” payments to Medicare based on 83% of the estimated prescription drug cost of this population in FY 2011. The state’s share of 83% declines annually by 1.7% and the Clawback cost per member is annually increased based on national health trend information.

Medicaid Special Exemption Payments

The budget includes \$27,428,600 for Medicaid Special Exemption Payments in FY 2011. This amount consists of:

General Fund	6,583,900
Federal Title XIX Expenditure Authority	20,844,700

These amounts fund the following adjustments:

Formula Growth

The budget includes an increase of \$1,989,400 in FY 2011 for increased Medicaid Special Exemption Payments related to Title XIX caseload growth. This amount consists of:

General Fund	191,700
Federal Title XIX Expenditure Authority	1,797,700

The FY 2010 supplemental added \$802,400 from the General Fund and \$1,540,300 in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued into FY 2011.

This 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 it pays to RBHAs. Therefore, any increases in capitation payments associated with caseload growth and inflation necessitate an increase in premium tax payments. The amount excludes premium tax payments for the behavioral health capitation revenue from developmentally disabled clients, which is funded in the Department of Economic Security's budget.

Proposition 204 Administration

The budget includes \$6,680,600 for Proposition 204 Administration in FY 2011. This amount consists of:

General Fund	2,287,400
Federal Title XIX Expenditure Authority	4,393,200

These amounts are unchanged from FY 2010.

The implementation of Proposition 204, passed by the voters in November of 2000, expanded the categories of eligibility for Title XIX services, including behavioral health services, up to 100% of the federal poverty level. This line item provides funding for the administrative component of this expansion.

Children's Behavioral Health (CBH)

Children's Behavioral Health Services

The budget includes no funding for Children's Behavioral Health Services (CBH) Services in FY 2011. This amount funds the following adjustments:

Eliminate Non-Title XIX CBH

The budget includes a decrease of \$(7,320,700) from the General Fund in FY 2011 to eliminate state-only funding

for CBH services. (Please see Behavioral Health Crisis System Consolidation for additional information.)

This line item provided General Fund monies for prevention programs and for treatment of Non-Title XIX eligible children.

Children's Behavioral Health State Match for Title XIX

The budget includes \$515,477,600 for CBH State Match for Title XIX in FY 2011. This amount consists of:

General Fund	123,758,300
Federal Title XIX Expenditure Authority	391,719,300

This amount funds the following adjustments:

Formula Growth

The budget includes an increase of \$58,825,700 in FY 2011 for Title XIX Children's Behavioral Health caseload and capitation rate growth. This amount consists of:

General Fund	13,256,900
Federal Title XIX Expenditure Authority	45,568,800

The FY 2010 supplemental added \$17,309,800 from the General Fund and \$33,229,900 in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued into FY 2011.

The FY 2011 adjustment assumes capitation enrollment growth of 5.7% from June 2010 to June 2011, and no increase in capitation rates

This line item funds behavioral health treatment to Title XIX eligible children. There are approximately 621,467 eligible children. DHS receives a monthly capitation payment from AHCCCS for every child eligible for Title XIX behavioral health services, although only an estimated 5.5% or 35,056 of the eligible population will utilize services.

Proposition 204 Children's Behavioral Health Services

The budget includes \$10,487,400 for Proposition 204 CBH Services in FY 2011. This amount consists of:

General Fund	2,518,100
Federal Title XIX Expenditure Authority	7,969,300

These amounts fund the following adjustments:

Formula Growth

The budget includes an increase of \$1,487,800 in FY 2011 for Proposition 204 Children's Behavioral Health caseload growth. This amount consists of:

General Fund 256,700
 Federal Title XIX Expenditure Authority 1,231,100

The FY 2010 supplemental added \$1,130,700 from the General Fund and \$2,554,600 in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued into FY 2011.

The FY 2011 adjustment assumes capitation enrollment growth of 5% from June 2010 to June 2011, and no increase in capitation rates.

This line item provides behavioral health treatment to children eligible for Title XIX pursuant to Proposition 204. Because most children were already eligible for Title XIX prior to the implementation of Proposition 204, this population is very small. There are approximately 13,598 eligible children. DHS receives a monthly capitation payment from AHCCCS for every child eligible for Title XIX behavioral health services, although only an estimated 5.5%, or 778, of the eligible population will utilize services.

