

Department of Health Services

	FY 2017 ACTUAL	FY 2018 ESTIMATE	FY 2019 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,065.5	1,065.5	1,100.0
Personal Services	19,719,500	21,145,500	21,145,500
Employee Related Expenditures	7,812,700	8,666,200	8,205,600
Professional and Outside Services	1,432,800	1,672,300	1,672,300
Travel - In State	382,700	399,300	399,300
Travel - Out of State	78,400	71,600	71,600
Other Operating Expenditures	14,899,000	13,036,200	13,036,200
Equipment	551,400	1,988,800	1,988,800
OPERATING SUBTOTAL	44,876,500	46,979,900	46,519,300
SPECIAL LINE ITEMS			
Arizona State Hospital			
Arizona State Hospital-Operating	57,572,400	61,540,300	60,485,600
Arizona State Hospital-Restoration to Competency	574,500	900,000	900,000
Arizona State Hospital-Sexually Violent Persons	8,996,900	9,766,900	9,639,100
Public Health/Family Health			
Adult Cystic Fibrosis	105,200	105,200	105,200
AIDS Reporting and Surveillance	963,200	1,000,000	1,000,000
Alzheimer's Disease Research	2,125,000	2,125,000	1,125,000
Biomedical Research Support	1,501,300	2,000,000	2,000,000
Pediatric Autoimmune Neurological Disorders Research	83,400	0	0
Breast and Cervical Cancer and Bone Density Screening	896,100	1,369,400	1,369,400
County Tuberculosis Provider Care and Control	500,300	590,700	590,700
Emergency Medical Services Local Allocation	442,000	442,000	442,000
Folic Acid Program	362,300	400,000	400,000
High Risk Perinatal Services	2,180,300	2,543,400	2,543,400
Newborn Screening Program	6,366,300	7,242,100	7,210,300
Nursing Care Special Projects	22,700	100,000	100,000
Poison Control Centers Funding	990,000	990,000	990,000
Nonrenal Disease Management	0	198,000	198,000
Renal Dental Care and Nutrition Supplements	225,000	300,000	300,000
Renal Transplant Drugs	0	183,000	183,000
Public Health Emergencies Fund Deposit	0	500,000	0
State Loan Repayment Program	0	1,000,000	1,000,000
Radiation Regulation			
Radiation Regulation	0	0	1,621,500
Nuclear Emergency Management Program	0	0	789,700
AGENCY TOTAL	128,783,400	140,275,900	139,512,200
FUND SOURCES			
General Fund	81,588,700	87,669,400	88,624,200
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	8,363,300	6,808,800	5,562,000
ASH Land Earnings Fund	738,800	970,000	650,000
Capital Outlay Stabilization Fund	1,548,500	1,559,900	1,559,900
Child Fatality Review Fund	93,300	96,900	94,700
Disease Control Research Fund	83,400	0	0
Emergency Medical Services Operating Fund	5,061,600	6,248,100	5,707,900
Environmental Laboratory Licensure Revolving Fund	841,100	930,400	924,200
Federal Child Care and Development Fund Block Grant	831,800	887,900	872,300

	FY 2017 ACTUAL	FY 2018 ESTIMATE	FY 2019 BASELINE
TTHCF - Health Research Account	3,501,300	4,000,000	3,000,000
Health Services Licensing Fund	8,913,500	9,372,700	9,232,300
DHS Indirect Cost Fund	8,447,500	9,581,300	9,546,100
Newborn Screening Program Fund	6,799,100	7,674,900	7,643,100
Nuclear Emergency Management Fund	0	0	789,700
Nursing Care Institution Resident Protection Revolving Fund	22,700	138,200	138,200
Radiation Regulatory Fee Fund	0	0	576,500
State Radiologic Technologist Certification Fund	0	0	271,600
TTHCF - Medically Needy Account	587,300	700,000	700,000
Vital Records Electronic Systems Fund	1,361,500	3,637,400	3,619,500
SUBTOTAL - Other Appropriated Funds	47,194,700	52,606,500	50,888,000
SUBTOTAL - Appropriated Funds	128,783,400	140,275,900	139,512,200
Other Non-Appropriated Funds	66,326,100	85,955,000	80,928,200
Federal Funds	258,011,600	252,079,500	252,264,100
TOTAL - ALL SOURCES	453,121,100	478,310,400	472,704,500

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. Beginning January 1, 2018, the responsibilities of the Radiation Regulatory Agency are transferred to the Department of Health Services.

