

## Department of Health Services

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,130.5	1,125.0	1,119.5 <sup>1/</sup>
Personal Services	17,540,300	22,947,200	22,947,200
Employee Related Expenditures	7,203,000	9,492,800	9,492,800
Professional and Outside Services	960,000	3,792,000	3,792,000
Travel - In State	336,000	406,900	406,900
Travel - Out of State	65,100	82,900	82,900
Other Operating Expenditures	15,567,600	13,727,700	13,727,700
Equipment	347,400	428,500	428,500
<b>OPERATING SUBTOTAL</b>	<b>42,019,400</b>	<b>50,878,000</b>	<b>50,878,000</b>
<b>SPECIAL LINE ITEMS</b>			
<b>Arizona State Hospital</b>			
Arizona State Hospital-Operating	51,101,600	65,822,900	65,822,900 <sup>2/</sup>
Arizona State Hospital-Restoration to Competency	778,900	900,000	900,000 <sup>3/</sup>
Arizona State Hospital-Sexually Violent Persons	7,680,100	10,010,700	10,010,700 <sup>4/</sup>
<b>Public Health/Family Health</b>			
Adult Cystic Fibrosis Care	78,900	105,200	105,200
AIDS Reporting and Surveillance	986,200	1,000,000	1,000,000
Alzheimer's Disease Research	3,125,000	1,125,000	1,125,000 <sup>5/6/</sup>
Biomedical Research Support	1,498,800	2,000,000	2,000,000 <sup>7/</sup>
Breast and Cervical Cancer and Bone Density Screening	716,900	1,369,400	1,369,400
Community-Based Primary Care Clinic	670,300	0	0
County Tuberculosis Provider Care and Control	469,400	590,700	590,700
Critical Access Hospital Trauma Services	1,500,000	0	0
Emergency Medical Services Local Allocation	408,900	442,000	442,000
Folic Acid Program	317,000	400,000	400,000
High Risk Perinatal Services	2,130,500	2,543,400	2,543,400
Homeless Pregnant Women Services	74,900	100,000	100,000 <sup>8/</sup>
Newborn Screening Program	6,620,500	7,308,400	7,308,400
Nonrenal Disease Management	29,100	198,000	198,000 <sup>9/</sup>
Nursing Care Special Projects	64,900	100,000	100,000
Poison Control Centers Funding	485,500	990,000	990,000
Public Health Emergencies Fund Deposit	55,106,600	0	0
Renal Dental Care and Nutrition Supplements	150,000	300,000	300,000
Renal Transplant Drugs	91,500	183,000	183,000
Rural Prenatal Services	1,000,000	500,000 <sup>10/</sup>	500,000 <sup>10/</sup>
State Loan Repayment Program	1,418,600	1,000,000	1,000,000
Vulnerable Caregiver Workshops	166,000	0	0
<b>Bureau of Radiation Control</b>			
Radiation Regulation	2,261,300	2,360,200	2,360,200
Nuclear Emergency Management Program	497,000	789,700	0
<b>AGENCY TOTAL</b>	<b>181,447,800</b>	<b>151,016,600</b>	<b>150,226,900 <sup>11/12/</sup></b>
<b>FUND SOURCES</b>			
General Fund	77,183,700	95,897,900	95,897,900
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	2,391,300	2,573,400	2,573,400
ASH Land Earnings Fund	575,100	650,000	650,000
Budget Stabilization Fund	55,000,000	0	0
Child Fatality Review Fund	94,700	99,200	99,200
Disease Control Research Fund	986,200	1,000,000	1,000,000

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 BASELINE
Emergency Medical Services Operating Fund	4,911,700	5,841,900	5,841,900
Environmental Laboratory Licensure Revolving Fund	709,300	952,000	952,000
Federal Child Care and Development Fund Block Grant	882,600	911,500	911,500
Health Services Licensing Fund	14,346,000	16,241,300	16,241,300
Health Services Lottery Monies Fund	74,900	100,000	100,000
Indirect Cost Fund	8,785,800	10,678,600	10,678,600
Newborn Screening Program Fund	6,878,600	7,741,200	7,741,200
Nuclear Emergency Management Fund	497,000	789,700	0
Nursing Care Institution Resident Protection Revolving Fund	64,900	138,200	138,200
Prescription Drug Rebate Fund	1,000,000	0	0
Tobacco Tax and Health Care Fund - Health Research Account	3,498,800	3,000,000	3,000,000
Tobacco Tax and Health Care Fund - Medically Needy Account	467,000	700,000	700,000
Vital Records Electronic Systems Fund	3,100,200	3,701,700	3,701,700
SUBTOTAL - Other Appropriated Funds	104,264,100	55,118,700	54,329,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>181,447,800</b>	<b>151,016,600</b>	<b>150,226,900</b>
Other Non-Appropriated Funds	66,190,100	64,978,300	64,978,300
Federal Funds	283,078,500	335,190,100	280,409,300
<b>TOTAL - ALL SOURCES</b>	<b>530,716,400</b>	<b>551,185,000</b>	<b>495,614,500</b>

