

Department of Health Services

| | FY 2016 ACTUAL | FY 2017 ESTIMATE | FY 2018 BASELINE |
|---|----------------------|---------------------|---------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 1,176.7 | 1,065.5 | 1,065.5 |
| Personal Services | 24,560,600 | 18,230,700 | 18,230,700 |
| Employee Related Expenditures | 9,916,800 | 7,729,700 | 7,729,700 |
| Professional and Outside Services | 2,825,300 | 1,747,000 | 1,747,000 |
| Travel - In State | 414,100 | 418,800 | 418,800 |
| Travel - Out of State | 50,200 | 80,200 | 80,200 |
| Other Operating Expenditures | 22,913,500 | 18,996,300 | 18,996,300 |
| Equipment | 225,700 | 1,850,500 | 1,850,500 |
| OPERATING SUBTOTAL | 60,906,200 | 49,053,200 | 49,053,200 |
| SPECIAL LINE ITEMS | | | |
| Arizona State Hospital | | | |
| Arizona State Hospital-Operating | 57,589,400 | 60,715,700 | 60,485,600 |
| Arizona State Hospital-Restoration to Competency | 897,100 | 900,000 | 900,000 |
| Arizona State Hospital-Sexually Violent Persons | 9,135,600 | 9,639,100 | 9,639,100 |
| Public Health/Family Health | | | |
| Adult Cystic Fibrosis | 105,200 | 105,200 | 105,200 |
| AIDS Reporting and Surveillance | 990,100 | 1,000,000 | 1,000,000 |
| Alzheimer's Disease Research | 1,125,000 | 2,125,000 | 1,125,000 |
| Biomedical Research Support | 1,496,300 | 2,000,000 | 2,000,000 |
| Pediatric Neurological Autoimmune Disorders Research | 0 | 250,000 | 0 |
| Breast and Cervical Cancer and Bone Density Screening | 984,400 | 1,369,400 | 1,369,400 |
| County Tuberculosis Provider Care and Control | 534,300 | 590,700 | 590,700 |
| Emergency Medical Services Local Allocation | 399,000 | 442,000 | 442,000 |
| Folic Acid Program | 387,200 | 400,000 | 400,000 |
| High Risk Perinatal Services | 1,887,700 | 2,543,400 | 2,543,400 |
| Newborn Screening Program | 5,608,800 | 6,697,300 | 6,697,300 |
| Nursing Care Special Projects | 22,000 | 100,000 | 100,000 |
| Poison Control Centers Funding | 828,200 | 990,000 | 990,000 |
| Nonrenal Disease Management | 46,400 | 198,000 | 198,000 |
| Renal Dental Care and Nutrition Supplements | 225,000 | 300,000 | 300,000 |
| Behavioral Health | | | |
| Medicaid Behavioral Health - Traditional | 890,808,900 | 0 | 0 |
| Medicaid Behavioral Health - Proposition 204 | 564,638,000 | 0 | 0 |
| Medicaid Behavioral Health - Comprehensive Medical and Dental Program | 185,712,700 | 0 | 0 |
| Medicaid Behavioral Health - Adult Expansion Services | 70,041,600 | 0 | 0 |
| Proposition 204 Administration | 8,135,800 | 0 | 0 |
| Medicare Clawback Payments | 14,228,600 | 0 | 0 |
| Medicaid Insurance Premium Payments | 34,871,900 | 0 | 0 |
| Non-Medicaid Seriously Mentally Ill Services | 78,279,400 | 0 | 0 |
| Supported Housing | 5,207,200 | 0 | 0 |
| Crisis Services | 16,176,300 | 0 | 0 |
| AGENCY TOTAL | 2,011,268,300 | 139,419,000 | 137,938,900 |
| FUND SOURCES | | | |
| General Fund | 597,791,200 | 86,551,700 | 86,551,700 |
| <u>Other Appropriated Funds</u> | | | |
| Arizona State Hospital Fund | 8,813,900 | 9,562,000 | 9,562,000 |
| ASH Land Earnings Fund | 601,500 | 880,100 | 650,000 |
| Capital Outlay Stabilization Fund | 1,513,900 | 1,559,900 | 1,559,900 |
| Child Fatality Review Fund | 94,800 | 94,700 | 94,700 |

| | FY 2016 ACTUAL | FY 2017 ESTIMATE | FY 2018 BASELINE |
|--|----------------------|---------------------|---------------------|
| Disease Control Research Fund | 0 | 250,000 | 0 |
| Emergency Medical Services Operating Fund | 4,810,100 | 5,357,900 | 5,357,900 |
| Environmental Laboratory Licensure Revolving Fund | 696,000 | 924,200 | 924,200 |
| Federal Child Care and Development Fund Block Grant | 829,000 | 872,300 | 872,300 |
| TTHCF Health Research Fund | 2,496,300 | 4,000,000 | 3,000,000 |
| Health Services Licensing Fund | 8,749,200 | 9,232,300 | 9,232,300 |
| Indirect Cost Fund | 8,030,600 | 8,546,100 | 8,546,100 |
| Newborn Screening Program Fund | 6,040,600 | 7,130,100 | 7,130,100 |
| Nursing Care Institution Resident Protection Fund | 22,000 | 138,200 | 138,200 |
| Substance Abuse Services Fund | 2,250,200 | 0 | 0 |
| TTHCF Medically Needy Account | 47,966,700 | 700,000 | 700,000 |
| Vital Records Electronic Systems Fund | 1,112,900 | 3,619,500 | 3,619,500 |
| SUBTOTAL - Other Appropriated Funds | 94,027,700 | 52,867,300 | 51,387,200 |
| SUBTOTAL - Appropriated Funds | 691,818,900 | 139,419,000 | 137,938,900 |
| Expenditure Authority Funds | | | |
| ISA Behavioral Health Services Fund | 1,319,449,400 | 0 | 0 |
| SUBTOTAL - Expenditure Authority Funds | 1,319,449,400 | 0 | 0 |
| SUBTOTAL - Appropriated/Expenditure Authority Funds | 2,011,268,300 | 139,419,000 | 137,938,900 |
| Other Non-Appropriated Funds | 123,847,300 | 74,157,200 | 74,157,200 |
| Federal Funds | 314,815,800 | 250,195,400 | 250,195,400 |
| TOTAL - ALL SOURCES | 2,449,931,400 | 463,771,600 | 462,291,500 |

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

Summary

DHS' FY 2018 General Fund spending would remain the same.