Summary

DHS' FY 2019 General Fund spending increases by \$954,800 from FY 2018. Total appropriated fund spending decreases by \$(763,700).

The Baseline includes the following General Fund changes:

- \$1,200,000 to transfer funding from AHCCCS to ASH.
- \$787,600 for transfer of the Radiation Regulatory Agency to DHS.
- \$(1,032,800) for the removal of a one-time FY 2018 health insurance adjustment.

In addition, the Baseline includes the following \$(1,718,500) in changes from other appropriated fund sources:

- \$(1,200,000) as part of a transfer of funding from AHCCCS to ASH.
- \$(320,000) for elimination of a one-time ASH equipment appropriation.
- \$(1,000,000) for elimination of a one-time increase for Alzheimer's Research.
- \$(500,000) for elimination of a one-time deposit to the Public Health Emergencies Fund.

- \$1,646,400 for transfer of the Radiation Regulatory Agency to DHS, including the Nuclear Emergency Management Program line item.
- \$(344,900) for the removal of a one-time FY 2018 health insurance adjustment.

Operating Budget

The Baseline includes \$46,519,300 and 311.4 FTE Positions in FY 2019 for the operating budget. These amounts consist of:

	FY 2019
General Fund	\$16,383,400
Capital Outlay Stabilization Fund	1,559,900
Child Fatality Review Fund	94,700
Emergency Medical Services (EMS) Operating Fund	3,815,900
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
DHS Indirect Cost Fund	9,546,100
Newborn Screening Program Fund	432,800
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,619,500

FY 2019 adjustments are as follows:

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(460,600) in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment. This amount consists of:

General Fund	(202,900)
Child Fatality Review Fund	(2,200)
Emergency Medical Services (EMS) Operating Fund	(40,200)
Environmental Laboratory Licensure Revolving Fund	(6,200)
Federal Child Care and Development Fund (CCDF) Block Grant	(15,600)
Health Services Licensing Fund	(140,400)
Indirect Cost Fund	(35,200)
Vital Records Electronic Systems Fund	(17,900)

(Please see the Technical Budget Assumptions section.)

Arizona State Hospital

ASH - Operating

The Baseline includes \$60,485,600 and 616.5 FTE Positions in FY 2019 for the ASH operating budget. These amounts consist of:

General Fund	58,169,200
ASH Fund	1,666,400
ASH Land Earnings Fund	650,000

FY 2019 adjustments are as follows:

AHCCCS General Fund Transfer

The Baseline includes a decrease of \$(1,200,000) from the Arizona State Hospital Fund and a corresponding increase of \$1,200,000 from the General Fund in FY 2019 to transfer funding from the AHCCCS Non-Medicaid Seriously Mentally Ill (SMI) line item to address an ongoing shortfall in the ASH Fund. *(Please see the Other Issues section for more information on the ASH Fund deficit.)*

The budget in FY 2018 and prior years included a footnote requiring AHCCCS to transfer this funding to DHS. In FY 2019, the Baseline replaces this footnote with a direct appropriation of funding to DHS.

Remove One-Time Funding

The Baseline includes a decrease of \$(320,000) from the ASH Land Earnings Fund in FY 2019 for elimination of a one-time appropriation to purchase new beds and light fixtures for ASH patient rooms.

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(734,700) from the General Fund in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment.

Background – This line item funds 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 2017, ASH had an average monthly census of 95 patients in its civil commitment unit, 115 patients in its forensic unit, and 100 Sexually Violent Persons (SVP), for a total of 310 patients.

ASH - Restoration to Competency

The Baseline includes \$900,000 from the ASH Fund in FY 2019 for ASH - Restoration to Competency. This amount is unchanged from FY 2018.

The FY 2018 Health Budget Reconciliation Bill (BRB) (Laws 2017, Chapter 309) 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 2017, there was an average monthly census of 2 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 2019 for ASH - Sexually Violent Persons. These amounts consist of:

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

FY 2019 adjustments are as follows:

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(127,800) in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment. This amount consists of:

General Fund	(81,000)
ASH Fund	(46,800)

Background – 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 2017, ASH had an average monthly census of 100 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 2018 Health BRB continues to require counties to pay 31% of their total SVP costs in FY 2018. 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 2019 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2018.

