

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH

A.R.S. § 36-103

General Fund and Other Appropriated Funds		FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions		69.5	69.5	128.6 ^{1/}	128.6 ^{1/}
Personal Services	(SA)	1,946,300	1,606,600	1,912,700	1,951,000
	(TF)			3,637,300	3,710,100
Employee Related Expenditures	(SA)	432,800	391,400	458,400	453,600
	(TF)			888,000	887,500
Professional and Outside Services	(SA)	1,592,200	1,166,600	1,274,600 ^{2/}	1,278,200 ^{2/}
	(TF)			2,630,000 ^{2/}	2,636,900 ^{2/}
Travel - In State	(SA)	43,300	54,300	54,300	54,300
	(TF)			103,900	103,900
Travel - Out of State	(SA)	19,200	11,700	5,800	5,800
	(TF)			16,500	16,500
Other Operating Expenditures	(SA)	450,400	381,300	394,500	394,500
	(TF)			651,800	651,800
Equipment	(SA)	110,600	0	0	0
	(TF)	0	0	0	0
Operating Subtotal	(SA)	4,594,800	3,611,900	4,100,300	4,137,400
	(TF)	0	0	7,927,500 ^{3/}	8,006,700 ^{3/}
Administration					
Client Satisfaction Incentive Program		26,700	100,000	100,000	100,000
RBHA Client Encounter Reports		1,821,900	1,848,900	1,848,900	1,848,900
Data Processing Debt Retirement		593,600	0	0	0
Computer Hardware Lease		655,700	750,000	750,000	750,000
Children's Behavioral Health					
Children's Behavioral Health Services		13,026,000	13,516,900	10,137,700 ^{4/}	10,137,700 ^{4/}
CBH State Match for Title XIX	(SA)	21,542,200	22,416,400	22,351,600 ^{5/}	23,471,100 ^{5/}
	(TF)	62,833,000	63,700,900	62,495,600	65,969,200
Seriously Emotionally Handicapped Children		4,375,300	4,375,300	4,375,300	4,375,300
Children's Respite Care		252,500	0	0	0
Seriously Mentally Ill					
Seriously Mentally Ill Services	(SA)	59,689,200	0	0	0
	(TF)	93,087,800	0	0	0
Seriously Mentally Ill State Match for Title XIX	(SA)	0	20,578,000	21,826,900 ^{5/}	22,985,700 ^{5/}
	(TF)	0	61,210,800	63,846,600	67,746,300
Seriously Mentally Ill Non-Title XIX		0	54,308,800	59,608,800	60,008,800
Geriatric Residential Beds		2,211,800	0	0	0
Regional Residential/Psychiatric Beds		5,770,300	0	0	0
Psychotropic Drugs		1,257,100	0	0	0
Court Monitoring		205,500	205,700	205,700	205,700
Psychiatric Review Board		65,900	82,700	82,200	83,800
General Mental Health/Substance Abuse					
Mental Health Non-Title XIX		9,857,100	9,862,100	9,862,100	9,862,100
Substance Abuse Non-Title XIX		13,213,400	15,185,400	15,485,400	15,485,400
Mental Health and Substance Abuse State Match for Title XIX	(SA)	5,165,700	4,799,200	4,716,400 ^{5/}	4,958,300 ^{5/}
	(TF)	15,259,000	14,271,500	13,795,300	14,549,000
Community Therapeutic Substance Abuse Treatment		1,700,000	0	0	0
Total	(SA)	146,024,700	151,641,300	155,451,300	158,410,200
	(TF)	230,807,400	243,030,900	250,521,100	259,128,900

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Additional Appropriations -

Appropriations; AHCCCS; Healthcare	(SA)	0	0	205,100	205,100
Group, Ch. 313	(TF)	0	0	600,000	600,000
Total Appropriations	(SA)	146,024,700	151,641,300	155,656,400 ^{6/}	158,615,300 ^{6/}
	(TF)	230,807,400	243,030,900	251,121,100	259,728,900

Fund Summary

General Fund	144,724,700	150,091,300	150,506,400 ^{7/}	154,065,300 ^{7/}
Substance Abuse Services Fund	1,300,000	1,550,000	2,150,000 ^{7/}	1,850,000 ^{7/}
Tobacco Tax Medically Needy Account	0	0	3,000,000 ^{7/}	3,000,000 ^{7/}
Federal Title XIX Funds	84,782,700	91,389,600	95,464,700	100,813,600
Total Appropriations	230,807,400	243,030,900	251,121,100	259,728,900