The Baseline includes the following reductions:

- \$(1,000,000) for the elimination of one-time funding from the Alzheimer's Disease Research line item.
- \$(230,100) for the elimination of one-time equipment funding from the ASH - Operating line item.
- \$(250,000) for the elimination of one-time funding from the Pediatric Autoimmune Neurological Disorders Research line time.

| | |
|---|-----------|
| Child Fatality Review Fund | 94,700 |
| Emergency Medical Services (EMS) Operating Fund | 4,465,900 |
| Environmental Laboratory Licensure Revolving Fund | 924,200 |
| Federal Child Care and Development Fund (CCDF) Block Grant | 872,300 |
| Health Services Licensing Fund | 9,232,300 |
| Indirect Cost Fund | 8,546,100 |
| Newborn Screening Program Fund | 432,800 |
| Nursing Care Institution Resident Protection Revolving Fund | 38,200 |
| Vital Records Electronic Systems Fund | 3,619,500 |

These amounts are unchanged from FY 2017.

Operating Budget

The Baseline includes \$49,053,200 and 311.4 FTE Positions in FY 2018 for the operating budget. These amounts consist of:

| | FY 2018 |
|-----------------------------------|----------------|
| General Fund | \$19,267,300 |
| Capital Outlay Stabilization Fund | 1,559,900 |

Arizona State Hospital

ASH - Operating

The Baseline includes \$60,485,600 and 616.5 FTE Positions in FY 2018 for the ASH operating budget. These amounts consist of:

| | |
|------------------------|------------|
| General Fund | 54,169,200 |
| ASH Fund | 5,666,400 |
| ASH Land Earnings Fund | 650,000 |

FY 2018 adjustments would be as follows:

Remove One-Time Funding OF (230,100)

The Baseline includes a decrease of \$(230,100) from the ASH Land Earnings Fund in FY 2018 for elimination of one-time purchases of new camera and recording equipment to improve monitoring of patients at ASH.

(Please see the Other Issues section for information on the ASH Fund deficit.)

This line item provides funding for inpatient psychiatric hospitalization services for adult SMI residents. ASH residents that are subject to court-ordered treatment are treated in ASH’s civil hospital and residents charged with or serving a sentence for committing a crime are treated in ASH’s forensic hospital. In FY 2016, ASH had an average monthly census of 111 patients in its civil commitment unit, 112 patients in its forensic unit, and 97 Sexually Violent Persons (SVP), for a total of 320 patients.

ASH - Restoration to Competency

The Baseline includes \$900,000 from the ASH Fund in FY 2018 for ASH - Restoration to Competency. This amount is unchanged from FY 2017.

The FY 2017 Health Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 122) continues to require counties to pay 100% of the daily cost of care for Restoration to Competency (RTC) patients treated at ASH. The Baseline continues 100% county funding for RTC.

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. In FY 2016, there was an average monthly census of 4 RTC patients treated at ASH. RTC patients are treated in ASH’s forensic unit.

ASH - Sexually Violent Persons

The Baseline includes \$9,639,100 and 112.5 FTE Positions in FY 2018 for ASH - Sexually Violent Persons. These amounts consist of:

| | |
|--------------|-----------|
| General Fund | 6,643,500 |
| ASH Fund | 2,995,600 |

These amounts are unchanged from FY 2017.

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. In FY 2016, ASH had an average monthly census of 97 Sexually Violent Persons (SVPs).

Since FY 2010, counties that have sent SVPs to ASH are responsible for a portion of the daily cost of care. The FY 2017 Health BRB continues to require counties to pay 31% of their total SVP costs in FY 2017. The BRB provision also clarifies that counties must pay their share of SVP costs throughout the entire commitment process, including pre-adjudication proceedings. The Baseline maintains the county share of SVP funding of 31%.

Public Health/Family Health

Adult Cystic Fibrosis Care

The Baseline includes \$105,200 from the General Fund in FY 2018 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2017.

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 Baseline includes \$1,000,000 from the General Fund in FY 2018 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2017.

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 (ADAP), which also receives Federal Funds for the medications. The ADAP program served approximately 1,986 clients in FY 2016.

Alzheimer's Disease Research

The Baseline includes \$1,125,000 in FY 2018 for Alzheimer's Disease Research. This amount consists of:

| | |
|---------------------------------|-----------|
| General Fund | 125,000 |
| TTHCF - Health Research Account | 1,000,000 |

FY 2018 adjustments would be as follows:

Remove One-Time Funding OF (1,000,000)

The Baseline includes a decrease of \$(1,000,000) from the TTHCF - Health Research Account in FY 2018 for elimination of a one-time increase in Alzheimer's research funding.

Background – DHS distributes funding in the line item to the Arizona Alzheimer's Consortium (AAC). The AAC provides dollar-for-dollar matching grants to universities, hospitals, and research centers for research on the causes of Alzheimer's disease.

The Baseline continues to permit the department to use TTHCF - Health Research Account monies for Alzheimer's disease research.

Biomedical Research Support

The Baseline includes \$2,000,000 from the TTHCF - Health Research Account in FY 2018 for Biomedical Research Support. This amount is unchanged from FY 2017.

This line item is funded by Section 128 of the FY 2015 General Appropriation Act (Laws 2014, Chapter 18). Section 128 appropriates \$2,000,000 annually in FY 2015 through FY 2019 from the TTHCF - Health Research Account. As a result of the Chapter 18 funding, these monies do not appear in subsequent year General Appropriation Acts.

This line item is to provide 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. Section 128 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.

DHS distributed monies from this line in FY 2016 to the Translational Genomics Research Institute (TGen), a nonprofit medical research institution headquartered in Arizona. In addition to these monies, Chapter 18

appropriated \$3,000,000 from the General Fund in FY 2015 through FY 2019 to Northern Arizona University (NAU) for biotechnology. NAU allocated its FY 2016 appropriation to TGen. *(Please see the NAU narrative for more information.)*

The appropriation from this line item is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.