**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, epidemiological monitoring, and radiation regulation.

#### FOOTNOTES

- 1/ Includes 730 GF and 53.1 OF FTE Positions funded from Special Line Items in FY 2022.
- 2/ In addition to the appropriation for the department of health services, earnings on state lands and interest on the investment of the permanent state land funds are appropriated to the Arizona state hospital in compliance with the enabling act and the Constitution of Arizona. (General Appropriation Act footnote)
- 3/ The Arizona State Hospital - Restoration to Competency line item includes monies for direct costs associated with the Restoration to Competency program. All other indirect costs are included in the Arizona State Hospital - Operating line item.
- 4/ The Arizona State Hospital - Sexually Violent Persons line item includes monies for direct costs associated with the Sexually Violent Persons program. All other indirect costs are included in the Arizona State Hospital - Operating line item.
- 5/ 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 section 36-773, Arizona Revised Statutes. (General Appropriation Act footnote)
- 6/ The department of health services shall distribute monies appropriated for Alzheimer's disease research through a grant to a charitable organization that is qualified under section 501(c)(3) of the internal revenue code and that meets the following criteria:
  1. Is headquartered in this state.
  2. Has been operating in this state for at least the last ten years.
  3. Has participating member institutions that work together to end Alzheimer's disease within a statewide collaborative model by using their complementary strengths in brain imaging, computer science, genomics, basic and cognitive neurosciences and clinical and neuropathology research.
  4. Has participating member institutions that educate residents of this state about Alzheimer's disease, research progress and resources to help patients, families and professionals manage the disease.

The terms of the grant made to the charitable organization may not impose any requirements that were not imposed in prior grant agreements entered into between the department of health services and the charitable organization. (General Appropriation Act footnote)
- 7/ The department of health services shall distribute monies appropriated for the biomedical research support line item to a nonprofit medical research institute headquartered in this state that specializes in biomedical research focusing on

applying genomic technologies and sequencing to clinical care, that has served as a resource to this state to conduct molecular epidemiologic analyses to assist with disease outbreak investigations and that collaborates with universities, hospitals and health science research centers and other public and private bioscience and related industries in this state. The recipient of these monies shall commission an audit of the expenditure of these monies and shall submit a copy of the audit to the department of health services on or before February 1, 2023. (General Appropriation Act footnote)

- 8/ The department of health services shall distribute monies appropriated for homeless pregnant women services to nonprofit organizations that are located in a county with a population of more than three million persons and whose primary function is to provide shelter, food, clothing and transportation for health services and support to homeless pregnant women and their children who are under the age of one year. Monies may not be granted for abortion referral services or distributed to entities that promote, refer or perform abortions. (General Appropriation Act footnote)
- 9/ The department of health services may use up to four percent of the amount appropriated for nonrenal disease management for the administrative costs to implement the program. (General Appropriation Act footnote)
- 10/ The sum of \$500,000 is appropriated from the state general fund in each of fiscal years 2020-2021 and 2021-2022 to the department of health services to provide student loan repayment options for health care professionals who provide prenatal care in a health professional shortage area in this state as defined in 42 Code of Federal Regulations part 5. (FY 2020 General Appropriation Act footnote)
- 11/ 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 thirtieth 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. (General Appropriation Act footnote)
- D/ ~~On or before May 31, 2021, the department of health services shall submit a report to the joint legislative budget committee for review on the progress of the department's implementation of recommendations included in the auditor general's September 2019 report regarding the investigation of long-term care facility complaints and self-reports. The report shall include information regarding staff allocated to long-term care investigations since publication of the September 2019 audit, a summary of the department's implemented investigation time frames and updates to its investigation policies and procedures, and an assessment of the department's performance in investigating long-term care facility complaints and self-reports according to audit recommendations and the implemented investigation time frames. (General Appropriation Act footnote)~~
- 12/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