Seriously Mentally Ill (SMI)

SMI is a population of adult patients with more long-term or ongoing mental illness than those funded through the General Mental Health Special Line Items.

Seriously Mentally Ill Non-Title XIX

The budget eliminates the SMI Non-Title XIX services line item in FY 2011 and shifts some of the resources to new state-only BHS line items. This amount funds the following adjustments:

Eliminate Non-Title XIX SMI

The budget includes a decrease of \$(53,849,700) in FY 2011 for SMI Non-Title XIX services. This amount consists of:

General Fund (22,024,900)
 Tobacco Tax and Health Care Fund (31,824,800)
 Medically Needy Account

This reduction is a component of the consolidation of Non-Title XIX services into a statewide crisis system, of which, the new Non-Title XIX Prescription Medication and Supported Housing Special Line Items are a part. These line items would replace the Non-Title XIX SMI program. *(Please see Behavioral Health Crisis System Consolidation for additional information.)*

This line item provided funding for treatment for SMI clients that are not eligible for Title XIX coverage.

Non-Title XIX Prescription Medication

The budget includes \$40,154,900 for a new Non-Title XIX Prescription Medication Special Line Item (SLI) in FY 2011. This amount consists of:

General Fund 28,453,800
 Tobacco Tax and Health Care Fund 11,701,100
 Medically Needy Account

This line item provides funding for a benefit package for Non-Title XIX SMI clients to partially cover the costs of prescription medications and associated services, such as laboratory costs and prescribing clinician costs.

This program is a component of the consolidation of Non-Title XIX services into a statewide crisis system, as recommended by the Governor. *(Please see Behavioral Health Crisis System Consolidation for additional information.)*

Supported Housing

The budget includes \$5,324,800 from the Tobacco Tax and Health Care Fund Medically Needy Account for a new Supported Housing SLI in FY 2011.

This line item provides funding to support services for supported housing services that may include rental subsidies, housing stock, room and board and related living expenses that will enable clients to live in the community while avoiding more restrictive and costly housing arrangements. As of this writing, those individuals who are Non-Title XIX, and who already receive Supported Housing, will keep their services, but no new Non-Title XIX clients will be funded with these monies. This line item gives priority to those who are Title XIX eligible.

This program is a component of the consolidation of Non-Title XIX services into a statewide crisis system, as recommended by the Governor. *(Please see Behavioral Health Crisis System Consolidation for additional information.)*

Seriously Mentally Ill State Match for Title XIX

The budget includes \$331,815,100 for SMI State Match for Title XIX in FY 2011. This amount consists of:

General Fund 79,624,900
 Federal Title XIX Expenditure Authority 252,190,200

These amounts fund the following adjustments:

Formula Growth

The budget includes a decrease of \$(37,165,000) in FY 2011 for Title XIX Seriously Mentally Ill caseload and capitation rate growth. This amount consists of:

General Fund	(26,389,700)
Federal Title XIX Expenditure Authority	(10,775,300)

The FY 2010 supplemental reduced \$(6,906,900) from the General Fund and \$(13,259,300) in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued into FY 2011.

The FY 2011 adjustment assumes capitation enrollment growth of 5.7% from June 2010 to June 2011, and no increase in capitation rates.

SMI Reclassification

The budget includes an increase of \$160,764,200 in FY 2011 to shift Prop. 204 SMI clients to the Title XIX SMI population. This amount consists of:

General Fund	54,859,900
Federal Title XIX Expenditure Authority	105,904,300

This adjustment assumes that 87%, or 330,580, of Prop. 204 clients would become part of the Title XIX population, because these individuals are Supplemental Security Income (SSI) eligible. SSI eligible clients would receive Title XIX services even if Prop. 204 had not been enacted.

This line item provides behavioral health treatment to Title XIX eligible SMI adults. There are approximately 608,273 eligible adults. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX behavioral health services, although only an estimated 3.7%, or 22,830 of the eligible population will utilize services.

Proposition 204 Seriously Mentally Ill Services

The budget includes \$61,948,600 for Proposition 204 Seriously Mentally Ill (SMI) Services in FY 2011. This amount consists of:

General Fund	14,648,200
Federal Title XIX Expenditure Authority	47,300,400

These amounts fund the following adjustments:

Formula Growth

The budget includes a decrease of (52,540,600) in FY 2011 for Proposition 204 SMI caseload and capitation rate growth. This amount consists of:

General Fund	2,064,500
Federal Title XIX Expenditure Authority	(54,605,100)

The FY 2010 supplemental added \$14,143,900 from the General Fund and \$26,806,100 in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued into FY 2011.