Pediatric Autoimmune Neurological Disorders Research

The Baseline includes no funding in FY 2018 for distribution of competitive grants for pediatric autoimmune neurological disorders research. FY 2018 adjustments would be as follows:

Remove One-Time Funding OF (250,000)

The Baseline includes a decrease of \$(250,000) from the Disease Control Research Fund in FY 2018 for elimination of a one-time appropriation for Pediatric Autoimmune Neurological Disorders research.

Pediatric Acute-onset Neuropsychiatric Syndrome (PANS) involves the rapid development of neuropsychiatric symptoms in children, such as Obsessive Compulsive Disorder, anxiety, and difficulty concentrating. In some children, these symptoms could be the result of autoimmune responses to infectious disease. For example, Pediatric Autoimmune Neurological Disorders Associated with Streptococcal Infections (PANDAS) is a specific type of PANS triggered by a strep infection.

In FY 2017, DHS will distribute monies in this line item to the Arizona Biomedical Research Commission. The commission will evaluate research grant applications related to PANS and PANDAS.

Breast and Cervical Cancer and Bone Density Screening

The Baseline includes \$1,369,400 and 1 FTE Position from the General Fund in FY 2018 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2017.

The Well Woman Healthcheck program provides contracted cancer screenings for women over age 40 who lack 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 Baseline includes \$590,700 from the General Fund in FY 2018 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2017.

This line item provides 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 Medical Services Local Allocation

The Baseline includes \$442,000 from the EMS Operating Fund in FY 2018 for the Emergency Medical Services Local Allocation line item. This amount is unchanged from FY 2017.

This line item provides funding to 4 regional EMS Councils that distribute funding for EMS training and equipment to cities and towns with a population of fewer than 90,000 people.

Folic Acid Program

The Baseline includes \$400,000 from the TTHCF - Medically Needy Account in FY 2018 for the Folic Acid Program. This amount is unchanged from FY 2017.

This line item provides funding for the distribution of folic acid to women of child bearing age to help prevent birth defects. In FY 2016, 33,623 women received folic acid education and multivitamins.

High Risk Perinatal Services

The Baseline includes \$2,543,400 in FY 2018 for High Risk Perinatal Services. This amount consists of:

| | |
|--------------------|-----------|
| General Fund | 2,093,400 |
| EMS Operating Fund | 450,000 |

These amounts are unchanged from FY 2017.

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 Baseline includes \$6,697,300 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2018 for the Newborn Screening Program. These amounts are unchanged from FY 2017.

Background – 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 2016, the program provided screening for 83,749 newborns. The program also provides 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 perform hearing tests on all newborns and screen them for critical congenital heart defects (CCHD). Chapter 171 also 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.

In October 2014, the Newborn Screening Advisory Committee recommended DHS include the screening test for SCID. The department determined that the testing fee would need to be increased by \$10 to pay for new equipment and other related costs. In June 2015, DHS established new rules for newborn screening that allow the department to screen for SCID if sufficient funding becomes available, but as of October 2016 the screen does not include SCID.

Nursing Care Special Projects

The Baseline includes \$100,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2018 for special projects related to long-term care facilities. This amount is unchanged from FY 2017.

Background – The Nursing Care Institution Resident Protection Revolving Fund receives deposits from civil penalties paid by nursing care institution administrators and assisted living facility managers for violations of their licenses or certifications. Historically, DHS’ operating budget has included an ongoing appropriation of \$38,200 from this fund for emergency patient relocation and patient personal property replacement. Additional amounts have been appropriated to fund specific projects

in past fiscal years, including the recently eliminated nursing facility study.

Poison Control Centers Funding

The Baseline includes \$990,000 from the General Fund in FY 2018 for Poison Control Centers. This amount is unchanged from FY 2017.

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 2016.

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. The Board of Pharmacy transferred \$125,000 to the Poison Controls Centers in FY 2016.

Nonrenal Disease Management

The Baseline includes \$198,000 from the General Fund in FY 2018 for Nonrenal Disease Management. This amount is unchanged from FY 2017.

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 Baseline includes \$300,000 from the TTHCF - Medically Needy Account in FY 2018 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2017.

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.

Behavioral Health

The Baseline includes no funding in FY 2018 for Medicaid and Non-Medicaid behavioral health service line items. This amount is unchanged from FY 2017. Laws 2015, Chapter 195 transferred behavioral health services to AHCCCS beginning July 1, 2016.

Through FY 2016, these line items funded 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).

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Departmentwide

The Department of Health Services shall electronically forward 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 a monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals on or before the 30th of the following month. The report shall include an estimate of potential shortfalls in programs, potential federal and other monies, 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.

Arizona State Hospital

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.

Public Health/Family Health

Of the \$1,125,000 for Alzheimer’s Disease Research, \$1,000,000 is from the Tobacco Tax and Health Care Fund - Health Research Account established by A.R.S. § 36-773.

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.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to require all cities and counties to pay 100% of the Restoration to Competency Costs. (See ASH - Restoration to Competency for more information.)

- As session law, continue to require all counties to pay 31% of their total Sexually Violent Persons (SVP) costs throughout the entire commitment process, including pre-adjudication proceedings. The Baseline would, as session law, also continue to allow counties to use any source of county revenue to make the transfers and exempt county contributions from county expenditure limitations. *(See ASH - Sexually Violent Persons for more information.)*
- As session law, continue to notwithstanding A.R.S. § 36-773 to permit DHS to use Tobacco Tax and Health Care Fund - Health Research Account monies for Alzheimer's disease research. *(See Alzheimer's Disease Research for more information.)*
- As session law, delete the transfer of Health Services Lottery Fund monies from AHCCCS to ASH. Deletion may be reconsidered if lottery monies are used to supplement the ASH Fund in FY 2017 or FY 2018.