**Operating Budget**

The Baseline includes \$50,878,000 and 336.4 FTE Positions in FY 2022 for the operating budget. These amounts consist of:

	<b>FY 2022</b>
General Fund	\$16,543,000
Child Fatality Review Fund	99,200
Emergency Medical Services (EMS) Operating Fund	3,949,900
Environmental Laboratory Licensure Revolving Fund	952,000
Federal Child Care and Development Fund (CCDF) Block Grant	911,500
Health Services Licensing Fund	13,571,100
DHS Indirect Cost Fund	10,678,600
Newborn Screening Program Fund	432,800
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,701,700

These amounts are unchanged from FY 2021.

**Arizona State Hospital**

**ASH - Operating**

The Baseline includes \$65,822,900 and 616.5 FTE Positions in FY 2022 for the ASH operating budget. These amounts consist of:

General Fund	63,189,500
ASH Fund	1,673,400
ASH Land Earnings Fund	650,000
Health Services Licensing Fund	310,000

These amounts are unchanged from FY 2021.

*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 2020, ASH had an average daily census of 100 patients in its civil commitment unit, 121 patients in its forensic unit, and 95 Sexually Violent Persons (SVPs), for a total of 316 patients.

**ASH - Restoration to Competency**

The Baseline includes \$900,000 from the ASH Fund in FY 2022 for ASH - Restoration to Competency. This amount is unchanged from FY 2021.

*Background* – ASH provides treatment to restore to competency individuals who are found incompetent to stand trial. In FY 2020, there was an average daily census of 4 RTC patients treated at ASH. RTC patients are treated in ASH’s forensic unit.

The Baseline continues a provision to exempt county expenditures on Restoration to Competency from county expenditure limitations.

**ASH - Sexually Violent Persons**

The Baseline includes \$10,010,700 and 112.5 FTE Positions from the General Fund in FY 2022 for ASH - Sexually Violent Persons. These amounts are unchanged from FY 2021.

*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 2020, ASH had an average daily census of 95 Sexually Violent Persons (SVPs).

**Public Health/Family Health**

**Adult Cystic Fibrosis Care**

The Baseline includes \$105,200 from the General Fund in FY 2022 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2021.

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 Disease Control Research Fund in FY 2022 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2021.

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 includes \$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 3,600 clients in FY 2020.

**Alzheimer’s Disease Research**

The Baseline includes \$1,125,000 in FY 2022 for Alzheimer’s Disease Research. This amount consists of:

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

These amounts are unchanged from FY 2021.

*Background* – DHS distributes funding in the line item to the Arizona Alzheimer’s Consortium (AAC). The AAC

	<u>General Fund</u>	<u>Health Research Account</u>	<u>Prescription Drug Rebate Fund</u>	<u>TOTAL</u>
FY 2015	\$1,375,000	\$1,000,000	-	\$2,375,000
FY 2016	125,000	1,000,000	-	1,125,000
FY 2017	125,000	2,000,000	-	2,125,000
FY 2018	125,000	2,000,000	-	2,125,000
FY 2019	125,000	3,000,000	-	3,125,000
FY 2020	125,000	2,000,000	\$1,000,000	3,125,000
FY 2021	125,000	1,000,000	-	1,125,000
FY 2022	125,000	1,000,000	-	1,125,000

provides dollar-for-dollar matching grants to universities, hospitals, and research centers for research on the causes of Alzheimer’s disease. See *Table 1* for a funding history of the program.

**Biomedical Research Support**

The Baseline includes \$2,000,000 from the TTHCF - Health Research Account in FY 2022 for Biomedical Research Support. This amount is unchanged from FY 2021.

*Background* – This line item funds a nonprofit medical research institute headquartered in Arizona that specializes in biomedical research focusing on applying genomic technologies and sequencing to clinical care, assists with disease outbreak investigations, and collaborates with universities, hospitals, and other bioscience and related industries in this state.

DHS distributed monies in this line item to the Translational Genomics Research Institute (TGen), a nonprofit medical research institution. In addition to these monies, the budget includes \$3,000,000 from the General Fund to Northern Arizona University (NAU) for biotechnology. *(Please see the NAU narrative for more information.)*

**Breast and Cervical Cancer and Bone Density Screening**

The Baseline includes \$1,369,400 and 1 FTE Position from the General Fund in FY 2022 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2021.

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 2022 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2021.

