

Department of Health Services

	FY 2013 ACTUAL	FY 2014 ESTIMATE	FY 2015 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,176.7	1,176.7	1,176.7 ^{1/}
Personal Services	53,124,100	58,284,000	25,217,000
Employee Related Expenditures	20,705,400	22,311,700	9,472,000
Professional and Outside Services	12,913,300	15,705,400	4,498,700
Travel - In State	486,700	547,300	412,300
Travel - Out of State	67,200	88,300	83,300
Other Operating Expenditures	32,429,600	38,051,700	24,872,100
Equipment	918,000	1,699,800	1,423,800
OPERATING SUBTOTAL	120,644,300	136,688,200	65,979,200
SPECIAL LINE ITEMS			
Behavioral Health			
Medicaid Behavioral Health - Traditional	829,920,400	897,207,500	819,169,600 ^{2/3/4/}
Medicaid Behavioral Health - Proposition 204	327,724,200	223,879,100	533,313,600 ^{2/3/4/5/}
Medicaid Behavioral Health - Comprehensive Medical and Dental Program	0	175,395,700	182,521,300 ^{2/3/4/}
Medicaid Behavioral Health - Adult Expansion	0	41,015,800	73,805,900
Proposition 204 Administration	5,579,200	6,446,700	6,446,700 ^{5/}
Medicare Clawback Payments	13,838,800	14,057,100	14,100,700
Medicaid Insurance Premium Payments	23,337,600	28,447,300	23,795,400
Non-Medicaid Seriously Mentally Ill Services	94,411,200	78,846,900	78,846,900
Supported Housing	5,218,100	5,324,800	5,324,800
Crisis Services	0	16,391,100	16,391,100
Mental Health First Aid	0	250,000	250,000 ^{6/}
Arizona State Hospital			
ASH - Operating	0	0	58,289,500
ASH - Restoration to Competency	0	0	900,000 ^{7/}
ASH - Sexually Violent Persons	0	0	9,721,700 ^{8/}
Community Placement Treatment	0	1,130,700	0
One-Time Electronic Medical Records Start-Up	0	3,850,000	0
Public Health/Family Health			
Adult Cystic Fibrosis	76,900	105,200	105,200
AIDS Reporting and Surveillance	983,100	1,000,000	1,000,000
Alzheimer's Disease Research	1,125,000	1,125,000	2,375,000 ^{9/}
Biomedical Research Support	0	0	2,000,000 ^{10/}
Breast and Cervical Cancer and Bone Density Screening	1,110,100	1,369,400	1,369,400
County Tuberculosis Provider Care and Control	517,300	590,700	590,700
Emergency and Trauma Services	300,000	300,000	0
Folic Acid	316,000	400,000	400,000
High Risk Perinatal Services	1,961,400	2,543,400	2,543,400
Newborn Screening Program	5,428,500	6,307,000	6,307,700
Nursing Facility Study	0	90,000	50,000
Poison Control Centers Funding	580,700	990,000	990,000
Nonrenal Disease Management	198,000	198,000	198,000 ^{11/}
Renal Dental Care and Nutrition Supplements	0	300,000	300,000
School-Based Prevention Education	0	0	300,000 ^{12/}
AGENCY TOTAL	1,433,270,800	1,644,249,600	1,907,385,800^{13/-16/}
FUND SOURCES			
General Fund	582,926,600	568,284,900	613,362,100
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	10,453,700	14,918,500	9,588,600

	FY 2013 ACTUAL	FY 2014 ESTIMATE	FY 2015 APPROVED
ASH Land Earnings Fund	186,900	650,000	650,000
Capital Outlay Stabilization Fund	210,000	1,559,800	1,559,800
Child Fatality Review Fund	94,400	94,800	94,800
Emergency Medical Services Operating Fund	4,209,900	5,121,400	5,122,400
Environmental Laboratory Licensure Revolving Fund	745,600	926,900	927,100
Federal Child Care and Development Fund Block Grant	694,500	830,400	879,400
Health Services Licensing Fund	7,784,800	8,842,400	9,275,100
Hearing and Speech Professionals Fund	317,800	0	0
Indirect Cost Fund	8,746,700	10,390,400	8,573,500
Long Term Care System Fund	1,379,600	0	0
Newborn Screening Program Fund	5,652,100	6,738,900	6,739,600
Nursing Care Institution Resident Protection Revolving Fund	54,700	128,200	88,200
Substance Abuse Services Fund	2,250,000	2,250,000	2,250,000
TTHCF Health Research Account	1,000,000	1,000,000	3,000,000
TTHCF Medically Needy Account	35,083,000	35,467,000	35,467,000
Vital Records Electronic Systems Fund	2,456,200	3,634,700	3,635,500
SUBTOTAL - Other Appropriated Funds	81,319,900	92,553,400	87,851,000
SUBTOTAL - Appropriated Funds	664,246,500	660,838,300	701,213,100
<u>Expenditure Authority Funds</u>			
Federal Medicaid Services	769,024,300	983,411,300	1,206,172,700
SUBTOTAL - Expenditure Authority Funds	769,024,300	983,411,300	1,206,172,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,433,270,800	1,644,249,600	1,907,385,800
Other Non-Appropriated Funds	128,294,400	127,320,600	127,320,600
Federal Funds	313,217,000	310,573,100	310,781,000
TOTAL - ALL SOURCES	1,874,782,200	2,082,143,300	2,345,487,400

AGENCY DESCRIPTION — The Department of Health Services (DHS) is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, the Arizona State Hospital (ASH), emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.