Program Description — *The Behavioral Health program administers most mental health services for the state including both adult and children's behavioral health services, substance abuse treatment and seriously emotionally handicapped children. Most services are provided through contracts with 5 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network. Native American tribes have also begun to establish intergovernmental agreements for services through the RBHAs and also directly with the department.*

Transfer - Federal Administration Funds — The Title XIX capitation rates approved by the Federal Health Care Financing Administration allow 4% for administration costs. In the past, the General Fund (GF) portion of these costs was shown in the operating budget, and the federal share was shown in the Total Funds amounts in the 3 State Match for Title XIX Special Line Items. In FY 2000, the federal administration monies have been transferred out of the Title XIX Special Line Items to the operating budget so that the operating budget reflects the actual cost of administration. As a result, the approved FY 2000 amount includes an increase of \$3,816,800 Total Funds (TF) in the operating budget. The 3 Title XIX Special Line Items have corresponding decreases that total \$(3,816,800). This amount is continued in FY 2001. *See the descriptions below for further detail.*

The General Fund operating budget is appropriated as a Modified Lump Sum. A footnote in the General Appropriation Act appropriates the federal monies in the operating budget as a Lump Sum.

Title XIX Administration — The approved FY 2000 amount includes an increase of \$253,600 GF in the operating budget for the Title XIX State Match for administration costs. Administration costs are allocated to

Title XIX and Non-Title XIX based on the amount of resources, such as FTE Positions, attributed to each program. The increase will provide sufficient State Match for the Title XIX portion of total administration costs. This amount is continued in FY 2001.

50% Out-of-State Travel Reduction — The approved FY 2000 amount includes a decrease of \$(5,900) GF in Travel - Out of State. This amount is continued in FY 2001.

Client Satisfaction Incentive Program — Provides small monetary awards to provider and RBHA employees that have very high client satisfaction scores according to monthly client surveys. The goal of this program is to increase emphasis on client outcomes and satisfaction. The program is currently being implemented as a pilot program for the Pinal Gila Behavioral Health Authority (PGBHA) and is funded from the General Fund.

RBHA Client Encounter Reports — Provides partial reimbursement to the RBHAs for the cost of data systems which provide claims processing and encounter data showing service utilization and the composition of behavioral health clients. This function was formerly provided by DHS, but was transferred to the RBHAs in

1/ Includes 2 FTE Positions funded from Special Line Items in FY 2000 and FY 2001.
 2/ Includes adjustment for Office of the Attorney General legal services. (*See the Salary Adjustment table at the front of this report for more information.*)
 3/ All federal Title XIX funds appropriated for administration are appropriated as a Lump Sum. (General Appropriation Act footnote)
 4/ The amount appropriated for Children's Behavioral Health Services shall be used to provide services for non-Title XIX eligible children. The amount shall not be used to pay for either federally or nonfederally reimbursed services for Title XIX eligible children, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
 5/ Monies in the Children's Behavioral Health State Match for Title XIX, Seriously Mentally Ill State Match for Title XIX and Mental Health and Substance Abuse State Match for Title XIX Special Line Items are appropriated for capitation rates effective on October 1, 1998. No monies may be expended for a change in these capitation rates unless an expenditure plan is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
 6/ General Appropriation Act funds are appropriated as a Modified Lump Sum for the Program.
 7/ These amounts represent direct appropriations. All other expenditures are part of total expenditure authority.

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FY 1998. The cost of this administrative function is not included in the capitation rate. This program is funded from the General Fund.

Data Processing Debt Retirement — Previously, provided funding to make required payments on outstanding debts charged to purchase the Client Information System (CIS). The CIS is used to store and analyze data on behavioral health services by category of clients and type of service encounters by each RBHA and statewide. The \$595,100 funding for this Special Line Item was eliminated in FY 1999 because the final payment was made in FY 1998 and no future payments are required.

Computer Hardware Lease — Provides funds to lease hardware to operate the CIS in the Behavioral Health program. This program is funded from the General Fund.