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 2019 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2018.

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 2,159 clients in FY 2017.

Alzheimer’s Disease Research

The Baseline includes \$1,125,000 in FY 2019 for Alzheimer’s Disease Research. This amount consists of:

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

FY 2019 adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,000,000) from the TTHCF - Health Research Account in FY 2019 for the elimination of a one-time increase in Alzheimer’s research funding. The FY 2017 budget increased the appropriation from the TTHCF - Health Research Account by \$1,000,000. The FY 2018 budget continued this increase on a one-time basis.

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 2019 for Biomedical Research Support. This amount is unchanged from FY 2018.

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.

Background – This line item funds 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 2017 to the Translational Genomics Research Institute (TGen), a nonprofit medical research institution. 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 2017 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.

Breast and Cervical Cancer and Bone Density Screening

The Baseline includes \$1,369,400 and 1 FTE Position from the General Fund in FY 2019 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2018.

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 2019 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2018.

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 2019 for the Emergency Medical Services Local Allocation line item. This amount is unchanged from FY 2018.

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 2019 for the Folic Acid Program. This amount is unchanged from FY 2018.

This line item provides funding for the distribution of folic acid to women of child bearing age to help prevent birth defects. In FY 2017, 29,580 women received folic acid education and multivitamins.

High Risk Perinatal Services

The Baseline includes \$2,543,400 in FY 2019 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 2018.

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 \$7,210,300 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2019 for the Newborn Screening Program. FY 2019 adjustments are as follows:

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(31,800) from the Newborn Screening Program Fund in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment.

Background – This line item funds the centralized testing of all newborns in the state for a standard set of 29 disorders. In FY 2017, the program provided screening for 82,493 newborns. The program also provides follow-up counseling for the parents of affected newborns. The State Health Laboratory is the designated laboratory for testing, but DHS may designate other laboratories as testing facilities for conditions or tests added to the screening program.

Nursing Care Special Projects

The Baseline includes \$100,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2019 for special projects related to long term care facilities. This amount is unchanged from FY 2018.

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 2019 for Poison Control Centers. This amount is unchanged from FY 2018.

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 2017.

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 \$200,000 to the Poison Control Center in FY 2017.

Nonrenal Disease Management

The Baseline includes \$198,000 from the General Fund in FY 2019 for Nonrenal Disease Management. This amount is unchanged from FY 2018.

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 2019 for Renal Dental Care

and Nutrition Supplements. This amount is unchanged from FY 2018.

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, and provides transportation services for dialysis appointments.

Renal Transplant Drugs

The Baseline includes \$183,000 from the General Fund in FY 2019 for Renal Transplant Drugs. This amount is unchanged from FY 2018.

This line item provides funding for anti-rejection medications for renal transplant patients who cannot be listed for transplant because they cannot afford the cost of medications. Approximately 120 people will receive assistance from monies in this line item in FY 2018.

Public Health Emergencies Fund Deposit

The Baseline includes no funding from the Emergency Medical Services (EMS) Operating Fund in FY 2019 for a Public Health Emergencies Fund Deposit. FY 2019 adjustments are as follows:

Remove One-Time Deposit

The Baseline includes a decrease of \$(500,000) from the Emergency Medical Services (EMS) Operating Fund in FY 2019 for removal of a one-time deposit in the Public Health Emergencies Fund.

The Public Health Emergencies Fund was created by the FY 2018 Health BRB. Monies in the fund are non-appropriated and non-lapsing. DHS may only use monies in the fund on a declaration of a public health emergency by the Governor and must submit a report of any expenditures from the fund to the Joint Legislative Budget Committee.

State Loan Repayment Program

The Baseline includes \$1,000,000 from the Emergency Medical Services (EMS) Operating Fund in FY 2019 for the State Loan Repayment Program. This amount is unchanged from FY 2018.

This line item provides loan repayment for health care providers who agree to practice in medically underserved areas of the state for at least 2 years. In FY 2017, this program funded 38 participants. This program was funded in the DHS operating budget prior to FY 2018.