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 2022 for the Emergency Medical Services Local Allocation line item. This amount is unchanged from FY 2021.

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 2022 for the Folic Acid Program. This amount is unchanged from FY 2021.

This line item provides funding for the distribution of folic acid to women of child bearing age to help prevent birth defects. In FY 2020, 30,311 women received folic acid education and multivitamins.

**High Risk Perinatal Services**

The Baseline includes \$2,543,400 in FY 2022 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 2021.

This line item provides contracted transport services for high risk perinatal care, hospital services, inpatient physician follow-up services, and community health nurse visits for newborns who spent at least 5 days in a neonatal intensive care unit. The purpose of the visits is to identify developmental issues and provide early intervention services to ensure school readiness by age 5.

**Homeless Pregnant Women Services**

The Baseline includes \$100,000 from the Health Services Lottery Monies Fund in FY 2022 for Homeless Pregnant Women Services. This amount is unchanged from FY 2021.

DHS is required to use monies in this line item to provide grants to non-profit organizations located in a county with more than 3 million persons and whose primary function is to provide shelter, food, clothing, and transportation services to homeless pregnant women and their children who are under the age of one.

The Baseline continues a provision to permit the department to use the Health Services Lottery Monies Fund for Homeless Pregnant Women Services.

**Newborn Screening Program**

The Baseline includes \$7,308,400 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2022 for the Newborn Screening Program. These amounts are unchanged from FY 2021.

*Background* – This line item funds the centralized testing of all newborns in the state for a standard set of 29 disorders. In FY 2020, the program provided screening for 78,327 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.

**Nonrenal Disease Management**

The Baseline includes \$198,000 from the General Fund in FY 2022 for Nonrenal Disease Management. This amount is unchanged from FY 2021.

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

**Nursing Care Special Projects**

The Baseline includes \$100,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2022 for special projects related to long-term care facilities. This amount is unchanged from FY 2021.

*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.

**Poison Control Centers Funding**

The Baseline includes \$990,000 from the General Fund in FY 2022 for Poison Control Centers. This amount is unchanged from FY 2021.

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 2020. 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 (UA) 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 UA Poison Control Center in FY 2020.

**Public Health Emergencies Fund Deposit**

The Baseline includes no funding in FY 2022 for a Public Health Emergencies Fund Deposit. This amount is unchanged from FY 2021.

Laws 2020, Chapter 6 appropriated \$55,000,000 from the Budget Stabilization Fund in FY 2020 for a one-time deposit to the Public Health Emergencies Fund for expenses related to the COVID-19 public health emergency.

DHS may only use monies in the Public Health Emergencies 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.

In December 2020, DHS reported \$98,480,200 in expenditures currently charged to the fund. Although the fund commitments are greater than monies available in the fund, the department expects monies received through the Federal Emergency Management Agency (FEMA) public assistance program to reimburse the difference. *Table 2* displays expenses charged to the Public Health Emergencies Fund as of December 4, 2020.

COVID-19 Testing	\$31,623,600
Traveling Nurses	23,506,700
PPE Supplies	22,834,700
Communications	8,054,300
Post-Acute Bed Reserve	5,133,800
St. Luke’s Hospital Build-Out	2,593,900
Arizona Surge Line	1,837,500
Vaccination System	986,400
Warehousing	614,800
Ventilators	384,200
Palliative Care	300,000
Contract Services	185,800
Other	424,500
<b>Total as of 12/4/20</b>	<b>\$98,480,200</b>

### **Renal Dental Care and Nutrition Supplements**

The Baseline includes \$300,000 from the TTHCF - Medically Needy Account in FY 2022 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2021.

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 2022 for Renal Transplant Drugs. This amount is unchanged from FY 2021.

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. In FY 2020, 89 people received anti-rejection medication assistance.

### **Rural Prenatal Services**

The Baseline includes \$500,000 from the General Fund in FY 2022 for Rural Prenatal Services. This amount is unchanged from FY 2021.

This line item provides medical student loan repayment options for rural prenatal health care providers practicing in medically underserved areas of the state. The FY 2020 General Appropriation Act appropriated these monies in FY 2021 and FY 2022, so these monies will not appear in the FY 2022 General Appropriation Act and will be removed in the FY 2023 budget.