- 1/ Includes 1 GF and 24.1 OF FTE Positions funded from Special Line Items in FY 2015.
- 2/ On or before January 6, 2015, the Department of Health Services shall report to the Director of the Joint Legislative Budget Committee the total amount of Medicaid reconciliation payments and penalties received on or before that date since July 1, 2014. On June 30, 2015, the department shall report the same information for all of FY 2015. (General Appropriation Act footnote)
- 3/ The Department of Health Services shall report to the Joint Legislative Budget Committee within 30 days after the end of each calendar quarter on the progress in implementing the *Arnold v. Sarn* lawsuit settlement. The report must include at a minimum the department's progress toward meeting all criteria specified in the 2014 joint stipulation, including the development and estimated cost of additional behavioral health service capacity in Maricopa County as follows: supported housing services for 1,200 class members, supported employment services for 750 class members, 8 assertive community treatment teams and consumer operated services for 1,500 class members. The department shall also report the amounts, by fund source, it plans to use to pay for expanded services. (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/ The amounts included in the Proposition 204 Administration and Medicaid Behavioral Health - Proposition 204 line items include all available sources of funding consistent with A.R.S. § 36-2901.01B. (General Appropriation Act footnote)
- 6/ It is the intent of the Legislature that monies in the Mental Health First Aid line item be spent to train mental health first aid instructors. (General Appropriation Act footnote)
- 7/ The Arizona State Hospital - Restoration to Competency line item includes monies for direct costs associated with the Restoration to Competency program. All other indirect costs are included in the Arizona State Hospital - Operating line item.
- 8/ The Arizona State Hospital - Sexually Violent Persons line item includes monies for direct costs associated with the Sexually Violent Person program. All other indirect costs are included in the Arizona State Hospital - Operating line item.
- 9/ Of the \$2,375,000 for Alzheimer's Disease Research, \$1,000,000 of that amount is from the Tobacco Tax and Health Care Fund - Health Research Account. (General Appropriation Act footnote)
- 10/ A. The sum of \$2,000,000 is appropriated from the Health Research Fund established by A.R.S. § 36-275 in FYs 2015, 2016, 2017, 2018, and 2019 to the Department of Health Services for allocation to a nonprofit medical research institute headquartered in this state that does all of the following:
 1. Specializes in biomedical research focused on applying genomic technologies and sequencing to clinical care.
 2. Has served as a resource to this state to conduct molecular epidemiologic analyses to assist with disease outbreak investigations.
 3. Collaborates with universities, hospitals and health science research centers and other public and private bioscience and related industries in this state.

Summary

DHS' FY 2015 General Fund spending would increase by \$45,077,200, or 7.9%. The budget includes:

- \$(5,715,000) for formula adjustments.
- \$36,814,300 for the annualization of costs associated with mandatory federal health care legislation.
- \$15,475,200 for the annualization of costs associated with Medicaid expansion and the Childless Adult restoration.
- \$(2,747,300) for annualization of savings associated with shifting services of most enrollees in the Children's Rehabilitative Services program to the Arizona Health Care Cost Containment System (AHCCCS).
- \$1,250,000 for Alzheimer's research.
- \$300,000 for the School-Based Prevention Education program.
- \$(300,000) to eliminate the Emergency Trauma Services line item and shift La Paz Regional Hospital to the Critical Access Hospital line in the AHCCCS budget.

Operating Budget

The budget includes \$65,979,200 and 1,151.6 FTE Positions in FY 2015 for the operating budget. These amounts consist of:

	FY 2015
General Fund	\$24,006,900
Capital Outlay Stabilization Fund	1,559,800
Child Fatality Review Fund	94,800
Emergency Medical Services (EMS) Operating Fund	4,672,400
Environmental Laboratory Licensure Revolving Fund	927,100
Federal Child Care and Development Fund (CCDF) Block Grant	879,400
Health Services Licensing Fund	9,275,100
Indirect Cost Fund	8,573,500
Newborn Screening Program Fund	431,900
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,635,500
Federal Medicaid Authority (FMA)	11,884,600

These amounts fund the following adjustments:

- B. The recipient of the monies appropriated pursuant to subsection A of this section shall commission an annual audit of the expenditure of these monies and shall submit a copy of the audit to the Department of Health Services on or before February 1 of each year.
- C. The appropriation made in subsection A of this section is exempt from the provisions A.R.S. § 35-190 relating to lapsing of appropriations. (General Appropriation Act footnote)
- 11/ The Department of Health Services may use up to 4% of the amounts appropriated for Nonrenal Disease Management for the administrative costs to implement the program. (General Appropriation Act footnote)
- 12/ A. The sum of \$300,000 is appropriated from the General Fund in FY 2015 to the Department of Health Services for a middle and high school prevention education program. The department shall distribute monies appropriated pursuant to this section on a competitive grant basis to grant applicants who will implement a proactive prevention education program in all middle and high schools in this state. The program must:
1. Promote positive life choices by educating middle and high school students about the harms and consequences of destructive behaviors in order to reduce motivation to use drugs and be involved in harmful social environments.
 2. Incorporate an educational prevention component focusing on the areas of:
 - (a) Substance abuse.
 - (b) Mental health.
 - (c) Violence.
 - (d) Other risky behaviors.
- B. Before the expenditure of any monies appropriated in subsection A of this section, the Department of Health Services shall present an expenditure plan to the Joint Legislative Budget Committee for its review.
- C. The appropriation made in subsection A of this section is exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations. (General Appropriation Act footnote)
- 13/ In addition to the appropriation for the Department of Health Services, earnings on state lands and interest on the investment of the Permanent State Land Funds are appropriated to the Arizona State Hospital in compliance with the Enabling Act and the Constitution of Arizona. (General Appropriation Act footnote)
- 14/ The department shall report to the Joint Legislative Budget Committee on or before March 1 of each year on 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 may not be more than 2%. Before implementation of any changes in capitation rates for any behavioral health line items, the Department of Health Services shall report its expenditure plan for review by the Joint Legislative Budget Committee. Before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department 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 more for a given fiscal year, the department shall submit the policy changes for review by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 15/ The Department of Health Services shall electronically forward a monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee on or before the 30th of the following month. The report must include an estimate of potential shortfalls in programs, potential federal and other funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation and total expenditure authority of the month and year-to-date for federally matched services. (General Appropriation Act footnote)
- 16/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

ASH - Operating Shift

The budget includes a decrease of \$(58,349,500) in FY 2015 to shift operating costs of the Arizona State Hospital (ASH) from DHS' general operating budget to a new line item. This amount consists of:

General Fund	(52,033,100)
Arizona State Hospital Fund	(5,666,400)
ASH Land Earnings Fund	(650,000)

(Please see the ASH - Operating line item for more information.)

ASH - Sexually Violent Persons Shift

The budget includes a decrease of \$(9,728,700) in FY 2015 to shift treatment costs of Sexually Violent Persons (SVP) at ASH from DHS' general operating budget to a new line item. This amount consists of:

General Fund	(6,707,300)
Arizona State Hospital Fund	(3,021,400)

(Please see ASH - Sexually Violent Persons line item for more information.)