SMI Reclassification

The budget includes a decrease of \$(160,764,200) in FY 2011 to shift Prop. 204 SMI clients to the Title XIX SMI population. This amount consists of:

General Fund	(54,859,900)
Federal Title XIX Expenditure Authority	(105,904,300)

(Please see Seriously Mentally Ill State Match for Title XIX for additional information.)

This line item provides behavioral health treatment to Title XIX eligible SMI adults. There are approximately 49,397 eligible adults. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX behavioral health services, although only an estimated 3.7%, or 2,094, of the eligible population will utilize services.

Court Monitoring

The budget includes no funding from the General Fund for Court Monitoring in FY 2011. This amount funds the following adjustments:

Elimination of the Office of the Court Monitor

The budget includes a decrease of \$(197,500) from the General Fund in FY 2011 for the elimination of the Court Monitor from the *Arnold v. Sarn* lawsuit.

This line item provided funds for the state share of the expenses incurred by the Office of the Court Monitor, which was established as a result of the *Arnold v. Sarn* lawsuit. The Office of the Court Monitor was eliminated by the Maricopa County Superior Court when it approved an agreement to suspend the *Arnold v. Sarn* lawsuit for 2 years. *(Please see Arnold v. Sarn for additional information.)*

Arnold v. Sarn

The budget includes no funding for *Arnold v. Sarn* in FY 2011. This amount funds the following adjustments:

Suspension of Arnold v. Sarn Lawsuit

The budget includes a decrease of \$(34,170,200) in FY 2011 to stay the ongoing *Arnold v. Sarn* lawsuit for 2 years. This amount consists of:

General Fund	(24,569,500)
Federal Title XIX Expenditure Authority	(9,600,700)

The Maricopa County Superior Court suspended the lawsuit for 2 years in March 2010, as a result of an agreement between the parties, due to the state's fiscal situation. Part of the agreement to suspend the lawsuit included a provision requiring the creation of a statewide crisis system during the suspension to help clients in Maricopa County who are part of the *Arnold* class. The new crisis system would provide services in place of the *Arnold* line item. (Please see *Behavioral Health Crisis System Consolidation for additional information.*)

This line item provided additional funding in order to address the requirements of the *Arnold v. Sarn* lawsuit. It was the intent of the Legislature that this funding be used throughout the state for all persons who meet the same criteria as those covered in the *Arnold v. Sarn* lawsuit.

In order to increase legislative oversight, a footnote in the General Appropriation Act requires the department to report to the Joint Legislative Budget Committee quarterly on the progress being made toward settling the *Arnold v. Sarn* lawsuit. However, with the elimination of funding for Court Monitoring and *Arnold v. Sarn* line items, it is unlikely that there will be any information to report.

General Mental Health and Substance Abuse

General Mental Health and Substance Abuse (GMH/SA) funding assists adults who do not qualify as SMI.

Crisis Services

The budget includes \$16,391,100 for Crisis Services in FY 2011. This amount consists of:

Substance Abuse Services	2,250,000
Tobacco Tax and Health Care Fund	14,141,100
Medically Needy Account	

This line item provides funding for persons in need of emergency behavioral health assistance. These services may include 24-hour crisis telephone lines, crisis mobile teams, and facility-based crisis services.

This program is a component of the consolidation of Non-Title XIX services into a statewide crisis system, as recommended by the Governor. (Please see *Behavioral Health Crisis System Consolidation for additional information.*)

Mental Health Non-Title XIX

The budget eliminates Mental Health Non-Title XIX services line item in FY 2011 and shifts some of the resources to the Crisis Services line item. This amount funds the following adjustments:

Eliminate Mental Health Non-Title XIX

The budget includes a decrease of \$(1,747,300) in FY 2011 for the elimination of state-only Mental Health services. This amount consists of:

General Fund	(1,247,300)
Tobacco Tax and Health Care Fund	(500,000)
Medically Needy Account	

This reduction is a component of the consolidation of Non-Title XIX services into a statewide crisis system, of which, the new Crisis Services program is a part. Crisis Services would replace the Mental Health Non-Title XIX and Substance Abuse Non-Title XIX programs. (Please see *Behavioral Health Crisis System Consolidation for additional information.*)

This line item provided funding for mental health treatment services for adults who required treatment but were not diagnosed SMI and were not eligible for the Title XIX program, as well as general mental health services for children and for substance abuse services and prevention.