DHS uses these monies to fund a portion of 2-year contracts for 24 prenatal care providers currently enrolled in the State Loan Repayment Program. In exchange for loan repayment assistance, the providers will work in a medically underserved area of the state for 2 years. *(Please see the State Loan Repayment Program line item for more information.)*

### **State Loan Repayment Program**

The Baseline includes \$1,000,000 from the EMS Operating Fund in FY 2022 for the State Loan Repayment Program. This amount is unchanged from FY 2021.

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 2020, this program funded 155 participants.

## **Bureau of Radiation Control**

### **Radiation Regulation**

The Baseline includes \$2,360,200 and 29 FTE Positions from the Health Services Licensing Fund in FY 2022 for Radiation Regulation. This amount is unchanged from FY 2021.

The Baseline eliminates a longstanding provision with a fee raising authority and exemption related to establishing fees for radiation regulation. The provision included an intent clause that limited additional revenues to \$1,900,000. The Governor's Regulatory Review Council approved a fee increase of \$2,108,600 for the Bureau of Radiation Control on November 3, 2020. DHS is required to deposit the first \$300,000 in radiation regulatory fees collected each fiscal year and 10% of the remaining fees to the General Fund. DHS estimates that of the total \$2,108,600 fee increase, \$210,800 will be deposited to the General Fund and \$1,897,800 will be available to spend for regulatory activities.

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

### **Nuclear Emergency Management Program**

The Baseline includes no funding from the Nuclear Emergency Management Fund (NEMF) in FY 2022 for the Nuclear Emergency Management Program line item. FY 2022 adjustments are as follows:

#### **New NEMF Assessment**

The Baseline includes a decrease of \$(789,663) and (5.5) FTE Positions from the NEMF in FY 2022 for a new NEMF assessment.

Laws 2019, Chapter 24 appropriated \$789,663 and 5.5 FTE Positions from the NEMF to the department in both FY 2020 and FY 2021.

As a result, these monies do not appear in the General Appropriation Act. The Department of Health Services (DHS), the Department of Emergency and Military Affairs (DEMA), and the Department of Agriculture received monies from Chapter 24. The NEMF appropriation amounts for FY 2021 - FY 2023 are displayed in *Table 3*. *(Please see the Department of Agriculture and the*

Department of Emergency and Military Affairs narratives for more information.)

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 legislature enacts this revised fee level in a bill outside of the budget process.

DEMA has provided recommendations for the FY 2022 and FY 2023 NEMF funding levels for the 3 agencies as outlined in *Table 3*. The DEMA recommendation for FY 2022 and FY 2023 proposes that DEMA take over the offsite response activities from the Department of Health Services (DHS). This results in a shift of both funds and FTE Positions from DHS to DEMA.

The recommendations would include a decrease of \$(789,663) in FY 2022 for the Department of Health Services. The Baseline decreases NEMF funding to the department by \$(789,663) in FY 2022 based on the DEMA recommendations. The final amount, which typically reflects the DEMA recommendation, will be determined in the 2021 Legislative Session as part of separate legislation.

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 federally prescribed criteria.

Department representatives assisted in the planning for off-site responses to an emergency at the Palo Verde Nuclear Generating Station and participated in the annual response exercises.

## Other Issues

This section includes information on the following topics:

- Statutory Changes
- COVID-Related Spending
- Proposition 207 - Recreational Marijuana
- Medical Marijuana Fund Balance
- Auditor General Report

### Statutory Changes

The Baseline would:

- As session law, continue to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations.
- As session law, continue to notwithstanding A.R.S. § 5-572 and A.R.S. § 36-108.01 to allow the Health Services Lottery monies to be used for homeless pregnant women services. *(See Homeless Pregnant Women Services for more information.)*
- As permanent law, require DHS to report on July 1 of each year to the Joint Legislative Budget Committee on its distribution of Proposition 207 monies, including monies in the Justice Reinvestment Fund and monies received from a \$19,000,000 fund transfer from the Medical Marijuana Fund. *(See the Other Issues-Proposition 207 section for more information.)*
- Eliminate a longstanding provision with a fee raising authority and exemption related to establishing fees for radiation regulation. The provision included an intent clause that limited additional revenues to \$1,900,000. The Governor's Regulatory Review Council approved a fee increase of \$2,108,600 for the Bureau of Radiation Control on November 3, 2020.