ASH - Restoration to Competency Shift

The budget includes a decrease of \$(900,000) from the Arizona State Hospital Fund in FY 2015 to shift treatment costs of Restoration to Competency at ASH from DHS' general operating budget to a new line item.

(Please see ASH - Restoration to Competency line item for more information.)

Annualize County SVP Contribution

The budget includes a decrease of \$(1,800,000) from the ASH Fund in FY 2015 to reflect the increase in the state share of costs for the treatment of SVPs at ASH in the FY 2014 budget. Last year, the county share of SVP costs was reduced by shifting \$1,800,000 to the General Fund. County SVP contributions are deposited into the ASH Fund. The ASH Fund was not reduced by a commensurate amount in FY 2014. The budget reflects the FY 2014 cost sharing arrangement by reducing the appropriation for the ASH Fund accordingly.

Surveyor and Program Manager Salary Increase

The budget includes \$479,200 in FY 2015 to fund increases in the salaries of surveyors and program managers who perform on-site inspections at health and child care facilities. This amount consists of:

Health Services Licensing Fund	430,200
Federal Child Care and Development Fund (CCDF) Block Grant	49,000

These monies will be used in conjunction with federal monies to increase the salaries of 115 surveyors and 24

team leaders in the Division of Licensing Services by \$5,000 each.

Statewide Adjustments

The budget includes a decrease of \$(410,000) in FY 2015 for statewide adjustments. This amount consists of:

General Fund	(33,200)
Emergency Medical Services (EMS) Operating Fund	1,000
Environmental Laboratory Licensure Revolving Fund	200
Health Services Licensing Fund	2,500
Indirect Cost Fund	(366,900)
Vital Records Electronic Systems Fund	800
Federal Medicaid Authority (FMA)	(14,400)

Behavioral Health

These line items fund 4 types of services: 1) Serious Mental Illness (SMI), 2) Children's Behavioral Health (CBH), 3) General Mental Health and Substance Abuse (GMH/SA) and 4) Comprehensive Medical and Dental Program (CMDP). *(Please see Table 1 for more information.)*

Formula Adjustments

Formula adjustments totaling \$(5,715,000) are comprised of FY 2015 changes to capitation rates, Medicare Clawback payments, caseloads and the federal match rate. Formula adjustments do not include costs associated with federal health care expansion. *(Please see the Mandatory Federal Health Care Changes and Medicaid Expansion sections of this report for additional information.)*

Capitation rate inflation is assumed to be 3% above FY 2014 for all Medicaid Behavioral Health programs. The 3% capitation rate increase is estimated to cost the General Fund \$12,561,600 in FY 2015. As part of the 3% capitation rate increase, the FY 2015 Health and Welfare Budget Reconciliation Bill (BRB) (Laws 2014, Chapter 11) stated that it is the intent of the Legislature that Behavioral Health Service provider rates be increased by up to 2% beginning on October 1, 2014. Capitation rates include a risk corridor to limit profits and losses of the Regional Behavioral Health Authorities (RHBA) that administer Medicaid Behavioral Health services. *(Please see Other Issues section for additional information.)* Adjustments to Medicare Clawback payments will increase General Fund costs by \$43,600.

Apart from enrollment associated with federal health care expansion, enrollment growth for Traditional Acute Care and Proposition 204 populations is projected to remain unchanged while growth for the CMDP population is projected to be 3% from June 1, 2014 to June 1, 2015. Caseload growth in FY 2015 is estimated to result in a \$(345,300) General Fund cost reduction in FY 2015.

	FY 2014 <u>Appropriated</u>	FY 2015 <u>Appropriated</u>	FY 2015 <u>Above FY 2014</u>
Medicare Clawback payments	\$ 14,057,100	\$ 14,100,700	\$ 43,600
Medicaid Insurance Premium Payments	7,758,800	7,578,300	(180,500)
<u>State Match for Medicaid</u> ^{1/}			
CBH	84,428,200	95,170,200	10,742,000
SMI	161,133,800	106,139,900	(54,993,900)
GMH/SA	51,287,900	58,218,800	6,930,900
<u>State Match for Proposition 204</u>			
CBH	992,700	1,150,100	157,400
SMI	0	75,121,000	75,121,000
GMH/SA	36,838,700	41,204,500	4,365,800
State Match for CMDP ^{2/}	<u>56,308,300</u>	<u>58,128,500</u>	<u>1,820,200</u>
Total	\$412,805,500	\$456,812,000	\$44,006,500
1/ Base amounts include \$34,767,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund.			
2/ Prior to FY 2014 State Match for CMDP was a component of funding for the CBH population.			

The Federal Medical Assistance Percentage (FMAP) is the rate at which the federal government matches state contributions to the Medicaid programs. These rates are set on a state-by-state basis and are revised each year. Typically the federal government provides an approximate 2:1 match for most Medicaid services. During FY 2015, the FMAP for Medicaid will increase to 68.15% (1.31% increase). The formula adjustments include a decrease of \$(17,974,900) in General Fund spending reflecting savings from the federal rate increase.

The budget also includes an increase of \$17,638,500 from the General Fund in FY 2014 to fund Behavioral Health Services caseload growth in excess of the agency's FY 2014 appropriation. This increase is continued into the FY 2015 budget. The budget also permits AHCCCS to transfer up to an additional \$12,984,900 of its FY 2014 General Fund appropriation to DHS if AHCCCS has sufficient available funding and DHS experiences a commensurate shortfall in FY 2014. (Please see *Other Issues for more information.*)

In June 2015, there are projected to be 1,499,577 individuals eligible for Medicaid Behavioral Health services. DHS receives a monthly capitation payment from AHCCCS for every eligible individual, although only an estimated average 10.7%, or 160,324, of the eligible population will utilize services. (See *Table 2 for more information.*)

Mandatory Federal Health Care Changes

Federal health care legislation passed in 2010, known as the Affordable Care Act (ACA), expanded mandatory levels of Medicaid coverage beginning on January 1, 2014. The General Fund cost of this expanded coverage is estimated to increase \$36,814,300 in FY 2015, above costs in the FY 2014 budget. Changes resulting from the legislation are projected to increase DHS Medicaid caseloads by 90,690 by June 2014 and by 169,665 by June