Children's Behavioral Health (CBH)

The funding provided by the Special Line Items shown below represents the appropriations for CBH programs. The goal of these programs is to provide comprehensive behavioral health care to all eligible children. *Table 1* depicts funding for this program:

available to serve Title XIX eligible children unless a transfer of monies is approved by the Joint Legislative Budget Committee. The approved FY 2000 amount includes a decrease of \$(3,379,200) to reflect the transfer of clients from CBH Non-Title XIX to the new Children's Health Insurance Program (CHIP), enacted by Laws 1998, Chapter 4, 4th Special Session. CHIP is funded from 25% Tobacco Tax Medically Needy Account monies and 75% Federal Funds and pursuant to Laws 1999, Chapter 313 sets eligibility at 200% of the Federal Poverty Level in FY 2000. It is estimated that 25% of the current Non-Title XIX population will convert to CHIP. This amount is continued in FY 2001. This program is funded from the General Fund.

Children's Behavioral Health State Match for Title XIX — Provides the GF share of the cost of providing behavioral health treatment to Title XIX eligible children. State monies provide a 34% match to the Federal Funds received. The total program cost (GF and FF) is shown in the Total Funds (TF) line.

		<u>FY 2000</u>	<u>FY 2001</u>
CBH Services (Non-Title XIX)	GF	\$10,137,700	\$10,137,700
Seriously Emotionally Handicapped Children	GF	4,375,300	4,375,300
CBH State Match for Title XIX	GF	22,351,600	23,471,100
	FF	<u>40,144,000</u>	<u>42,498,100</u>
TOTAL	GF	<u>\$36,864,600</u>	<u>\$37,984,100</u>
	TF	<u>\$77,008,600</u>	<u>\$80,482,200</u>

The total expenditures by the state for Children's Behavioral Health programs may exceed the amounts shown above. The Courts, the Department of Juvenile Corrections, the Department of Economic Security, and some counties also expend funds directly for Children's Behavioral Health Services in addition to those children referred to DHS. Although *Table 1* shows most of the expenditures of these agencies for Title XIX services, the expenditures for Non-Title XIX, or subvention services, are not reflected. In addition, the numbers shown above reflect only contracted costs, while there are substantial administrative expenses within the department that are not included. Substance abuse programs and other such programs with a mental health component are also not included.

Children's Behavioral Health Services — Provides funding for prevention programs and for treatment of Non-Title XIX eligible children. A footnote in the General Appropriation Act specifies that the monies are not

The FY 1999 approved amount includes a decrease of \$(1,359,600) GF and \$(4,051,600) TF to address Title XIX capitation rate changes approved by HCFA. The new rates became effective October 1, 1998 and included a decrease from \$23.89 per member per month to \$22.44 (6.1)% for the CBH Title XIX program due to lower costs resulting from the competitive bid process for the Maricopa County Regional Behavioral Health Authority (RBHA) contract. DHS receives a monthly capitation payment from AHCCCS for every child eligible for Title XIX behavioral health services, although only a portion of the eligible population will utilize services. The FY 1999 amount was also decreased because the eligible population during the first half of FY 1999 was lower than originally projected. The approved budget provides funding for 226,400 AHCCCS member years in FY 1999.

The FY 2000 approved amount includes a decrease of \$(64,800) GF and an increase of \$472,500 TF from the FY 1999 level. During FY 1997 and FY 1998 the

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Table 2			
<u>Title XIX Children's Behavioral Health</u>			
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Capitation Rate	\$22.44	\$23.11	\$23.92
Member Years	226,400	226,317	230,843

children's Title XIX population declined significantly; however, during FY 1999, the rate of decline slowed. As a result, the FY 2000 approved amount assumes flat population growth. In addition, the approved amount assumes an increase in the monthly capitation rate from \$22.44 per member per month to \$23.11 for medical inflation of 3.5%. Despite the projected cost increase, the GF change shows a slight decrease because the FY 2000 appropriation includes more recent data than the FY 1999 appropriation. From the time the FY 1999 estimate was completed to when the FY 2000 estimate was finalized, the population continued to decrease resulting in a lower population base for the FY 2000 estimate. The approved budget provides funding for 226,317 AHCCCS member years in FY 2000.