**Table 3**

#### Nuclear Emergency Management Fund

<u>Agency</u>	<u>FY 2021</u>		<u>FY 2022</u>		<u>FY 2023</u>	
	<u>FTEs</u>	<u>Approp.</u>	<u>FTEs</u>	<u>Approp.</u>	<u>FTEs</u>	<u>Approp.</u>
Emergency and Military Affairs <sup>1/</sup>	5.5	\$1,506,116	8.5	\$1,930,417	8.5	\$1,987,423
Health Services	5.5	789,663	0	0	0	0
Agriculture	<u>2.88</u>	<u>280,512</u>	<u>2.88</u>	<u>201,468</u>	<u>2.88</u>	<u>206,968</u>
<b>Total</b>	<b>13.88</b>	<b>\$2,576,291</b>	<b>11.38</b>	<b>\$2,131,885</b>	<b>11.38</b>	<b>\$2,194,391</b>

<sup>1/</sup> The Emergency and Military Affairs appropriation includes the appropriations for the Maricopa County Department of Emergency Management and the City of Buckeye.



## COVID-Related Spending

As part of the state response to COVID-19, the Executive has allocated monies for state agency-related programs. As of October 2020, the Executive's spending plan included a total of \$6,537,600 for DHS-related programs. Of this amount, \$4,957,600 is from the Arizona Coronavirus Relief Fund for personal protective equipment and \$1,580,000 from the federal Coronavirus Relief Fund for the AZ Stay Connected Program.

In addition to COVID-related spending, the Executive has allocated monies from the federal Coronavirus Relief Fund to reimburse state agencies for public health and public safety expenditures. In FY 2020, DHS was reimbursed for a total of \$16,010,200 in expenditures. Of this amount, \$14,677,900 was for General Fund spending. This reduced spending increased the agency's General Fund revertment beyond what it would have otherwise been. The remaining \$1,332,300 of FY 2020 reimbursements offset non-General Fund spending. As a result, these fund balances are higher than they otherwise would have been. While these savings could potentially be transferred to the General Fund in FY 2021, the Baseline does not include these transfers as part of its overall revenue estimate pending further legislative consideration. The projected FY 2021 ending fund balance for the Health Services Licensing Fund, Emergency Medical Services Operating Fund, and Vital Records Electronic Systems Fund is less than the federal reimbursement, so the state may not be able to transfer all of these reimbursements to the General Fund.

In FY 2021, DHS was reimbursed for \$4,013,500 in non-General Fund expenditures. As with FY 2020 spending, the FY 2021 non-General Fund offset savings could be transferred to the General Fund. The Baseline revenue estimates do not include these transfers.

In December 2020, the federal Consolidated Appropriations Act of 2021 authorized \$22,400,000,000 for state testing, contact tracing and mitigation strategies, and an additional \$4,500,000,000 for state vaccine distribution. If Arizona's allocation is in the same proportion to its population and allocation of funds from prior federal relief bills, the state would receive approximately \$540,000,000. As of this writing, these monies have not yet been allocated.

*(Please see the COVID-Related Spending Summary at the front of this book for more information).*

## Proposition 207 – Recreational Marijuana

Proposition 207, approved by voters in the November 2020 general election, legalizes the sale and consumption of marijuana and marijuana products for adults 21 years of age and older. The initiative established the Smart and Safe Arizona Fund, which receives monies from a 16.0% excise tax on all recreational marijuana. Before any distributions are made from the fund, state agencies receive monies based on self-determined "actual and reasonable" costs associated with certain requirements of the initiative:

- Department of Health Services: regulation of the recreational marijuana industry.
- Department of Revenue: collection of the 16.0% excise tax.
- The Supreme Court: processing expungement petitions for certain marijuana offenses.
- Department of Public Safety: amendments to its criminal records based on granted expungement petitions
- State Treasurer: Administration of the Smart and Safe Arizona Fund

The Department of Public Safety (DPS) initially estimated the costs of processing expungement petitions to be \$29,323,600, which is based off the total number of convictions for marijuana possession. Since expungement petitions are voluntary, the number of petitions filed in other states is significantly lower than the total number of charges, and Proposition 207 only allows petitions for those convicted of possession of 2.5 ounces or less, the DPS estimate is likely overstated. After adjusting for these factors, the JLBC Staff estimates that total state agency distributions will likely be no more than \$5,000,000. After state agency distributions, the remaining funds will be distributed accordingly:

- 33.0% to community college districts, including:
  - 4.95% divided equally among each district.
  - 0.165% divided equally among each provisional district.
  - 27.885% divided among the districts according to enrollment.
- 31.4% to municipal police and fire departments, divided according to the number of individuals from each department enrolled in the Public Safety Personnel Retirement System.
- 25.4% to the Highway User Revenue Fund.
- 10.0% to the Justice Reinvestment Fund, including:
  - 3.5% to county health departments.
  - 3.5% to DHS for grants to qualified non-profit organizations that provide justice reinvestment programs.