2015 (not all enrollees receive Behavioral Health services). New enrollees in mandatory coverage receive a regular FMAP of 68.15% in FY 2015. (Please see *Mandatory Changes Resulting from Federal Health Care Legislation in the AHCCCS section of this report.*)

<u>By Line Item</u>	<u>Eligible</u> ^{1/}	<u>No. Using Services</u>	<u>Rate of Use</u>
Traditional	980,004	86,227	8.8%
Proposition 204	446,232	57,077	12.8
CMDP	14,427	9,425	65.3
Adult Expansion ^{2/}	58,894	7,595	12.9
Total Member Months	1,499,577	160,324	10.7%
<u>By Service Type</u>	<u>Eligible</u> ^{1/}	<u>No. Using Services</u>	<u>Rate of Use</u>
CBH	651,055	43,340	6.7%
SMI ^{3/}	446,232	43,070	5.2
GMH/SA ^{3/}	834,075	64,488	7.7
CMDP	14,427	9,425	65.3
Total Member Months	1,499,577	160,324	10.7%
1/ Projections in this table differ from total enrollment projections in the AHCCCS agency section as some populations enrolled in AHCCCS are not eligible to enroll in DHS. Additionally, some individuals receive all of their care through AHCCCS on an integrated basis.			
2/ Parents and Childless Adults from 100%-133% of the federal poverty level (FPL).			
3/ Each adult enrollee is eligible for both SMI and GMH/SA services.			

Medicaid Expansion

The FY 2014 Health and Welfare BRB (Laws 2013, 1st Special Session, Chapter 10) made a number of changes to Medicaid coverage, including the expansion of coverage for adults up to 133% of the Federal Poverty Level (FPL) and the restoration of coverage for the Childless Adult population. The federal government will pay 100% of the cost of the Adult Expansion (parents and childless adults whose incomes are from 100% to 133% FPL) in 2014 to 2016. The Childless Adult population from 0% to 100%

FPL will also receive a higher match rate than the standard 2:1 match. The increased match starts at 83.62% in 2014 and increases to 85.48% in FY 2015. The General Fund cost of Medicaid Expansion is estimated to increase \$15,475,200 in FY 2015, above costs in the FY 2014 budget. By June 2015, there are projected to be 252,140 enrollees under Medicaid Expansion. *(Please see Medicaid Expansion, Childless Adult Restoration, and the Hospital Assessment in the AHCCCS section for additional information.)*

Children’s Rehabilitative Services (CRS) Integration

On October 1, 2013, AHCCCS integrated care for most children in the CRS program. Most CRS children that had been receiving behavioral health services from DHS now receive all their health care services through one CRS contractor. Some behavioral health costs that were previously paid for in DHS will, therefore, be shifted to AHCCCS. The FY 2015 budget annualizes the impact of this shift from DHS to AHCCCS. The budget includes a decrease of \$(2,747,300) from the General Fund in FY 2015 in DHS and a corresponding increase in AHCCCS. *(Please see Formula Adjustments in the AHCCCS section for additional information.)*

Medicaid Behavioral Health - Traditional

The budget includes \$819,169,600 in FY 2015 for Medicaid Behavioral Health - Traditional. This amount consists of:

General Fund	224,761,900
Tobacco Tax and Health Care Fund	34,767,000
Medically Needy Account	
Federal Medicaid Authority	559,640,700

These amounts fund the following adjustments:

Formula Adjustments

The budget includes an increase of \$118,431,800 in FY 2015 for Medicaid Behavioral Health - Traditional caseload and capitation rate changes. This amount consists of:

General Fund	25,321,400
Federal Medicaid Authority	93,110,400

Apart from the annualization of costs associated with federal health care legislation, the formula adjustments include 0% enrollment growth. The adjustments also include an increase to the federal match rate and a 3% capitation rate increase.

SMI Reclassification

The budget includes a decrease of \$(188,068,300) in FY 2015 to shift Proposition 204 SMI clients back to the Proposition 204 line item. This amount consists of:

General Fund	(59,895,100)
Federal Medicaid Authority	(128,173,200)

The FY 2011 appropriation previously shifted these individuals to the Traditional SMI population because they were assumed to also be Supplemental Security Income (SSI) eligible. Some SSI-eligible clients would receive Traditional services even if Proposition 204 had not been enacted. A corresponding increase can be found in the Proposition 204 line item.

Annualization of CRS Shift to AHCCCS

The budget includes a decrease of \$(8,401,400) in FY 2015 for annualization savings of shifting behavioral health services to the CRS line item in AHCCCS. This amount consists of:

General Fund	(2,747,300)
Federal Medicaid Authority	(5,654,100)

A corresponding increase can be found in AHCCCS. The CRS program offers health care to children with handicapping or potentially handicapping conditions.

Background – This line item provides behavioral health treatment to Medicaid eligible adults and children. In June 2015, there are projected to be 980,004 eligible individuals. DHS receives a monthly capitation payment from AHCCCS for every individual eligible for Medicaid behavioral health services, although only an estimated average 8.8%, or 86,227, of the eligible population will utilize services. A summary of projections for eligibility and service utilization appear in *Table 2*.

Medicaid Behavioral Health - Proposition 204

The budget includes \$533,313,600 in FY 2015 for Medicaid Behavioral Health - Proposition 204. This amount consists of:

General Fund	117,475,600
Federal Medicaid Authority	415,838,000

These amounts fund the following adjustments:

Formula Adjustments

The budget includes an increase of \$121,366,200 in FY 2015 for Medicaid Behavioral Health - Proposition 204 caseload and capitation rate changes. This amount consists of:

General Fund	19,749,100
Federal Medicaid Authority	101,617,100

Apart from the annualization of costs associated with federal health care expansion, the formula adjustments include 0% enrollment growth. The adjustments also include an increase to the federal match rate and a 3% capitation rate increase.

SMI Reclassification

The budget includes an increase of \$188,068,300 in FY 2015 to shift Proposition 204 SMI clients back to the Proposition 204 line item. This amount consists of:

General Fund	59,895,100
Federal Medicaid Authority	128,173,200

(Please see Medicaid Behavioral Health - Traditional for additional information.)