Other Issues

This section includes information on the following topics:

- ISA for Behavioral Health Services Fund
- Non-Restorable Dangerous Defendants
- DHS Building Renovation
- Arizona State Hospital Fund Deficit
- Proposition 123

ISA for Behavioral Health Services Fund

The FY 2017 Health BRB (Laws 2016, Chapter 122, Sections 1, 2, and 35) retains the Interagency Service Agreement (ISA) for Behavioral Health Services Fund in DHS until the fund is repealed on September 1, 2020. The bill prohibits DHS from spending the monies in the fund for any purpose except to pay for behavioral health services claims incurred on or before June 30, 2016. As session law, Section 22 allows any unexpended or unencumbered monies in the fund to revert to the General Fund on July 1 of FY 2018, FY 2019, and FY 2020 after any adjustments are approved by AHCCCS and reviewed by JLBC.

Non-Restorable Dangerous Defendants

As session law, the FY 2017 Criminal Justice BRB (Laws 2016, Chapter 119) establishes a study committee on incompetent, nonrestorable and dangerous defendants. Such defendants are individuals that have been charged with a crime for which they were found incompetent to stand trial, and after receiving treatment from a restoration to competency program, have been deemed nonrestorable by the court. Under current law,

nonrestorable defendants may be remanded to DHS for civil commitment proceedings, appointed a guardian, or released.

The study committee is required to research and offer recommendations related to the treatment and long-term supervision of dangerous and non-restorable defendants; the Director of DHS and the CEO of the Arizona State Hospital are members of the committee. In December 2016, the committee recommended an extension of the study committee, a review of state programs dealing with the dangerous and non-restorable defendant population to propose Arizona-specific solutions, developing a systemic approach for counties to track the population, and authorizing the continued function of ASU to serve as the committee's research and coordinating center.

The Governor vetoed other legislation, SB 1510, that would have made changes to competency examinations, court-ordered evaluation, and court-ordered treatment for incompetent and non-restorable defendants. In his veto letter, the Governor cited concerns about how the bill would have impacted the licensure of the Arizona State Hospital. The study committee also recommended a review and revision of the provisions in SB 1510.

DHS Building Renovation

The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) requires the Arizona Department of Administration (ADOA) to allocate \$4,200,000 from its building renewal appropriation to renovate the 1740 West Adams building used by the Department of Health Services.

In June 2016, The Joint Committee on Capital Review (JCCR) favorably reviewed \$500,000 of the \$4,200,000 for demolition, abatement, and engineering design. The remaining \$3,700,000 was deferred until ADOA provided the Committee with a tenant relocation plan pursuant to the FY 2017 Capital Outlay Bill. In September 2016, JCCR held the tenant relocation plan, which included both health and non-health boards, and the remaining \$3,700,000 pending discussion on consolidation of the boards during the legislative session. In December 2016, JCCR favorably reviewed the tenant relocation plan. *(Please see ADOA Capital Outlay section for more information.)*

Arizona State Hospital Fund Deficit

DHS reports that the ASH Fund has ongoing expenses that are higher than its ongoing revenues. *Table 1* below shows actual ASH Fund revenues and spending from FY 2014 to FY 2016. The fund receives payments from counties for the RTC program and the SVP program, as

well as a limited amount of reimbursement from Medicaid and Medicare. Previously, Title XIX allowed DHS to be reimbursed for daily care of patients between 21 and 64 years old for up to 30 days. Changed rules now allow Medicaid reimbursement for up to 15 days, which may impact ASH Fund revenues. DHS projects that ASH Fund disbursements will exceed ASH Fund revenues by \$5.3 million in FY 2017.

In past years, DHS has offset this deficit by transferring ASH Fund expenses for prescription medications to the Non-Medicaid Seriously Mentally Ill Services line item, but AHCCCS now administers this line item following the behavioral health transfer. The FY 2017 budget included a footnote that requires AHCCCS to transfer \$1,200,000 from the Non-Medicaid Seriously Mentally Ill line item to DHS in FY 2017 to help cover the prescription medication costs of ASH patients. The Baseline continues to require this transfer. *(See the AHCCCS narrative for more information.)*

The FY 2017 budget also transferred \$2,400,000 from the Health Services Lottery Monies Fund to the ASH Fund in FY 2016. The Baseline would not continue the transfer of lottery monies to the ASH Fund. FY 2017 balances will depend on whether the transfer is continued in the budget.

Proposition 123

As a beneficiary of the Arizona State Land Trust, the Arizona State Hospital receives monies generated from lease revenues and proceeds from the land sales that are invested into a “permanent fund,” pursuant to Article X, Section 7 of the Arizona Constitution.

The Arizona State Hospital received a total of \$701,000 in its land trust fund, the ASH Land Earnings Fund, in FY 2015.

As approved by the voters in May 2016, Proposition 123 increased the Treasurer's annual distribution rate from the State Land Trust Permanent Fund from 2.5% to 6.9% from FY 2016 through FY 2025.

The JLBC staff projects that the ASH Land Earnings Fund will have an FY 2017 ending balance of \$839,700. The fund will have estimated revenues of \$876,200 in FY 2018, compared to a Baseline appropriation of \$650,000.

(Please see the Land Department narrative for more information.)

Table 1
ASH Fund Actual Revenues and Expenditures
(\$ in millions)

| | FY 2014 | FY 2015 | FY 2016 |
|------------------------------|----------------|----------------|----------------|
| Beginning Balance | \$4.7 | \$4.5 | \$0.6 |
| Revenue | <u>\$6.9</u> | <u>\$6.4</u> | <u>\$6.9</u> |
| SVP | \$3.8 | \$2.8 | \$3.2 |
| RTC | \$1.6 | \$1.0 | \$0.9 |
| Title XIX | \$1.5 | \$0.9 | \$1.3 |
| Non-Medicaid SMI | \$0.0 | \$1.7 | \$1.5 |
| Transfers ^{1/} | <u>\$0.0</u> | <u>\$0.0</u> | <u>\$2.4</u> |
| Total Available | \$11.6 | \$10.9 | \$9.9 |
| Spending | <u>\$9.4</u> | <u>\$10.3</u> | <u>\$9.2</u> |
| Ending Balance ^{2/} | \$2.2 | \$0.6 | \$0.7 |

^{1/} The FY 2017 General Appropriation Act transferred \$2.4 million from the Health Services Lottery Monies Fund to the ASH Fund.
^{2/} According to DHS, the Ending Balance does not match the Beginning Balance in the succeeding fiscal year due to transfers of Non-Medicaid SMI monies to the ASH Fund.