- 3.0% to DHS to address public health issues affecting that state.
- 0.2% to the Attorney General for enforcement.

The initiative also mandated a one-time transfer of \$45,000,000 from the Medical Marijuana Fund (*see Other Issues - Medical Marijuana Fund Balance for more information*). Of this amount, \$19,000,000 will be distributed to DHS for public health programs and enforcement of the initiative, \$15,000,000 will be deposited to the Arizona Teachers Academy Fund, \$10,000,000 will be distributed to the Governor's Office of Highway Safety for grants to reduce impaired driving, and \$1,000,000 will be deposited to the Smart and Safe Arizona Fund.

Among the western states that have legalized recreational marijuana, Colorado, Washington, and Oregon have 3 full years of sales data available. Each state had a different experience in how quickly its recreational program was fully implemented. As a result, the JLBC Staff's Proposition 207 fiscal note estimates were based on the third-year sales of these other states. Arizona's third-year excise tax revenue is estimated to be \$166,337,000. Please see *Table 4* for the estimated Smart and Safe Arizona Fund distributions in the third year of revenues.

**Medical Marijuana Fund Balance**

Proposition 203 passed in the 2010 General Election, creating the Medical Marijuana Program within DHS. In FY 2020, there were 259,840 cardholders and 7,820 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 non-appropriated Medical Marijuana Fund.

The Medical Marijuana Fund's balance has continued to grow since the program's inception in 2010 (*see Table 5*).

In FY 2020, the fund had revenues of \$41,002,100 compared to spending of \$17,225,800. Laws 2019, Chapter 318 extended expiration dates of patient cards from 1 year to 2 years. As a result, DHS estimates that annual fund revenue will decrease to \$24,687,900 in FY 2021, compared to \$22,191,400 in ongoing spending.

Along with surpluses from prior years, DHS forecasts the fund will have a balance of \$95,003,000 at the end of FY 2021.

Proposition 207, approved by voters in November 2020 general election, legalizes the sale and consumption of marijuana and marijuana products for adults 21 years of age and older and includes a one-time transfer of \$45,000,000 from the Medical Marijuana Fund. Of this amount, \$19,000,000 will be distributed to DHS for public health programs and enforcement of the initiative, \$15,000,000 will be deposited to the Arizona Teachers Academy Fund, \$10,000,000 will be distributed to the Governor's Office of Highway Safety for grants to reduce impaired driving, and \$1,000,000 will be deposited to the Smart and Safe Arizona Fund. The estimated FY 2021 ending fund balance after these withdrawals is estimated to be about \$50,000,000.

**Table 4**

**Distribution of Smart and Safe Arizona Fund**

Agency Distributions (estimated)	\$ 5,000,000
Community Colleges (33%)	53,241,200
Police, Fire, and Sheriff Departments (31.4%)	50,659,800
Highway User Revenue Fund (25.4%)	40,979,600
Justice Reinvestment Fund (10%)	16,133,700
AG Enforcement (0.2%)	<u>322,700</u>
<b>Smart and Safe Arizona Fund</b>	<b>\$166,337,000</b>

**Table 5**

**Medical Marijuana Fund History**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Revenue	\$28,565,700	\$33,759,500	\$41,002,100
Spending	12,623,400	14,686,400	17,225,800
Ending Balance	49,654,300	68,727,400	92,503,700
Number of Cardholders	173,140	205,609	259,840
Number of Dispensary Agents	5,261	6,383	7,820

Proposition 105, approved by voters in 1998, sets limits on the Legislature's ability to modify statutory language in voter-approved ballot measures. Since the Medical Marijuana Fund was established by a ballot measure, using a portion of the remaining \$50,000,000 fund balance would require a new voter initiative or a three-fourths vote of each Legislative chamber that furthers the purpose of Proposition 203.

**Auditor General Report**

In September 2019, the Auditor General published a DHS performance audit that included recommendations for improvements to the department's policies and procedures for regulating long-term care facilities.

Specifically, the audit recommended DHS put policies in place to ensure complaints and self-reports for long-term facilities be prioritized, investigated, and resolved in a timely manner, and according to Center for Medicare and Medicaid Services (CMS) guidelines.