Background – This line item provides behavioral health treatment to Proposition 204 - Medicaid eligible adults and children. In June 2015, there are projected to be 446,232 eligible individuals. DHS receives a monthly capitation payment from AHCCCS for every individual eligible for Medicaid behavioral health services, although only an estimated average 12.8%, or 57,077, of the eligible population will utilize services. A summary of projections for eligibility and service utilization appear in *Table 2*.

Medicaid Behavioral Health - Comprehensive Medical and Dental Program

The budget includes \$182,521,300 in FY 2015 for Medicaid Behavioral Health - Comprehensive Medical and Dental Program (CMDP). This amount consists of:

General Fund	58,128,500
Federal Medicaid Authority	124,392,800

These amounts fund the following adjustments:

Formula Adjustments

The budget includes an increase of \$7,125,600 in FY 2015 for Medicaid Behavioral Health – CMDP caseload and capitation rate changes. This amount consists of:

General Fund	1,820,200
Federal Medicaid Authority	5,305,400

The formula adjustments include 3% enrollment growth, an increase to the federal match rate, and a 3% capitation increase.

Background – This line item provides behavioral health treatment to CMDP eligible children. CMDP is the health plan responsible for providing health services for children in foster care and will primarily be administered by the Department of Child Safety (DCS), beginning in FY 2015. DHS administers behavioral health services for these clients. Prior to FY 2014, DHS administered CMDP behavioral health through its CBH program. During FY 2014, DES administered acute care services for this population before this responsibility was transferred to DCS. In June 2015, there are projected to be 14,427 eligible individuals. DHS receives a monthly capitation payment from AHCCCS for every individual eligible for CMDP, and it is estimated that an average of 65.3%, or

9,425, of the eligible population will utilize services. A summary of projections for eligibility and service utilization appear in *Table 2*.

Medicaid Behavioral Health - Adult Expansion

The budget includes \$73,805,900 from Federal Medicaid Authority in FY 2015 for the Adult Expansion. This amount funds the following adjustments:

Formula Adjustments

The budget includes an increase of \$32,790,100 in Federal Medicaid Authority in FY 2015 for the annualization and phase-in of this population.

Background – Beginning on January 1, 2014, the Adult Expansion provides Medicaid services for adults from 100%-133% FPL who are not eligible for another Medicaid program. The federal government will pay 100% of the cost of this population from 2014 to 2016. The federal share will gradually decline to 90% by 2020. The budget assumes that 58,894 individuals will be enrolled in June 2015. DHS receives a monthly capitation payment from AHCCCS for every individual eligible for the Adult Expansion, and it is estimated that an average of 12.9%, or 7,595, of the eligible population will utilize services. A summary of projections for eligibility and service utilization appear in *Table 2*.

Proposition 204 Administration

The budget includes \$6,446,700 in FY 2015 for Proposition 204 Administration. This amount consists of:

General Fund	2,053,100
Federal Medicaid Authority	4,393,600

These amounts fund the following adjustments:

Formula Adjustments

The budget includes a decrease of \$(78,300) from the General Fund and a corresponding increase from Federal Medicaid Authority in FY 2015 due to a change in the federal match rate.

This line item provides funding for the administrative component of the Proposition 204 population.

Medicare Clawback Payments

The budget includes \$14,100,700 from the General Fund in FY 2015 for Medicare Clawback Payments. This amount funds the following adjustments:

Formula Adjustments

The budget includes an increase of \$43,600 from the General Fund in FY 2015 for formula growth associated with Medicare Clawback Payments.

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 a certain percent (75.0% in 2015) of the estimated drug costs.

Medicaid Insurance Premium Payments

The budget includes \$23,795,400 in FY 2015 for Medicaid Insurance Premium Payments. This amount consists of:

General Fund	7,578,300
Federal Medicaid Authority	16,217,100

These amounts fund the following adjustments:

Formula Adjustments

The budget includes a decrease of \$(4,651,900) in FY 2015 for Medicaid Insurance Premium Payments related to caseload growth and FMAP adjustments. This amount consists of:

General Fund	(180,500)
Federal Medicaid Authority	(4,471,400)

This line item provides 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 Regional Behavioral Health Authorities.

Non-Medicaid Seriously Mentally Ill Services

The budget includes \$78,846,900 from the General Fund in FY 2015 for Non-Medicaid Seriously Mentally Ill (SMI) Services. This amount is unchanged from FY 2014.

Background – This line item provides funding for Non-Medicaid Seriously Mentally Ill clients. 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 in March 2010 to suspend the lawsuit for 2 years due to lack of funding. As part of the suspension, the FY 2011 budget reduced Non-Medicaid behavioral health spending by \$(41,754,000). The FY 2013 budget restored the majority of this reduction. In accordance with a May 2012 agreement to end the suspension, the state agreed to utilize the restored funding to provide *Arnold* class members with access to name-brand prescription medication, additional crisis services, and expanded support services. Additionally, the agreement required that the amount of class members receiving treatment at the Arizona State Hospital be capped at 55, in order to encourage greater use of community-based treatment and living arrangements. The FY 2015 Health and Welfare BRB expanded the behavioral health expenditure report that DHS annually

submits to the Joint Legislative Budget Committee to include income data for clients served.

In January 2014, an exit agreement from the litigation was signed by Arizona’s Governor, Maricopa County, and the plaintiffs in the case. The Maricopa County Superior Court approved the agreement in February 2014. The exit agreement requires the state to begin meeting requirements by June 2016 for providing assertive community treatment, supported housing, supported employment, crisis services, and family and peer support services to individuals with a serious mental illness. (*See Other Issues and Table 3 for more information.*)

Supported Housing

The budget includes \$5,324,800 from the General Fund in FY 2015 for Supported Housing. This amount is unchanged from FY 2014.

This line item funds housing services that will enable individuals to live in the community. These funds may serve Medicaid and 100% state funded recipients. Medicaid, however, does not provide a match for housing assistance. The program served an average of 3,097 clients per month in FY 2013.

Crisis Services

The budget includes \$16,391,100 in FY 2015 for Crisis Services. This amount consists of:

General Fund	14,141,100
Substance Abuse Services Fund	2,250,000

These amounts are unchanged from FY 2014.