Radiation Regulation

As required by Laws 2017, Chapter 313, the responsibilities of the Arizona Radiation Regulatory Agency (ARRA) will transfer to DHS effective January 1, 2018. While the FY 2018 General Appropriation Act appropriated a separate budget for the ARRA, Chapter 313 states that all duties and unexpended or unencumbered monies of ARRA are transferred to DHS on the effective date. To simplify the display, the FY 2018 column of this Baseline does not reflect the transfer.

Radiation Regulation

The Baseline includes \$1,621,500 and 29 FTE Positions for Radiation Regulation in FY 2019. These amounts consist of:

General Fund	773,400
Radiation Regulatory Fee Fund	576,500
State Radiologic Technologist Certification Fund	271,600

FY 2019 adjustments are as follows:

Agency Transfer

The Baseline includes an increase of \$1,644,300 and 29 FTE Positions in FY 2019 for the transfer of Radiation Regulatory Agency responsibilities to DHS. These amounts consist of:

General Fund	787,600
Radiation Regulatory Fee Fund	582,900
State Radiologic Technologist Certification Fund	273,800

Remove Health Insurance Adjustment

The Baseline includes a decrease of \$(22,800) in FY 2019 for the removal of a one-time FY 2018 health insurance adjustment. These amounts consist of:

General Fund	(14,200)
Radiation Regulatory Fee Fund	(6,400)
State Radiologic Technologist Certification Fund	(2,200)

Radiation regulation includes oversight of the use, storage, and disposal of sources of radiation.

Nuclear Emergency Management Program

The Baseline includes \$789,663 and 5.5 FTE Positions from the Nuclear Emergency Management Fund (NEMF) in FY

2019 for the Nuclear Emergency Management Program line item. FY 2019 adjustments are as follows:

Agency Transfer

The Baseline includes an increase of \$789,663 and 5.5 FTE Positions from the NEMF in FY 2019 for the transfer of Radiation Regulatory Agency responsibilities to DHS.

Laws 2017, Chapter 43 appropriates \$789,663 and 5.5 FTE Positions from NEMF in FY 2018 and in FY 2019 to the Radiation Regulatory Agency. As a result, these monies do not appear in the FY 2018 General Appropriation Act.

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level to offset the NEMF appropriation.

The Nuclear Emergency Management Program was previously funded by Laws 2015, Chapter 132, which appropriated \$819,663 and 5.5 FTE Positions from the General Fund in FY 2016 and \$789,663 and 5.5 FTE Positions in FY 2017 for the program. Chapter 132 offset this General Fund appropriation with the NEMF fees, which were deposited into the General Fund.

Chapter 43 directs the fees to the NEMF rather than the General Fund. These monies are now appropriated directly from the NEMF.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training, and testing necessary to comply with federal prescribed criteria.

Monies appropriated to the NEMF are exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations, except that monies left unexpended or unencumbered at the end of the fiscal year shall be used to offset the next year's assessment and appropriation.

The Radiation Regulatory Agency, Department of Emergency and Military Affairs, and Department of Agriculture received monies from Chapter 43. The NEMF appropriation amounts for FY 2017-FY 2019 are displayed in *Table 1*. (Please see the *Department of Emergency and Military Affairs and the Department of Agriculture narratives for more information.*)

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Table 1

Nuclear Emergency Management Fund

<u>Agency</u>	<u>FY 2017</u>		<u>FY 2018</u>		<u>FY 2019</u>	
	<u>FTEs</u>	<u>Approp.</u>	<u>FTEs</u>	<u>Approp.</u>	<u>FTEs</u>	<u>Approp.</u>
Emergency and Military Affairs ^{1/}	5.5	\$1,424,377	5.5	\$1,438,465	5.5	\$1,461,602
Radiation Regulatory Agency ^{2/}	5.5	789,663	5.5	789,663	5.5	789,663
Agriculture	<u>1.88</u>	<u>198,434</u>	<u>2.88</u>	<u>275,012</u>	<u>2.88</u>	<u>275,012</u>
Total	12.88	\$2,412,474	13.88	\$2,503,140	13.88	\$2,526,277

^{1/} The Emergency and Military Affairs appropriation includes the appropriations for the Maricopa County Department of Emergency Management and the City of Buckeye.