The FY 2001 approved amount includes an increase of \$1,119,500 GF and \$3,473,600 TF from the FY 2000 level. This increase assumes population growth of 2% and an increase in the capitation rate from \$23.11 per member per month to \$23.92 for medical inflation of 3.5%. The budget provides funding for 230,843 AHCCCS member years. The AHCCCS member years and capitation rates for all 3 fiscal years are summarized in *Table 2*. Although the budget includes funding for increases in the capitation rate, a footnote in the General Appropriation Act requires DHS to submit an expenditure plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

The FY 2000 approved amount also includes a decrease of \$(1,677,800) TF to reflect the transfer of federal monies designated for Title XIX administration costs to the operating budget. This amount is continued in FY 2001. See the "Transfer - Federal Administration Funds" section above for further information.

The approved amounts for FY 2000 and FY 2001 also include \$1,500,000 GF for non-federally reimbursed services for Title XIX eligible children.

Seriously Emotionally Handicapped Children — Provides funding for a portion of the cost of residential treatment and educational services for children referred by school districts. Referrals are based on an inability to educate the children in a conventional school environment due to a serious emotional handicap. Funding is also provided for this program through the state Department of

Education and local school districts. This program is funded from the General Fund.

Children's Respite Care — Previously, provided temporary in-home counseling and supervision of clients with the goal of keeping children with the family and avoiding residential care. Funding for this Special Line Item was transferred to the Children's Behavioral Health Special Line Item in FY 1999.

Seriously Mentally Ill (SMI)

SMI is a population of adult patients with more long-term or on-going mental illness than those funded through the General Mental Health Special Line Items. These adults require frequent treatment and case management services. SMI determination is made based upon a "SMI checklist" developed by the department. SMI funding is divided into several Special Line Items. *Table 3* depicts state expenditures and estimated federal revenue for SMI programs. The counties also directly expend considerable funds for SMI treatment; however, these amounts are not shown.

Seriously Mentally Ill Services — Previously, provided funding for treatment for both Title XIX and Non-Title XIX eligible adults who enter the state mental health system. Funding in this Special Line Item was transferred in FY 1999 to the new Seriously Mentally Ill State Match for Title XIX and Seriously Mentally Ill Non-Title XIX Special Line Items to separate the Title XIX and Non-Title XIX funding.

Seriously Mentally Ill State Match for Title XIX — Provides the GF share of the cost of providing behavioral health treatment to Title XIX eligible adults who have been diagnosed SMI. State monies provide a 34% match to the Federal Funds received.

The FY 1999 approved amount includes an increase of \$3,450,000 GF and \$10,269,400 TF to address Title XIX capitation rate changes approved by HCFA. The new rates became effective October 1, 1998 and included an increase from \$34.42 per member per month to \$44.49 (29.3)% for the SMI Title XIX program primarily due to the increased utilization of more costly psychotropic medications. Under the new rate, DHS will receive a monthly capitation payment from AHCCCS for every adult eligible for Title XIX Behavioral Health services, of which only a small percentage will be diagnosed SMI and utilize services. The

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Table 3

Seriously Mentally Ill Funding

		<u>FY 2000</u>	<u>FY 2001</u>
SMI State Match for Title XIX	GF	\$21,826,900	22,985,700
	FF	42,019,700	44,760,600
SMI Non-Title XIX	GF	56,308,800	57,008,800
	OF	3,300,000	3,000,000
	OF	<u>5,000,000</u> ^{1/}	<u>0</u>
TOTAL	GF	<u>\$78,135,700</u>	<u>\$79,994,500</u>
	OF	<u>\$8,300,000</u>	<u>\$3,000,000</u>
	TF	<u>\$128,455,400</u>	<u>\$127,755,100</u>

^{1/} Appropriated by Laws 1999, Chapter 176.

approved budget provides funding for 121,524 AHCCCS member years in FY 1999.

The FY 2000 approved amount includes an increase of \$1,248,900 GF and an increase of \$4,394,000 TF from the FY 1999 level. Like the children's population, during FY 1997 and FY 1998 the SMI Title XIX population has been declining (although at a lower rate the children); however during FY 1999, the rate of decline slowed. As a result, the FY 2000 approved amount assumes flat population growth. In addition, the approved amount assumes an increase in the monthly capitation rate from \$44.49 per member per month to \$45.82 for medical inflation of 3.5%. The approved budget provides funding for 120,077 AHCCCS member years in FY 2000.

The FY 2001 approved amount includes an increase of \$1,158,800 GF and \$3,899,700 TF from the FY 2000 level. This increase assumes population growth of 2% and an increase in the capitation rate from \$45.82 per member per month to \$47.43 for medical inflation of 3.5%. The budget provides funding for 122,479 AHCCCS member years. The AHCCCS member years and capitation rates for all 3 fiscal years are summarized in *Table 4*.