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|---|-------------------|-------------------------|
| Arizona State Hospital Fund (HSA3120/A.R.S. § 36-545.08) | | Appropriated |
| Source of Revenue: State monies and matching federal monies for disproportionate share payments at the Arizona State Hospital, Medicaid reimbursement for services provided at the Arizona State Hospital, and monies collected for services to clients at the state hospital. The FY 2017 Health Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 122) continues to require that all counties pay 100% of the cost of care for Restoration to Competency patients and 31% of the costs of patients in the Sexually Violent Persons (SVP) program. | | |
| Purpose of Fund: To provide treatment of patients at the Arizona State Hospital or to place Arizona State Hospital patients in the community. | | |
| Funds Expended | 8,813,900 | 9,562,000 |
| Year-End Fund Balance* | 827,400 | (3,756,400) |
| Arizona State Hospital Land Earnings Fund (HSA3128/A.R.S. § 36-211) | | Appropriated |
| Source of Revenue: Monies received from interest on the Arizona State Hospital's Permanent Land Fund, as established through Arizona's Enabling Act, Section 25, and the monies derived from the lease of these lands and miscellaneous revenue. | | |
| Purpose of Fund: For the benefit and support of the Arizona State Hospital. | | |
| Funds Expended | 601,500 | 880,100 |
| Year-End Fund Balance | 883,200 | 839,700 |
| Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (HSA2513/A.R.S. § 36-119) | | Non-Appropriated |
| Source of Revenue: Revenues from special plate fees and renewals. Of the \$25 fee, \$8 is for administrative costs deposited to the State Highway Fund and \$17 is deposited into the Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund. | | |
| Purpose of Fund: For breast and cervical cancer screening and diagnostic and outreach services. | | |
| Funds Expended | 0 | 704,000 |
| Year-End Fund Balance | 692,200 | 185,200 |
| Capital Outlay Stabilization Fund (HSA1600/A.R.S. § 41-792.01) | | Appropriated |
| Source of Revenue: Appropriations from the Arizona Department of Administration Capital Outlay Stabilization Fund and transfers from the Arizona Department of Administration (<i>see Arizona Department of Administration for more detail on Capital Outlay Stabilization Fund</i>). | | |
| Purpose of Fund: Lease-purchase payments for the new state health laboratory (transfers from Arizona Department of Administration are spent for building renewal). | | |
| Funds Expended | 1,513,900 | 1,559,900 |
| Year-End Fund Balance | 0 | 0 |
| Child Fatality Review Fund (HSA3036/A.R.S. § 36-3504) | | Appropriated |
| Source of Revenue: A \$1 surcharge on fees collected on all certified copies of death certificates, up to \$100,000. Any revenue collected in excess of \$100,000 is transferred from the fund to the Child Abuse Prevention Fund in the Department of Child Safety. | | |
| Purpose of Fund: To organize county child fatality review teams and to study data collected by these teams to determine ways to reduce the state's child mortality rate. | | |
| Funds Expended | 94,800 | 94,700 |
| Year-End Fund Balance | 201,500 | 355,600 |

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|--|-------------------|-------------------------------|
| Childhood Cancer and Rare Childhood Disease Research Fund (No Fund Number/A.R.S. § 28-2442, A.R.S. § 36-121) | | Non-Appropriated |
| Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal of Childhood Cancer Research special plate fee and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration. | | |
| Purpose of Fund: To issue Childhood Cancer Research special plates, if a person or entity pays \$32,000 by December 31, 2012. The required implementation fee of \$32,000 was received by the deadline and has been reimbursed to the entity that made the payment to the Arizona Department of Transportation (ADOT). The entity that provided the \$32,000 shall design the Childhood Cancer Research special plates, subject to approval by ADOT. ADOT is to annually deposit these monies, excluding administrative fees, into the DHS-administered Childhood Cancer and Rare Childhood Disease Research Fund. DHS shall allocate monies from the fund to nonprofit health care providers and research institutions throughout the state for Phase I clinical trials relating to pediatric cancer or other rare pediatric diseases. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 0 | 0 |
| Disease Control Research Fund (HSA2090/A.R.S. § 36-274) | | Partially-Appropriated |
| Source of Revenue: Monies appropriated by the Legislature and any gifts, contributions or other monies received by the Disease Control Research Commission from any other source, including Proposition 204. | | |
| Purpose of Fund: To be used for projects or services that may advance research in the causes, epidemiology and prevention of disease, including discovery and development. Laws 2016, Chapter 207 appropriates \$250,000 from this fund for distribution of competitive grants for pediatric autoimmune neurological disorders research. | | |
| Appropriated Funds Expended | 0 | 250,000 |
| Non-Appropriated Funds Expended | 2,638,200 | 2,576,100 |
| Year-End Fund Balance | 4,694,300 | 4,656,700 |
| Donations - DHS (HSA3010/2025/A.R.S. § 36-132) | | Non-Appropriated |
| Source of Revenue: Individual donations for various health related purposes. | | |
| Purpose of Fund: For specific purposes as designated by the donors. Monies donated pursuant to A.R.S. § 36-213 and A.R.S. § 36-204 for the Arizona State Hospital are accounted for separately. | | |
| Funds Expended | 322,600 | 239,100 |
| Year-End Fund Balance | 1,142,900 | 1,259,800 |
| Donations - Statewide (HSA2025/A.R.S. § 36-132) | | Non-Appropriated |
| Source of Revenue: Individual donations from employee recognition events. | | |
| Purpose of Fund: Employee recognition purposes. | | |
| Funds Expended | 3,100 | 1,700 |
| Year-End Fund Balance | 6,900 | 8,500 |
| Emergency Medical Services Operating Fund (HSA2171/A.R.S. § 36-2218) | | Appropriated |
| Source of Revenue: The fund receives 48.9% of the Medical Services Enhancement Fund revenues, which are collected from a 13% surcharge on fines charged for criminal offenses and civil motor vehicle statute violations. | | |
| Purpose of Fund: To fund local and state emergency medical services systems. | | |
| Funds Expended | 4,810,100 | 5,357,900 |
| Year-End Fund Balance | 5,723,100 | 5,735,300 |
| Environmental Laboratory Licensure Revolving Fund (HSA3017/A.R.S. § 36-495.15) | | Appropriated |
| Source of Revenue: Fees collected for environmental lab licensure, fees derived from department-sponsored workshops, and monies from gifts, grants, and donations. | | |
| Purpose of Fund: For costs associated with licensing environmental laboratories by the Department of Health Services. | | |
| Funds Expended | 696,000 | 924,200 |
| Year-End Fund Balance | 660,300 | 499,700 |