^{2/} Effective January 1, 2018, the responsibilities of the Radiation Regulatory Agency transfer to DHS.

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 amount 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 use of 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, continue to notwithstanding A.R.S. § 36-108.01 and § 5-572C to allow monies in the Health Services Lottery Monies Fund to be used for DES domestic violence prevention programs. (See the DES narrative for more information.)
- As session law, continue fee raising authority and an exemption relating to establishing fees for Radiation Regulation in FY 2019 and continue an intent clause that limits additional revenues to \$561,000.

Other Issues

This section includes information on the following topics:

- Arizona State Hospital Fund Deficit
- Medical Marijuana Fund Balance

Arizona State Hospital Fund Deficit

The ASH Fund has ongoing expenses that are higher than its ongoing revenues. *Table 2* below shows ASH Fund revenues and spending from FY 2015 to FY 2019. 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 \$1.8 million in FY 2019.

To address the projected FY 2017 shortfall, the FY 2017 budget included a footnote that requires AHCCCS to transfer \$1.2 million from the Non-Medicaid SMI line item to DHS in FY 2017 to help cover the prescription medication costs of ASH patients. The footnote formalized an earlier practice of transferring Non-Medicaid SMI monies to ASH when DHS was responsible for administering behavioral health services. The FY 2018 budget also included a FY 2017 supplemental of \$3.8 million from the Indirect Cost Fund to address the shortfall.

To address the projected FY 2018 shortfall, the FY 2018 budget reallocated \$2.8 million in General Fund monies from the DHS operating budget to the ASH - Operating line item, thereby reducing the ASH Fund expenditure

level. The budget also transferred \$1.3 million from the Health Services Lottery Monies Fund to the ASH Fund and again transferred \$1.2 million from the AHCCCS Non-Medicaid SMI line item in FY 2018.

The Baseline would transfer \$1.2 million of the AHCCCS Non-Medicaid SMI General Fund appropriation to the ASH - Operating line item in FY 2019 on an ongoing basis. The ASH Fund appropriation would have a corresponding decrease of \$(1.2) million.

Medical Marijuana Fund Balance

Proposition 203 passed in the 2010 General Election, creating the Medical Marijuana Program within DHS. In FY 2017, there were 133,368 cardholders and 3,930 dispensary agents in the DHS medical marijuana registry. To operate the program, DHS charges application fees to cardholders and dispensaries which are deposited to the Medical Marijuana Fund.

The Medical Marijuana Fund's balance has continued to grow since the program's inception in 2010 (*see Table 3*). The fund is projected to have ongoing revenues of \$25.0 million in FY 2018, compared to \$16.9 million in spending. Along with surpluses from prior years, the fund is forecast to have a balance of \$41.3 million at the end of FY 2018.

Proposition 203 narrowly defined the fund's purpose to be used for regulation of the Medical Marijuana Program. There are 2 potential routes to using monies in the fund for purposes other than medical marijuana regulation: 1)

Table 2

ASH Fund Revenues and Expenditures				
	FY 2016	FY 2017	FY 2018 ^{1/}	FY 2019 ^{1/}
Beginning Balance	\$0.6	\$ 0.9	\$1.6	\$2.3
Revenue	6.9	4.8	5.0	5.0
Transfers ^{2/}	<u>2.4</u>	<u>5.0</u>	<u>2.5</u>	<u>0.0</u>
Total Available	\$9.9	\$10.7	\$9.1	\$7.3
Spending ^{3/ 4/}	<u>9.1</u>	<u>9.1</u>	<u>6.8</u>	<u>5.6</u>
Ending Balance	\$0.8	\$ 1.6	\$2.3	\$1.7

^{1/} FY 2018 and FY 2019 reflect estimated revenues and expenditures.
^{2/} The FY 2017 General Appropriation Act transferred \$2.4 million from the Health Services Lottery Monies Fund to the ASH Fund in FY 2016. The FY 2018 General Appropriation Act transferred \$3.8 million from the Indirect Cost Fund and \$1.2 million from the AHCCCS Non-Medicaid SMI line item in FY 2017, and \$1.3 million from the Health Services Lottery Monies Fund and \$1.2 million from the AHCCCS Non-Medicaid SMI line item in FY 2018.
^{3/} The FY 2018 General Appropriation Act reallocated \$2.8 million in General Fund monies from the DHS operating budget to the ASH - Operating line item in FY 2018. The ASH Fund appropriation had a corresponding decrease of \$(2.8) million.
^{4/} The FY 2019 Baseline would transfer \$1.2 million from the AHCCCS Non-Medicaid SMI line item General Fund appropriation to the ASH - Operating line item. The ASH Fund appropriation would have a corresponding decrease of \$(1.2) million.

the Legislature would need a three-fourths vote in both chambers and the use would have to further the purpose of the act; or 2) introduction of another ballot proposition for voter approval of an alternative use of the monies.