Although the budget includes funding for increases in the capitation rate, a footnote in the General Appropriation Act requires DHS to submit an expenditure plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

The FY 2000 approved amount also includes a decrease of \$(1,758,200) TF to reflect the transfer of federal monies designated for Title XIX administration costs to the operating budget. This amount is continued in FY 2001. See the "Transfer – Federal Administration Funds" section above for further information

Seriously Mentally Ill Non-Title XIX — Provides funding for treatment for clients that have been diagnosed as SMI according to the SMI checklist, but are not eligible for Title XIX coverage. Previously, funding for these Non-Title XIX clients was spread across several Special Line Items. The approved amount reflects the transfer of funding from these Special Line Items into a single consolidated SMI Non-Title XIX Special Line Item in FY 1999.

The FY 2000 approved amount includes an increase of \$2,000,000 GF for psychotropic medications and \$3,000,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund, for a total increase of \$5,000,000. Atypical psychotropics are a category of new medications shown to produce effective results in patients suffering from long-term schizophrenia without the severe, permanent side effects of the older drugs. These new medications are also significantly more expensive than the older drugs.

The FY 1999 budget included \$3,257,100 for Non-Title XIX psychotropic medications (\$1,257,100 from an old Psychotropic Drugs Special Line Item and \$2,000,000 in new FY 1999 funding). This base funding, combined with

Table 4

Title XIX Seriously Mentally Ill

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Capitation Rate	\$44.49	\$45.82	\$47.43
Member Years	121,524	120,077	122,479

	FY 2000	FY 2001
Old Psychotropic Medications Special Line Item	\$1,257,100	\$1,257,100
FY 1999 Increase	2,000,000	2,000,000
FY 2000 Increase	5,000,000	5,000,000
Laws 1999, Ch. 176 - One-Time Appropriation	5,000,000	0
FY 2001 Increase	0	1,000,000
Total Funding	\$13,257,100	\$9,257,100
Fund Sources:		
General Fund	\$5,257,100	\$6,257,100
Tobacco Tax Medically Needy Account	8,000,000	3,000,000
Total Appropriations	\$13,257,100	\$9,257,100

the approved increase, provides a total of \$8,257,100 in on-going funding for psychotropic medications in FY 2000. In addition, Laws 1999, Chapter 176 allocated \$5,000,000 in one-time funding from the Medically Needy Account of the Tobacco Tax and Health Care Fund, for a total of \$13,257,100 for psychotropics in FY 2000. *See the Additional Appropriations section for further information on Chapter 176.*

The approved amount for FY 2001 continued the \$8,257,100 in on-going funding and includes an increase of \$1,000,000 GF, for a total of \$9,257,100 for psychotropic medications. These changes are summarized in *Table 5*.

The approved amount for FY 2000 also includes an increase of \$300,000 from the Substance Abuse Services Fund for one-time costs to develop programs for SMI clients who also have substance abuse problems. These SMI clients are known as “dually diagnosed”. Currently, there are only 4 state-funded programs that provide specialty services for dually diagnosed adults. The increased funding will allow DHS to develop 2 additional intensive outpatient programs designed for this population. The approved amount for FY 2001 includes a decrease of \$(300,000) to eliminate funding for these one-time costs.

In total, the FY 2000 approved amount includes \$56,308,800 GF, \$8,000,000 from the Tobacco Tax Medically Needy Account, and \$300,000 from the Substance Abuse Fund. The FY 2001 approved amount includes \$57,008,800 GF and \$3,000,000 from the Tobacco Tax Medically Needy Account.

Geriatric Residential Beds — Previously, provided approximately 42 community geriatric psychiatric treatment beds. Funding for this Special Line Item was transferred to the new SMI Non-Title XIX Special Line Item in FY 1999 to consolidate all SMI Non-Title XIX funding.

Regional Residential/Psychiatric Beds Program — Previously, provided funding for the regional beds program which is designed to reduce growth in the Arizona State Hospital (ASH) census by developing secure residential/in-patient alternatives in local areas. These smaller facilities allow for short-term crisis stabilization which eliminates the need for transportation to metropolitan areas or long-term commitment. Statewide, these facilities currently provide 156 treatment beds at sites closer to the patients’ homes than ASH. These small Psychiatric Hospital Facilities (PHFs) have traditionally been referred to as “Puffs” based on their original acronym. Funding for this program was transferred to the new SMI Non-Title XIX Special Line Item in FY 1999 to consolidate all SMI Non-Title XIX funding.