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. These funds serve 100% state funded recipients. The program served an average of 17,738 clients per month in FY 2013.

Mental Health First Aid

The budget includes \$250,000 from the General Fund in FY 2015 for Mental Health First Aid. This amount is unchanged from FY 2014.

This line item provides training for Mental Health First Aid instructors. The Mental Health First Aid program is a public education effort to teach the public to identify, understand, and respond to signs of mental illnesses and substance abuse. DHS has allocated \$195,000 to Regional Behavioral Health Authorities to provide training and materials in their regions. DHS will use the remaining

\$55,000 to train persons who will teach Mental Health First Aid classes.

Arizona State Hospital

ASH - Operating

The budget includes \$58,289,500 in FY 2015 for a new ASH - Operating line item. This amount consists of:

General Fund	51,972,600
Arizona State Hospital Fund	5,666,900
ASH Land Earnings Fund	650,000

These amounts fund the following adjustments:

ASH - Operating Shift

The budget shifts \$58,349,500 in FY 2015 to a new ASH - Operating line item. This amount consists of:

General Fund	52,033,100
Arizona State Hospital Fund	5,666,400
ASH Land Earnings Fund	650,000

Statewide Adjustments

The budget includes a decrease of \$(60,000) in FY 2015 for statewide adjustments. This amount consists of:

General Fund	(60,500)
Arizona State Hospital Fund	500

This line item provides funding for inpatient psychiatric hospitalization services for adult seriously mentally ill residents. Over the 12-month period from March 2013 through March 2014, the Arizona State Hospital has had an average monthly census of 243 patients.

ASH - Restoration to Competency

The budget includes \$900,000 from the Arizona State Hospital Fund in FY 2015 for a new Arizona State Hospital - Restoration to Competency line item. This amount funds the following adjustments:

ASH - Restoration to Competency Shift

The budget shifts \$900,000 from the Arizona State Hospital Fund in FY 2015 to a new Arizona State Hospital - Restoration to Competency line item.

The FY 2015 Health and Welfare BRB continues to require counties to pay 100% of the daily cost of care for Restoration to Competency (RTC) patients treated at the Arizona State Hospital (ASH).

Background – ASH provides treatment to restore to competency individuals who are found incompetent to stand trial. Prior to 1997, counties paid 100% of the cost of restoring patients to competency. In FY 1997, the state

assumed the full cost of RTC treatment. In FY 2002, the state began requiring cities and counties to pay 86% of the costs of the program. The state continued to vary the required reimbursement rate over the next several years. Beginning in FY 2010, budget-related session laws have required all counties to pay 100% of the daily cost of care for RTC patients treated at ASH.

ASH - Sexually Violent Persons

The budget includes \$9,721,700 in FY 2015 for a new Arizona State Hospital - Sexually Violent Persons line item. This amount consists of:

General Fund	6,700,000
Arizona State Hospital Fund	3,021,700

These amounts fund the following adjustments:

ASH - Sexually Violent Persons Shift

The budget shifts \$9,728,700 in FY 2015 to a new ASH - Sexually Violent Persons line item. This amount consists of:

General Fund	6,707,300
Arizona State Hospital Fund	3,021,400

Statewide Adjustments

The budget includes a decrease of \$(7,000) in FY 2015 for statewide adjustments. This amount consists of:

General Fund	(7,300)
Arizona State Hospital Fund	300

After serving their prison sentence, some persons convicted of sexually violent crimes may be remanded by the courts for further confinement and treatment. These individuals are housed at the Arizona State Hospital (ASH). Since FY 2010, counties that have sent Sexually Violent Persons (SVP) to ASH are responsible for a portion of the daily cost of care. The FY 2010 Health and Welfare BRB (Laws 2009, 3rd Special Session, Chapter 10) initially required counties to pay 25% of the daily cost of care. The FY 2012 Health BRB (Laws 2011, Chapter 31) increased the county share to 50% of daily SVP costs. The FY 2014 Health and Welfare BRB permitted DHS to set the percentage rate at a level that would increase the state share of the cost by \$1.8 million in FY 2014. The FY 2015 Health and Welfare BRB requires that the counties' cost of care percentage for SVP treatment not increase from the FY 2014 levels.

Currently, DHS bills counties at 50% of program rates until it collects the overall county contribution amount. After the contribution limit has been reached, counties that send SVPs to ASH no longer pay for the daily cost of care for the rest of the year. DHS estimates direct and indirect expenditures for SVP care will be approximately \$9,700,000 for FY 2014. After the \$1,800,000 cost shift to

the state, counties will pay \$3,021,354, or 31%, of total SVP expenditures.

Community Placement Treatment

The budget includes no funding in FY 2015 for Community Placement Treatment. This amount funds the following adjustments:

Delete Unused Funding

The budget includes a decrease of \$(1,130,700) from the ASH Fund in FY 2015 for the elimination of the Community Placement Treatment line item because the annual appropriation has not been expended by the department since FY 2009. The department reports these services were previously funded through Behavioral Health Services (BHS) contracts with Regional Behavioral Health Authorities.

This line item had provided funding for housing, transportation, clinical support, and day activities for Arizona State Hospital patients treated in the community.

One-Time Electronic Medical Records Start-Up

The budget includes no funding in FY 2015 for Electronic Medical Records Start-Up. This amount funds the following adjustments:

Eliminate One-Time Funding

The budget includes a decrease of \$(3,850,000) in FY 2015 for one-time Electronic Medical Records start-up costs. This amount consists of:

ASH Fund	(2,400,000)
Indirect Cost Fund	(1,450,000)

This line item funded one-time start-up costs to implement a new electronic medical records system at the Arizona State Hospital.

Section 143 of the FY 2014 General Appropriation Act (Laws 2013, 1st Special Session, Chapter 1) exempted the FY 2014 appropriation that funds this line item from lapsing until June 30, 2015.

Public Health/Family Health

Adult Cystic Fibrosis

The budget includes \$105,200 from the General Fund in FY 2015 for Adult Cystic Fibrosis. This amount is unchanged from FY 2014.

This line item provides contracted care and treatment services through Phoenix Children’s Hospital for 20 individuals with cystic fibrosis.