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|--|-------------------|-------------------------|
| Federal Child Care and Development Fund Block Grant (HSA2008/U.S. P.L. 104-193) | | Appropriated |
| Source of Revenue: Federal formula grant. | | |
| Purpose of Fund: A portion of the Federal Child Care and Development Block Grant provides the Assurance and Licensure Division with monies for the licensure of child care facilities. | | |
| Funds Expended | 829,000 | 872,300 |
| Year-End Fund Balance | 316,100 | 200,800 |
| Federal Funds (HSA2000/A.R.S. § 35-142) | | Non-Appropriated |
| Source of Revenue: Grants and reimbursements from the federal government. Federal reimbursement for the Medicaid program is not included in this fund and can be found listed in the Medicaid Services and County Contributions Fund. | | |
| Purpose of Fund: To provide health services in accordance with the terms of each specific grant. In FY 2016, \$55,078,100 in federal grants funded the delivery of behavioral health services. Any federal grants for the delivery of behavioral health services were transferred to AHCCCS on July 1, 2016 in accordance with Laws 2015, Chapters 19 and 195. | | |
| Funds Expended | 314,815,800 | 250,195,400 |
| Year-End Fund Balance | 865,400 | 865,400 |
| Health Services Licensing Fund (HSA1995/A.R.S. § 36-405, A.R.S. § 36-414) | | Appropriated |
| Source of Revenue: Nonrefundable fees for health care institution licensing services and monies from the examination and licensing of hearing and speech professionals. | | |
| Purpose of Fund: For health care institutions' licensing applications, initial license, renewal license and architectural drawing reviews. Pursuant to A.R.S. § 36-1903, revenues from licensing and examination of hearing and speech professionals are deposited into this fund. DHS establishes nonrefundable fees for assurance and licensure. 90% of assurance and licensure fees have been deposited into this fund with the remaining 10% deposited into the General Fund. | | |
| Funds Expended | 8,749,200 | 9,232,300 |
| Year-End Fund Balance | 5,549,100 | 6,873,700 |
| Health Services Lottery Fund (HSA4250/A.R.S. § 36-108.01) | | Non-Appropriated |
| Source of Revenue: State Lottery monies. | | |
| Purpose of Fund: To fund teenage pregnancy prevention programs, the Health Start program, and the federal Women, Infants and Children (WIC) food program. | | |
| Funds Expended | 9,805,400 | 9,209,300 |
| Year-End Fund Balance | 9,106,100 | 7,320,200 |
| IGA and ISA Fund (HSA4500/A.R.S. § 36-108.01) | | Non-Appropriated |
| Source of Revenue: Monies from intergovernmental agreements and interagency services agreements between the Department of Health Services and other state and local entities. In FY 2017, this fund will receive \$12,730,200 from DES pursuant to an interagency service agreement between DHS and DES that requires DHS to provide nutrition education in schools for grades 1-6 using funds from the Supplemental Nutrition Assistance Program (SNAP). | | |
| Purpose of Fund: To fund services which DHS has agreed to perform in IGAs and ISAs with state and local public agencies. | | |
| Funds Expended | 16,803,100 | 16,802,600 |
| Year-End Fund Balance | 95,500 | 6,060,100 |
| IGA for County Behavioral Health Services Fund (HSA4503/A.R.S. § 36-108.01) | | Non-Appropriated |
| Source of Revenue: County funds. | | |
| Purpose of Fund: To fund the delivery of behavioral health services to seriously mentally ill (SMI) individuals, some mental health services for non-SMI individuals, and the administration of Local Alcohol Reception Centers (LARC) to treat substance abuse. In FY 2016, the fund received \$55.2 million from Maricopa County and \$3.1 million from Pima County. This fund was transferred from DHS to AHCCCS on July 1, 2016. | | |
| Funds Expended | 60,876,600 | 0 |
| Year-End Fund Balance | 346,300 | 346,300 |