Substance Abuse Non-Title XIX

The budget eliminates Substance Abuse Non-Title XIX services in FY 2011 and shifts some of the resources to the Crisis Services line item. This amount funds the following adjustments:

Eliminate Substance Abuse Non-Title XIX

The budget includes a decrease of \$(6,339,400) in FY 2011 for Substance Abuse Non-Title XIX services. This amount consists of:

General Fund	(4,089,400)
Substance Abuse Services Fund	(2,250,000)

This reduction is a component of the consolidation of Non-Title XIX services into a statewide crisis system, of which, the new Crisis Services program is a part. Crisis Services would replace the Mental Health Non-Title XIX and Substance Abuse Non-Title XIX programs. (Please see *Behavioral Health Crisis System Consolidation for additional information.*)

This line item provided funding for drug and alcohol abuse services for adults who are not eligible for the Title XIX program.

Mental Health and Substance Abuse State Match for Title XIX

The budget includes \$133,900,600 for Mental Health and Substance Abuse (GMH/SA) State Match for Title XIX in FY 2011. This amount consists of:

General Fund	28,541,500
Tobacco Tax and Health Care Fund Medically Needy Account	3,600,000
Federal Title XIX Expenditure Authority	101,759,100

These amounts fund the following adjustments:

Formula Growth

The budget includes an increase of \$8,890,000 in FY 2011 for Title XIX GMH/SA caseload and capitation rate growth. This amount consists of:

General Fund	1,232,000
Federal Title XIX Expenditure Authority	7,658,000

The FY 2010 supplemental added \$1,215,200 from the General Fund and \$2,332,700 in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued in FY 2011.

The FY 2011 adjustment assumes capitation enrollment growth of 5.7% from June 2009 to June 2010, and no increase in capitation rates.

This line item provides behavioral health treatment to Title XIX eligible SMI adults. There are approximately 277,693 eligible adults. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX behavioral health services, although only an estimated 9.7%, or 26,936, of the eligible population will utilize services.

Proposition 204 General Mental Health and Substance Abuse

The budget includes \$197,470,700 for Proposition 204 GMH/SA in FY 2011. This amount consists of:

General Fund	47,404,400
Federal Title XIX Expenditure Authority	150,066,300

These amounts fund the following adjustments:

Formula Growth

The budget includes an increase of \$36,750,700 in FY 2011 for Proposition 204 GMH/SA caseload and capitation rate growth. This amount consists of:

General Fund	7,019,500
Federal Title XIX Expenditure Authority	29,731,200

The FY 2010 supplemental added \$13,420,500 from the General Fund and \$25,763,500 in Federal Title XIX Expenditure Authority for additional caseload growth in FY 2010. The FY 2010 supplemental is incorporated into the FY 2010 figures above and continued into FY 2011.

The FY 2011 adjustment assumes capitation enrollment growth of 5% from June 2010 to June 2011, and no increase in capitation rates.

This line item provides behavioral health treatment to Title XIX eligible SMI adults. There are approximately 379,977 eligible adults. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX behavioral health services, although only an estimated 9.7%, or 36,858, of the eligible population will utilize services. As of November 2009, there are 28,736 adults who utilize services in this program each month.

Prior Year Federal Funds Draw Down

The budget includes no funding for Prior Year Federal Funds Draw Down in FY 2011.

The FY 2009 budget appropriated \$19,871,400 from the General Fund to DHS for additional FY 2009 supplemental funding for Behavioral Health Services. DHS used that \$19,871,400 to obtain federal matching funds of \$45,438,600. Of the total \$65,310,000, the Legislature instructed DHS to use \$25,438,600 as supplemental funding for Behavioral Health Services, and to transfer the remaining \$39,871,400 back to the General Fund by June 30, 2009.

5th Special Session Reduction

Please see agency summary for agencywide lump sum reductions.

Fund Transfers

The budget includes transfers from this agency's funds to the General Fund. *(Please see the Fund Transfers section at the back of this report for more detail.)*