AIDS Reporting and Surveillance

The budget includes \$1,000,000 from the General Fund in FY 2015 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2014.

The line item provides \$125,000 for a database system administered by Maricopa and Pima Counties to track the incidence of Acquired Immune Deficiency Syndrome (AIDS) and AIDS-related conditions. The program also receives \$875,000 to provide medications under the Arizona AIDS Drug Assistance Program, which also receives Federal Funds for the medications. The program served an average of 1,823 clients per month in FY 2013.

Alzheimer’s Disease Research

The budget includes \$2,375,000 in FY 2015 for Alzheimer’s Disease Research. This amount consists of:

General Fund	1,375,000
TTHCF Health Research Account	1,000,000

These amounts fund the following adjustments:

Alzheimer’s Research Funding Increase

The budget includes an increase of \$1,250,000 from the General Fund in FY 2015 for Alzheimer’s research funding.

This line item provides funding for grants to universities, hospitals, and research centers in Arizona for dollar-for-dollar matching grants for research on the causes of Alzheimer’s disease.

The FY 2015 Health and Welfare BRB continues to permit the department to use Tobacco Tax and Health Care Fund-Health Research Account monies for Alzheimer’s disease research.

Biomedical Research Support

The budget includes \$2,000,000 from the Tobacco Tax and Health Care Fund-Health Research Account in FY 2015 for a new Biomedical Research Support line item. This amount funds the following adjustments:

Biomedical Research Funding

The budget (Section 128) includes an increase of \$2,000,000 from the Tobacco Tax and Health Care Fund-Health Research Account in FY 2015 for biomedical research. The budget also contains an advance appropriation for this line item of \$2,000,000 annually from FY 2016 to FY 2019 from the same funding source.

This line item provides funding to a nonprofit medical research institute headquartered in Arizona that specializes in biomedical research, conducts molecular

epidemiological analyses to assist with disease outbreak investigations, and collaborates with universities, hospitals, and other public and private bioscience and related industries in this state. The General Appropriation Act requires the recipient of monies in this line item to submit an annual audit of expenditures of these monies to DHS by February 1 of each year.

In prior years, DHS has distributed biomedical research support funding to the Translational Genomics Research Institute (TGen), a nonprofit medical research institution headquartered in Arizona. In FY 2013 and FY 2014, respectively, DHS allocated \$4,100,000 and \$2,000,000 to TGen from non-appropriated Health Research Account monies.

Breast and Cervical Cancer and Bone Density Screening

The budget includes \$1,369,400 and 1 FTE Position from the General Fund in FY 2015 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2014.

The Well Woman Healthcheck program contracts for cancer screening women over age 40 that do not have health insurance and have incomes less than 250% of the FPL. Women who are diagnosed with breast and cervical cancer through this program are eligible to receive treatment through AHCCCS.

County Tuberculosis Provider Care and Control

The budget includes \$590,700 from the General Fund in FY 2015 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2014.

This line item provides General Fund reimbursement to hospitals and physicians for the care of hospitalized tuberculosis patients and for assistance to all county health departments for local tuberculosis control programs.

Emergency and Trauma Services

The budget includes no funding in FY 2015 for Emergency and Trauma Services. This amount funds the following adjustments:

Eliminate Emergency and Trauma Services SLI

The budget includes a decrease of \$(300,000) from the General Fund in FY 2015 to eliminate funding for the line item as funding will shift to AHCCCS.

This line item provided funding for hospitals located in a county with a population of less than 500,000 persons; be licensed to operate 25 or fewer beds; not be designated as a critical access hospital as of January 1, 2012, pursuant to U.S. Code 42 § 485, F; and located within 25 miles of a hospital operated by the Indian Health Service. La Paz

Regional Hospital met these criteria until August 2013 when the U.S. Department of Health and Human Services determined that the hospital qualified as a Critical Access Hospital (CAH), thereby eliminating the need for funding from this line item.

(Please see Rural Hospitals in the AHCCCS section of this report for more details.)

Folic Acid

The budget includes \$400,000 from the Tobacco Tax and Health Care Fund-Medically Needy Account in FY 2015 for Folic Acid. This amount is unchanged from FY 2014.

This line item provides for the distribution of folic acid to women of child bearing age to help prevent birth defects. In FY 2013, 27,455 low-income women of childbearing age received only multivitamins and 9,739 women received folic acid education and multivitamins.

High Risk Perinatal Services

The budget includes \$2,543,400 in FY 2015 for High Risk Perinatal Services. This amount consists of:

General Fund	2,093,400
Emergency Medical Services Operating Fund	450,000

These amounts are unchanged from FY 2014.

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.

Newborn Screening Program

The budget includes \$6,307,700 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2015 for the Newborn Screening Program. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$700 from the Newborn Screening Program Fund in FY 2015 for statewide adjustments.

This line item funds the centralized testing of all newborns in the state for a standard set of 29 disorders plus Chapter 171 provisions described below. In FY 2013, the program provided screening for approximately 87,590 newborns. The program also provides for follow-up counseling for

the parents of affected newborns. The State Health Laboratory is the designated laboratory for testing.

Laws 2014, Chapter 171 requires DHS to screen newborns for critical congenital heart defects (CCHD) and permits DHS to adopt tests for Severe Combined Immunodeficiencies (SCID) and Krabbe Disease if the department performs a cost benefit analysis and seeks stakeholder input. The law also allows DHS to designate other laboratories as testing facilities for conditions or tests added to the screening program. Prior to the enactment of this law, DHS was required to contract only with the State Health Laboratory.

Nursing Facility Study

The budget includes \$50,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2015 for a quality improvement study of nursing care facilities. This amount funds the following adjustments:

Nursing Care Study Reduction

The budget includes a decrease of \$(40,000) from the Nursing Care Institution Resident Protection Revolving Fund in FY 2015 for the continuation of a quality improvement study of nursing care facilities.

This line item provides funding to complete a quality improvement study of nursing care facilities that began in FY 2013.

Poison Control Centers Funding

The budget includes \$990,000 from the General Fund in FY 2015 for Poison Control Centers. This amount is unchanged from FY 2014.

A.R.S. § 36-1161 requires 2 poison control centers to be maintained in Arizona. DHS allocated \$647,300 to the University of Arizona Poison Information Center and \$342,700 to the Banner Poison Control Center in FY 2014.