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|---|-------------------|------------------------------|
| Indirect Cost Fund (HSA9001/A.R.S. § 36-108) | | Appropriated |
| Source of Revenue: Charges made to Federal Funds and interagency agreements in order to reimburse the agency for a portion of the administrative costs of the programs. | | |
| Purpose of Fund: To pay a portion of the administrative personnel and overhead costs associated with various federal programs and interagency agreements. | | |
| Funds Expended | 8,030,600 | 8,546,100 |
| Year-End Fund Balance | 7,104,500 | 9,605,100 |
| Interagency Service Agreement for Behavioral Health Services Fund (HSA4502/A.R.S. § 36-108.01) | | Expenditure Authority |
| Source of Revenue: Federal monies from the Centers for Medicare and Medicaid Services. | | |
| Purpose of Fund: To provide behavioral health services to Medicaid-eligible individuals. This fund was transferred from DHS to AHCCCS on July 1, 2016 pursuant to Laws 2015, Chapter 19 and 195, and is included in the AHCCCS' Federal Medicaid Authority. Laws 2015, Chapter 122 requires monies remaining in the fund on July 1 of fiscal years 2018, 2019, and 2020 be transferred to the state General Fund. The transfer amount may be adjusted for reported but unpaid claims and estimated incurred but unreported claims prior to June 30, 2016. The fund will be repealed August 31, 2020. | | |
| Funds Expended | 1,319,449,400 | 0 |
| Year-End Fund Balance | 44,258,100 | 44,258,100 |
| Internal Services Fund (HSA4202/A.R.S. § 36-108) | | Non-Appropriated |
| Source of Revenue: Charges from other DHS funds. | | |
| Purpose of Fund: Revolving Fund used by DHS warehouse for the purchase of goods. | | |
| Funds Expended | 4,300 | 4,300 |
| Year-End Fund Balance | 92,600 | 63,000 |
| Medical Marijuana Fund (HSA2544/A.R.S. § 36-2817) | | Non-Appropriated |
| Source of Revenue: The fund receives application and renewal fees from medical marijuana dispensaries, civil penalties and private donations. | | |
| Purpose of Fund: To enforce the provisions of Proposition 203 (Arizona Medical Marijuana Act) enacted in the 2010 General Election. The Arizona Medical Marijuana Act regulates dispensation, prescription, and use of medical marijuana, including an electronic registry of dispensary agents, patients and designated caregivers. | | |
| Funds Expended | 8,295,400 | 11,110,600 |
| Year-End Fund Balance | 19,874,100 | 26,973,700 |
| Medical Student Loan Fund (HSA3306/A.R.S. § 15-1725) | | Non-Appropriated |
| Source of Revenue: Monies from legislative appropriations, and loan repayments of principal, interest, and penalties received by the board. These monies are exempt from lapsing. All monies in the fund are to be used for the Primary Care Provider Loan Repayment Program. There are no new legislative appropriations into this fund. | | |
| Purpose of Fund: To provide loans to defray the medical education expenses of Arizona resident students attending medical school, in return for a service commitment to the state. | | |
| Funds Expended | 29,200 | 187,200 |
| Year-End Fund Balance | 216,200 | 78,600 |
| Newborn Screening Program Fund (HSA2184/A.R.S. § 36-694.01) | | Appropriated |
| Source of Revenue: Monies received as part of the hospital charges for each child born in Arizona. Fee limits for newborn screening are \$30 for the first blood and hearing screening and \$40 for the second blood and hearing screening. | | |
| Purpose of Fund: To provide monies for the centralized testing of all newborns in the state for a standard set of 29 metabolic and congenital (environmental/inherited) disorders. Every 4 years the department solicits bids for the contracting of these tests. The State Health Lab holds the current contract. In addition, the fund provides monies for follow-up counseling for the parents of affected infants. | | |
| Funds Expended | 6,040,600 | 7,130,100 |
| Year-End Fund Balance | 1,528,100 | 63,000 |

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|--|-------------------|-------------------------|
| Nursing Care Institution Resident Protection Fund (HSA2329/A.R.S. § 36-446.08) | | Appropriated |
| Source of Revenue: Civil penalties paid by nursing care institution administrators and assisted living facility managers for violations of their licenses or certifications. | | |
| Purpose of Fund: For the protection of the health and property of residents of nursing care facilities that are found deficient. | | |
| Funds Expended | 22,000 | 138,200 |
| Year-End Fund Balance | 2,102,200 | 2,434,200 |
| Oral Health Fund (HSA3038/A.R.S. § 36-138) | | Non-Appropriated |
| Source of Revenue: Monies received from AHCCCS contracts for dental services. | | |
| Purpose of Fund: To provide dental services to Medicaid-eligible children identified by the DHS Oral Health program. | | |
| Funds Expended | 155,900 | 237,000 |
| Year-End Fund Balance | 987,200 | 1,070,700 |
| Prescription Drug Rebate Fund (HSA2546/A.R.S. § 36-2930) | | EA/Appropriated |
| Source of Revenue: Prescription drug rebate collections and interest from prescription drug rebate late payments. | | |
| Purpose of Fund: To pay for the administrative costs of the Prescription Drug Rebate Program, for payments to contractors or providers in the administration's medical services programs, and to offset General Fund costs for Medicaid programs. The federal share of rebates is retained by the state and is used in lieu of federal match funds. Monies in the fund used in lieu of federal match funds are subject to expenditure authority; all other monies are appropriated. In FY 2016, DHS received a supplemental appropriation of \$9,235,300 from the fund for behavioral health services. No monies from the supplemental appropriation were used. | | |
| Funds Expended in Lieu of Federal Funds | 0 | 0 |
| Year-End Fund Balance | 0 | 0 |
| Risk Assessment Fund (HSA2427/A.R.S. § 36-1693) | | Non-Appropriated |
| Source of Revenue: Monies from the Department of Environmental Quality for risk services performed by DHS. The fund may also receive legislative appropriations, gifts, grants, or donations. | | |
| Purpose of Fund: To conduct health effects studies and risk assessments of public health risks from environmental exposure, to evaluate and calculate cleanup standards, to communicate health risks to the public, and for administrative costs of those activities. | | |
| Funds Expended | 37,200 | 60,000 |
| Year-End Fund Balance | 39,400 | 38,900 |
| Serious Mental Illness Services Fund (HSA2464/A.R.S. § 36-503.02 [repealed]) | | Non-Appropriated |
| Source of Revenue: Monies appropriated from the Tobacco Litigation Settlement Account, other legislative appropriations and interest earned on these monies. The fund received a one-time appropriation of \$50,000,000 from tobacco settlement funds in FY 2001. The final \$1,100,000 was spent in FY 2005. Laws 2015, Chapter 195 eliminated this fund, and required that any remaining balance revert to the General Fund on July 1, 2016. | | |
| Purpose of Fund: To fund Community Housing, Vocational Rehabilitation, and other recovery support services to persons with serious mental illnesses. | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 0 | 0 |