Psychotropic Drugs — Previously, provided funding for psychotropic or atypical antipsychotic medications shown to produce dramatic results in certain patients who suffer from long-term schizophrenia. Funding for this program was transferred to the new SMI Non-Title XIX Special Line Item in FY 1999 to consolidate all SMI Non-Title XIX funding.

Court Monitoring — Provides funding 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. This program is funded from the General Fund.

In addition to the amounts shown above, the department may receive other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also expend significant amounts for services which are not included in the table.

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General Mental Health and Substance Abuse			
		<u>FY 2000</u>	<u>FY 2001</u>
Mental Health Non-Title XIX	GF	\$ 9,862,100	\$ 9,862,100
Substance Abuse Non-Title XIX	GF	13,685,400	13,685,400
	OF	1,850,000	1,850,000
Mental Health/Substance Abuse State	GF	4,716,400	4,958,300
Match for Title XIX	FF	9,078,900	9,590,700
Mental Health Block Grant	FF	3,870,300	3,870,300
Substance Abuse Block Grant	FF	<u>20,008,800</u>	<u>20,008,800</u>
TOTAL	GF	\$28,263,900	\$28,505,800
	OF	\$1,850,000	\$1,850,999
	TF	<u>\$63,071,900</u>	<u>\$63,825,600</u>

General Mental Health and Substance Abuse

General Mental Health and Substance Abuse (GMH/SA) funding assists adults who do not qualify as SMI. These persons typically require less frequent and less intensive treatment or experience mental illness that is more temporary in nature. *Table 6* depicts state expenditures and estimated federal revenues for the treatment of non-SMI adults for general mental health and substance abuse.

Mental Health - Non-Title XIX — Provides funding for mental health treatment services for adults who require treatment but are not diagnosed SMI and are not eligible for the Title XIX program. This program is funded from the General Fund.

Substance Abuse - Non-Title XIX — Provides funding for drug and alcohol abuse services for adults who are not eligible for the Title XIX program.

The FY 2000 approved amount includes an increase of \$300,000 from the Substance Abuse Services Fund, for a total of \$1,850,000 in Other Appropriated Funds (OF). The fund receives 14.2% of revenues to the Medical Services Enhancement Fund (MSEF) for alcohol and drug treatment for persons that have been ordered by the court to attend but do not have sufficient resources to pay. The fund also receives 9.4% of MSEF revenues for development and maintenance of Non-Title XIX alcohol and drug abuse services. Projected increases in revenue to the fund allow the appropriation to be increased by \$300,000 in FY 2000. This amount is continued in FY 2001.

In total, the line item consists of \$1,850,000 from the Substance Abuse Services Fund and \$13,635,400 GF in FY 2000 and FY 2001.

Mental Health and Substance Abuse State Match for Title XIX — Provides the GF share of the cost of providing mental health and substance abuse treatment to Title XIX eligible individuals. State monies provide a 34% match to the Federal Funds received.

The FY 1999 approved amount includes a decrease of \$(284,100) GF and \$(847,000) TF to address Title XIX capitation rate changes approved by HCFA. The new rates became effective October 1, 1998 and included a decrease from \$11.30 per member per month to \$10.67 (5.6)% for the GMH/SA Title XIX program. The decrease is due to lower costs resulting from the competitive bid process for the Maricopa County RBHA contract, and decreases in the utilization and cost of services. However, while the net change for the new rate was a decrease, the new rate also includes an increase for methadone treatment, which was not formerly a covered Title XIX service. DHS receives a monthly capitation payment from AHCCCS for every adult eligible for Title XIX Behavioral Health Services, although only a portion of the eligible population will utilize services. The approved budget provides funding for 111,364 AHCCCS member years in FY 1999.