A.R.S. § 32-1907 allows the Board of Pharmacy to transfer up to \$1,000,000 from the Arizona State Board of Pharmacy Fund to the University of Arizona Poison Control Information Center. However, this amount is not reflected in the table at the beginning of this narrative.

Nonrenal Disease Management

The budget includes \$198,000 from the General Fund in FY 2015 for Nonrenal Disease Management. This amount is unchanged from FY 2014.

This line item provides funding for medication and other transplant-related services for nonrenal transplant patients who are ineligible for other public assistance programs.

Renal Dental Care and Nutrition Supplements

The budget includes \$300,000 from the Tobacco Tax and Health Care Fund-Medically Needy Account in FY 2015 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2014.

This line item provides pre-operative dental care and ongoing nutritional assistance for low-income renal disease patients. Funding in this line item treats kidney disease and associated kidney damage.

School-Based Prevention Education

The budget includes \$300,000 from the General Fund in FY 2015 for a new School-Based Prevention Education line item. This amount funds the following adjustments:

School-Based Prevention Education

The budget (Section 129) includes an increase of \$300,000 from the General Fund in FY 2015 for prevention education programs in middle and high schools.

This line item provides funding to organizations that implement school-based prevention education programs promoting positive life choices and focusing on the topics of substance abuse, mental health, violence, and other risky behaviors. Prior to disbursement of monies from this line item, DHS must submit an expenditure plan for review by the Joint Legislative Budget Committee.

Additional Legislation

IGA/ISA Fund Reporting

The FY 2015 Health and Welfare BRB requires the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting to agree to the content and format of a revenue and expenditure report for DHS' IGA/ISA Fund by August 1, 2014. Beginning September 30, 2014, DHS shall report annually to the Joint Legislative Budget Committee on the revenues, expenditures, and ending balances from the previous, current, and subsequent fiscal years.

Other Issues

FY 2014 Supplemental

The budget includes an increase of \$17,638,500 from the General Fund and \$149,800,800 in Federal Medicaid Authority in FY 2014 to fund Behavioral Health Services caseload growth in excess of the agency's FY 2014 appropriation. The added General Fund cost of the DHS supplemental was more than offset by a \$(73,439,600) General Fund ex-appropriation for AHCCCS in FY 2014.

The budget also permits AHCCCS to transfer up to an additional \$12,984,900 of its FY 2014 General Fund appropriation to DHS if AHCCCS has sufficient available funding and DHS experiences a commensurate shortfall in

FY 2014. Prior to implementation, AHCCCS shall submit the proposed transfer for review by the Joint Legislative Budget Committee.

Financial Reporting

The budget requires the Directors of the Governor’s Office of Strategic Planning and Budgeting and the Joint Legislative Budget Committee, on or before November 1, 2014, to jointly submit a report to the Governor and the Joint Legislative Budget Committee regarding the feasibility of adopting a common reporting format for the current financial status of AHCCCS and DHS.

Risk Corridor

DHS contracts with community-based organizations, known as Regional Behavioral Health Authorities (RBHAs), to administer behavioral health services. In turn, each RBHA contracts with a network of medical providers to deliver these services. DHS limits the service profit or loss of a RBHA to a percentage of the annual service revenue. If a RBHA exceeds the profit limit, then DHS can request the return of those excess profits. Conversely, if a RBHA experiences excess losses, then DHS will reimburse the RBHA. The profit/loss margin is called a “risk corridor.”

Currently, the risk corridor for all but one RBHA is 3% – their profits or losses, as percentage of annual services revenues, are limited to 3%. The RBHA responsible for Maricopa County has a 4% risk corridor. Below is the list of RBHAs, by geographic service area (GSA), and their risk corridors:

- GSA 1 (Apache, Coconino, Mohave, Navajo, and Yavapai) – Northern Arizona Regional Behavioral Health Authority: 3%
- GSA 2 (La Paz, Yuma) – Cenpatico: 3%
- GSA 3 (Cochise, Graham, Greenlee, Santa Cruz), – Cenpatico: 3%
- GSA 4 (Gila, Pinal) – Cenpatico: 3%
- GSA 5 (Pima) – Community Partnership of Southern Arizona: 3%
- GSA 6 (Maricopa) – Mercy Maricopa Integrated Care: 4%

Non-Medicaid Behavioral Health Services Funding

The FY 2015 budget includes \$100,562,800 for Non-Medicaid behavioral health services, which are funded in the Non-Medicaid Seriously Mentally Ill (SMI) Services, Crisis Services and the Supported Housing line items. This is the same funding level as in FY 2014. When compared with the original FY 2010 appropriation for Non-Medicaid behavioral health services, the FY 2015 budget amount represents a reduction of \$(3,062,000). *Table 3* summarizes Non-Medicaid behavioral health funding totals and changes to funding in line items from FY 2010 to FY 2015. The FY 2011 budget consolidated Non-Medicaid behavioral health services into 3 line items. The FY 2013 budget further consolidated the Non-Medicaid behavioral health services line items to reflect additional monies that were added as part of the agreement to settle the *Arnold v. Sarn* lawsuit. The FY 2014 budget separated Crisis Services from the Non-Medicaid SMI Services line item.

Program	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015 Change from FY 2010
CBH	\$ 7,320,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (7,320,700)
SMI	53,849,700	0	0	0	0	0	(53,849,700)
Court Monitor	197,500	0	0	0	0	0	(197,500)
Arnold v. Sarn	34,170,200	0	0	0	0	0	(34,170,200)
Mental Health	1,747,300	0	0	0	0	0	(1,747,300)
Substance Abuse	6,339,400	0	0	0	0	0	(6,339,400)
Prescription Medication	0	40,154,900	40,154,900	0	0	0	0
Supported Housing	0	5,324,800	5,324,800	5,324,800	5,324,800	5,324,800	5,324,800
Crisis Services	0	16,391,100	16,391,100	0	16,391,100	16,391,100	16,391,100
Non-Medicaid SMI Services	0	0	0	95,238,000	78,846,900	78,846,900	78,846,900
Total	\$103,624,800	\$61,870,800	\$61,870,800	\$100,562,800	\$100,562,800	\$100,562,800	\$(3,062,000)