Table 3			
Medical Marijuana Fund History			
	FY 2015	FY 2016	FY 2017
Revenue	\$12,114,100	\$16,570,700	\$24,851,900
Spending	9,476,200	8,295,400	11,654,800
Ending Balance	11,614,400	19,874,100	33,244,000
Number of Cardholders	78,344	102,900	133,368
Number of Dispensaries	2,412	2,752	3,930

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 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 2018 Health Budget Reconciliation Bill (BRB) (Laws 2017, Chapter 309) continues to require that all counties pay 100% of the cost of care for Restoration to Competency patients and 31% of the cost 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	8,363,300	6,808,800
Year-End Fund Balance	1,746,800	2,381,600
Arizona State Hospital Charitable Trust Fund (HSA3170/A.R.S. § 36-218)		Non-Appropriated
Source of Revenue: Monies received from contracts and lease agreements on Arizona State Hospital property.		
Purpose of Fund: To benefit persons with mental illness in this state. Laws 2017, Chapter 288 created the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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	738,800	970,000
Year-End Fund Balance	1,250,600	1,458,100
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	6,000	521,000
Year-End Fund Balance	888,800	564,100

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
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 state health laboratory (transfers from Arizona Department of Administration are spent for building renewal).		
Funds Expended	1,548,500	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	93,300	96,900
Year-End Fund Balance	139,400	319,300
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 appropriated \$250,000 from this fund for distribution of competitive grants for pediatric autoimmune neurological disorders research.		
Appropriated Funds Expended	83,400	0
Non-Appropriated Funds Expended	2,006,900	3,055,200
Year-End Fund Balance	5,279,000	4,945,600
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	171,800	307,200
Year-End Fund Balance	1,247,800	1,214,000
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	5,400	0
Year-End Fund Balance	7,300	13,100
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	5,061,600	6,248,100
Year-End Fund Balance	4,890,100	3,124,400

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
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	841,100	930,400
Year-End Fund Balance	575,100	397,000
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	831,800	887,900
Year-End Fund Balance	147,900	147,500
Federal Funds (HSA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants and reimbursements from the federal government.		
Purpose of Fund: To provide health services in accordance with the terms of each specific grant.		
Funds Expended	258,011,600	252,079,500
Year-End Fund Balance	3,565,300	3,565,300
Health Services Licensing Fund (HSA1995/A.R.S. § 36-405, A.R.S. § 36-414)		Appropriated
Source of Revenue: 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. A total of 90% of assurance and licensure fees are deposited into this fund with the remaining 10% deposited into the General Fund.		
Funds Expended	8,913,500	9,372,700
Year-End Fund Balance	5,441,200	5,845,100
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	9,399,000	12,306,500
Year-End Fund Balance	7,298,900	1,244,200
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 2018, this fund will receive \$12,346,400 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	15,933,900	16,163,800
Year-End Fund Balance	1,772,400	2,949,300

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 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	8,447,500	9,581,300
Year-End Fund Balance	3,546,800	3,508,000
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 by unpaid claims and estimated incurred but unreported claims prior to June 30, 2016. The FY 2018 General Appropriations Act transferred \$35,000,000 from the fund to the state General Fund in FY 2017. The fund will be repealed August 31, 2020. AHCCCS estimates that the FY 2017 ending balance of the fund was \$5.9 million.		
Funds Expended	0	0
Year-End Fund Balance	9,264,900	9,264,900
Internal Services Fund (HSA4202/A.R.S. § 36-104)		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	0	0
Year-End Fund Balance	113,900	113,900
Laser Safety Fund (AEA2388/A.R.S. § 32-3234)		Non-Appropriated
Source of Revenue: Fees collected from the authorization of certificates to individuals that operate lasers of Intense Pulsed Light (IPL) devices for health and cosmetic related purposes.		
Purpose of Fund: To fund the costs of issuing licenses to individuals that operate lasers or IPL devices for health related purposes. Laws 2017, Chapter 313 transfers this fund from the Radiation Regulatory Agency to the Department of Health Services, effective January 1, 2018.		
Funds Expended	0	0
Year-End Fund Balance	0	0
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 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	11,654,800	16,926,100
Year-End Fund Balance	33,244,000	41,349,900
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	108,700	80,000
Year-End Fund Balance	138,100	76,100