The FY 2000 approved amount includes a decrease of \$(82,800) GF and a decrease of \$(95,400) TF from the FY 1999 level. During FY 1997 and FY 1998 the children's Title XIX population declined significantly; however during FY 1999, the rate of decline slowed. As a result, the FY 2000 approved amount assumes flat population growth. In addition, the approved amount assumes an increase in the monthly capitation rate from \$10.67 per member per month to \$10.99 for medical inflation of 3.5%. Despite the projected cost increase, the GF change shows a slight decrease because the FY 2000 appropriation

Title XIX General Mental Health / Substance Abuse			
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Capitation Rate	\$10.67	\$10.99	\$11.37
Member Years	111,364	109,781	111,977

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includes more recent data than the FY 1999 appropriation. From the time the FY 1999 estimate was completed to when the FY 2000 estimate was finalized, the population continued to decrease resulting in a lower population base for the FY 2000 estimate. The approved budget provides funding for 109,781 AHCCCS member years in FY 2000.

The FY 2001 approved amount includes an increase of \$241,900 GF and \$753,800 TF from the FY 2000 level. This increase assumes population growth of 2% and an increase in the capitation rate from \$10.99 per member per month to \$11.37 for medical inflation of 3.5%. The budget provides funding for 111,977 AHCCCS member years. The AHCCCS member years and capitation rates for all 3 fiscal years are summarized in *Table 7*.

Although the budget includes funding for increases in the capitation rate, a footnote in the General Appropriation Act requires DHS to submit an expenditure plan for review by the Joint Legislative Budget Committee prior to expending any monies for a rate increase.

The FY 2000 approved amount also includes a decrease of \$(380,800) TF to reflect the transfer of federal monies designated for Title XIX administration costs to the operating budget. This amount is continued in FY 2001. *See the "Transfer – Federal Administration Funds" section above for further information.*

Community Therapeutic Substance Abuse Treatment — Previously, provided funding for a long-term substance abuse treatment model used for the most chronic substance abusers. Over time, the RBHAs have increasingly directed funding toward lower cost, short-term substance abuse treatment. While this has allowed more individuals to receive treatment, it has also begun to create a shortage of placements for the most chronic abusers. Funding for this program was transferred to the Substance Abuse Non-Title XIX Special Line Item in FY 1999.

Mental Health Block Grant — Provides non-appropriated federal funding for comprehensive mental health services for children and adults including treatment, rehabilitative services, and activities to reduce hospitalization rates among the mentally ill.

Substance Abuse Block Grant — Provides non-appropriated federal funding for drug and alcohol abuse prevention and treatment. The Block Grant requires certain percentages of the funding to be spent in the following broad categories: 35% for drug abuse services; 35% for alcohol abuse services; 20% for primary prevention programs targeting at-risk populations; and 5% for HIV/AIDS services. The Block Grant also requires the department to maintain the current level of services for pregnant women and women with dependent children.

In addition to the amounts shown above, the department may receive Tobacco Tax monies, other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also provide services, which are not included in the table.

Psychiatric Review Board — Includes 2 FTE Positions and \$82,200 in FY 2000 and \$83,800 in FY 2001 for operating costs to review the cases of persons committed to ASH as "Not Guilty by Reason of Insanity."

Additional Appropriations: Omnibus Reconciliation Bill; Health (Chapter 176) – Allocates, on a one-time basis, \$5,000,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund for Non-Title XIX SMI psychotropic medications. *See the SMI Non-Title XIX section for further information on funding for psychotropic medications.*

Appropriation; AHCCCS; Healthcare Group (Chapter 313) — Transfers coverage of behavioral health services for persons who are 18-20 years old and are not seriously mentally ill from AHCCCS to DHS. The bill transfers \$205,100 GF and \$600,000 TF from AHCCCS to DHS in FY 2000 for this function. This amount is continued in FY 2001.

Capital Outlay Appropriations: Chapter 2, 1st Special Session — Appropriates \$68,800 in FY 2000 and \$71,700 in FY 2001 from the Southern Arizona Mental Health Center (SAMHC) Building Renewal Fund to the department for Building Renewal at the SAMHC facility in Tucson. Of this amount, up to 25% may be used for infrastructure replacement and repair, or for building modifications to comply with the Americans with Disabilities Act.

Additional Legislation: Omnibus Budget Reconciliation; Public Finances (Chapter 3, 1st Special Session) — This legislation allows the Department of Commerce to secure federal housing monies for the seriously mentally ill in areas of the state where a public housing authority already exists. In areas where a public housing authority does not exist, the legislation allows the department to undertake all activities of the housing assistance program. This statutory change only allows the department to secure new federal housing monies and does not impact monies that the state or localities are currently receiving.