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|--|-------------------|-------------------------------|
| Seriously Mentally Ill Housing Trust Fund (HSA2555/A.R.S. § 41-3955.01) | | Partially-Appropriated |
| Source of Revenue: Receives \$2,000,000 from the proceeds of the sales of unclaimed property and interest income. A.R.S. § 44-313 states that the first \$2,000,000 in unclaimed property revenues are distributed to the Seriously Mentally Ill Housing Trust Fund. The second \$2,500,000 in unclaimed property revenues are distributed to the Housing Trust Fund, which is administered by the Department of Housing. | | |
| Purpose of Fund: To fund housing projects as well as rental assistance for the seriously mentally ill. The appropriated portion pays for administration expenses, and may not exceed 10% of the Seriously Mentally Ill Housing Trust monies. The non-appropriated portion of the fund is used for rental assistance for seriously mentally individuals, as well as the operation, construction or renovation of a facility that houses seriously mentally ill individuals. This fund was transferred from DHS to AHCCCS on July 1, 2016 pursuant to Laws 2015, Chapters 19 and 195. | | |
| Appropriated Funds Expended | 0 | 0 |
| Non-Appropriated Funds Expended | 1,764,100 | 0 |
| Year-End Fund Balance | 4,230,500 | 6,268,200 |
| Smoke Free Arizona Fund (HSA2541/A.R.S. § 36-601.01) | | Non-Appropriated |
| Source of Revenue: A 2¢ per pack tax on cigarettes. Any revenues not used by the department to enforce the smoking ban are deposited to the Tobacco Tax Products Fund to be used for education programs to reduce or eliminate tobacco use. | | |
| Purpose of Fund: To enforce the provisions of Proposition 201 (Smoke Free Arizona Act) enacted in the 2006 General Election. The Smoke-Free Arizona Act banned smoking in public places except retail tobacco stores, veteran and fraternal clubs, hotel rooms designated as smoking rooms, and outdoor patios. | | |
| Funds Expended | 2,732,100 | 3,076,000 |
| Year-End Fund Balance | 590,500 | 441,000 |
| Substance Abuse Services Fund (HSA2227/A.R.S. § 36-2005) | | Appropriated |
| Source of Revenue: The fund receives 23.6% of monies collected from Medical Services Enhancement Fund, which is a 13% penalty levied on criminal offenses, motor vehicle civil violations, and game and fish violations. Monies are deposited into 2 subaccounts. | | |
| Purpose of Fund: To provide alcohol and other drug screening, education or treatment for persons court-ordered to attend and who do not have the financial ability to pay for the services, to contract for preventive or rehabilitative and substance abuse services, and to provide priority for treatment services to pregnant substance abusers. This fund was transferred to AHCCCS on July 1, 2016 pursuant to Laws 2015, Chapters 19 and 195. | | |
| Funds Expended | 2,250,200 | 0 |
| Year-End Fund Balance | 2,945,400 | 2,945,400 |
| Tobacco Tax and Health Care Fund - Health Education Account (HSA1308/A.R.S. § 36-772) | | Non-Appropriated |
| Source of Revenue: The account receives 23¢ of each dollar deposited in the Tobacco Tax and Health Care Fund and 2¢ of each dollar in the Tobacco Products Tax Fund. | | |
| Purpose of Fund: Monies are used for community-based education and evaluation, and other programs to discourage tobacco use among the general public, specifically targeting minors and culturally diverse populations. The monies from the Tobacco Products Tax Fund are used for the prevention and detection of the 4 leading causes of death. | | |
| Funds Expended | 17,099,500 | 21,220,000 |
| Year-End Fund Balance | 7,054,500 | 3,543,600 |
| Tobacco Tax and Health Care Fund - Health Research Account (DSA2096/A.R.S. § 36-275, A.R.S. § 36-773) | | Partially-Appropriated |
| Source of Revenue: The fund receives monies from the Health Research Account of the Tobacco Tax and Health Care Fund. | | |
| Purpose of Fund: Monies are used for research into the prevention and treatment of tobacco-related disease and addiction. The FY 2017 Health Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 122) appropriated \$1,000,000 from the fund for Alzheimer's disease research. | | |
| Appropriated Funds Expended | 2,496,300 | 4,000,000 |
| Non-Appropriated Funds Expended | 3,280,600 | 8,729,300 |
| Year-End Fund Balance | 10,357,700 | 5,965,100 |

| SUMMARY OF FUNDS | FY 2016 Actual | FY 2017 Estimate |
|--|-------------------|-------------------------------|
| Tobacco Tax and Health Care Fund - Medically Needy Account (HSA1306/A.R.S. § 36-774) | | Partially-Appropriated |
| Source of Revenue: The account receives funding from the Medically Needy Account of the Tobacco Tax and Health Care Fund, which is managed by AHCCCS. All monies remaining unexpended at the end of the fiscal year revert to the AHCCCS Medically Needy Account. (See Tobacco Tax Table in the AHCCCS section.) | | |
| Purpose of Fund: Monies are used for a variety of health programs that are intended to increase primary care and mental health services for uninsured and low-income populations. In FY 2016, DHS received a supplemental appropriation of \$3,352,200 from the Tobacco Products Tax Fund in addition to an annual appropriation of \$44,702,300 from the Medically Needy Account. This fund was transferred from DHS to AHCCCS on July 1, 2016 pursuant to Laws 2015, Chapters 19 and 195. | | |
| Appropriated Funds Expended | 47,966,700 | 700,000 |
| Non-Appropriated Funds Expended | 0 | 0 |
| Year-End Fund Balance | 325,800 | 47,680,300 |
| Vital Records Electronic Systems Fund (HSA3039/A.R.S. § 36-341.01) | | Appropriated |
| Source of Revenue: Fees collected for searches, copies of records, applications to file delayed records, requests for supplementary birth certificates, following adoption, legitimation, paternity determination, surgical alterations, and chromosomal counts, or amendments to existing records. DHS is authorized by A.R.S. § 36-341 to set vital records fees for individuals and counties that access the vital records electronic system. Total revenues are limited to \$4,530,000. Of the first \$4,000,000, 85% will be required into the Vital Records Electronic Systems Fund and 15% will be deposited into the General Fund. For any revenue above \$4,000,000, 40% will be deposited into the Vital Records Electronic Systems Fund and 60% will be deposited into the General Fund. | | |
| Purpose of Fund: To develop and operate a new vital records automated system. | | |
| Funds Expended | 1,112,900 | 3,619,500 |
| Year-End Fund Balance | 2,697,500 | 1,055,000 |

* As reported by agency. Actual ending balance will not be negative.