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
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 30 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	6,799,100	7,674,900
Year-End Fund Balance	3,109,800	2,901,200
Nuclear Emergency Management Fund (AEA2138/A.R.S. § 26-306.02)		Appropriated
Source of Revenue: An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station. Laws 2017, Chapter 43 appropriates \$789,663 to the Arizona Radiation Regulatory Agency in both FY 2018 and FY 2019.		
Purpose of Fund: To administer and enforce the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Laws 2015, Chapter 132 appropriated \$789,663 from the General Fund in FY 2017 to be deposited into the fund. The FY 2017 General Fund expenditures are not displayed to avoid double counting of appropriated funds. Laws 2017, Chapter 43 establishes the fund as an appropriated fund with fees directed to the Nuclear Emergency Management Fund rather than the General Fund. Laws 2017, Chapter 313 transfers this fund from the Radiation Regulatory Agency to the Department of Health Services, effective January 1, 2018.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Nursing Care Institution Resident Protection Revolving Fund (HSA2329/A.R.S. § 36-431.02)		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	22,700	138,200
Year-End Fund Balance	2,193,000	2,193,000
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	371,100	357,200
Year-End Fund Balance	823,300	852,000
Public Health Emergencies Fund (HSA2775/A.R.S. § 36-122)		Non-Appropriated
Source of Revenue: Legislative appropriations from the Emergency Medical Services Operating Fund.		
Purpose of Fund: To fund public health emergency responses in the state following an emergency declaration by the Governor. Laws 2017, Chapter 309 created the fund. The FY 2018 General Appropriation Act appropriated \$500,000 to the fund from the Emergency Medical Services Operating Fund.		
Funds Expended	0	500,000
Year-End Fund Balance	0	0
Radiation Regulatory Fee Fund (AEA2554/A.R.S. § 30-658)		Appropriated
Source of Revenue: Includes fees collected for licensing, inspection, and registration fees for individuals and other entities utilizing radiological materials.		
Purpose of Fund: To provide funding for the operating expenses of the agency. Laws 2017, Chapter 313 transfers this fund from the Radiation Regulatory Agency to the Department of Health Services, effective January 1, 2018.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 Estimate
State Radiologic Technologist Certification Fund (AEA2061/A.R.S. § 32-2823)		Appropriated
Source of Revenue: License fees paid by x-ray technologists.		
Purpose of Fund: To provide for the licensing of x-ray technologists and the investigation of complaints. Laws 2017, Chapter 313 transfers this fund from the Radiation Regulatory Agency to the Department of Health Services, effective January 1, 2018.		
Funds Expended	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	47,600	60,000
Year-End Fund Balance	52,200	52,600
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	2,621,000	3,000,000
Year-End Fund Balance	930,100	930,100
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	20,109,000	23,600,000
Year-End Fund Balance	5,025,800	4,153,300
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. The FY 2018 General Appropriation Act continued this increase on a one-time basis.		
Appropriated Funds Expended	3,501,300	4,000,000
Non-Appropriated Funds Expended	3,890,900	9,078,000
Year-End Fund Balance	10,425,900	5,463,000

SUMMARY OF FUNDS	FY 2017 Actual	FY 2018 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 <i>Tobacco Tax Table in the AHCCCS section.</i>)		
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. This fund was transferred from DHS to AHCCCS on July 1, 2016 following the transfer of Behavioral Health Services to AHCCCS. DHS continues to receive appropriations from the fund for the Folic Acid Program and Renal Dental Care and Nutrition Supplements line items.		
Appropriated Funds Expended	587,300	700,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	356,700	349,000
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	1,361,500	3,637,400
Year-End Fund Balance	3,552,300	2,140,500