The audit's recommendations are based on findings from a sample of 33 complaints and 37 self-reports from 5 long-term care facilities, which showed that 42% of complaints were uninvestigated and had been open for between 229 and 851 days, and 65% of self-reports were uninvestigated and open for between 173 and 904 days. In DHS' response to the audit, it stated that the findings

are based on a "narrow non-representative sample" of the 4,959 complaints received by the department over a 2-year period.

In its response to the audit, DHS also reported that establishing investigation timeframes as recommended would require an additional appropriation of \$3,269,300 and 44 FTE Positions. The department requested this additional funding in its FY 2022 budget request. The audit also recommended the Legislature establish a task force to study and propose options for changes to the department's investigation process.

The FY 2021 budget included a footnote that requires DHS to report to the Joint Legislative Budget Committee for review by May 31, 2021 on its progress in implementing the audit recommendations, including information on the number of staff allocated to long-term care investigations since publication of the audit, a summary of the department's implemented investigation timeframes and updates to its policies and procedures, and an assessment of the department's performance in investigating complaints according to the implemented timeframes.

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Alzheimer's Disease Research Fund (HSA2255/A.R.S. § 36-123.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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 to the Alzheimer's Disease Research Fund.		
<b>Purpose of Fund:</b> To distribute monies to charitable organizations in Arizona that have been operating for at least 10 years and have member institutions working to end Alzheimer's Disease and educate Arizona residents about Alzheimer's Disease.		
<b>Funds Expended</b>	0	32,000
<b>Year-End Fund Balance</b>	0	115,600
<b>Arizona State Hospital Charitable Trust Fund (HSA9985/A.R.S. § 36-218)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received from contracts and lease agreements on Arizona State Hospital property.		
<b>Purpose of Fund:</b> To benefit persons with mental illness in this state.		
<b>Funds Expended</b>	86,900	100,000
<b>Year-End Fund Balance</b>	34,600	24,600
<b>Arizona State Hospital Fund (HSA3120/A.R.S. § 36-545.08)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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, county payments, and other monies collected for services to clients at the state hospital.		
<b>Purpose of Fund:</b> To provide treatment of patients at the Arizona State Hospital or to place Arizona State Hospital patients in the community.		
<b>Funds Expended</b>	2,391,300	2,573,400
<b>Year-End Fund Balance</b>	3,939,900	4,457,500

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>ASH Land Earnings Fund (HSA3128/A.R.S. § 36-211)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> For the benefit and support of the Arizona State Hospital.		
<b>Funds Expended</b>	575,100	650,000
<b>Year-End Fund Balance</b>	1,713,900	2,062,800
<b>Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (HSA2513/A.R.S. § 36-119)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> For breast and cervical cancer screening and diagnostic and outreach services.		
<b>Funds Expended</b>	57,000	400,000
<b>Year-End Fund Balance</b>	792,500	532,500
<b>Budget Stabilization Fund (HSA3034/A.R.S. § 35-144)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations.		
<b>Purpose of Fund:</b> Funds transferred from interest income earned on the Budget Stabilization Fund to the non-appropriated Public Health Emergencies Fund.		
<b>Funds Expended</b>	55,000,000	0
<b>Year-End Fund Balance</b>	0	0
<b>Child Fatality Review Fund (HSA3036/A.R.S. § 36-3504)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	94,700	99,200
<b>Year-End Fund Balance</b>	103,600	104,400
<b>Coronavirus Relief Fund (HSA2975/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received by the state from the federal COVID-19 response legislation. Arizona received \$1.86 billion from the Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act based on the state's share of the population.		
<b>Purpose of Fund:</b> Monies are allocated by the Governor to supplement costs of the state's COVID-19 response, including necessary expenditures incurred by the state due to the public health emergency from March 1, 2020 to December 30, 2020.		
<b>Funds Expended</b>	16,470,500	54,780,800
<b>Year-End Fund Balance</b>	17,063,400	54,782,600
<b>Disease Control Research Fund (HSA2090/A.R.S. § 36-274)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To provide funding for AIDS Reporting and Surveillance. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	986,200	1,000,000
<b>Year-End Fund Balance</b>	4,106,700	2,512,000

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Disease Control Research Fund (HSA2090/A.R.S. § 36-274)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To be used for projects or services that may advance research in the causes, epidemiology and prevention of disease, including discovery and development. Please see the Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	2,940,400	3,309,000
<b>Year-End Fund Balance</b>	4,106,700	2,512,000
<b>Donations - DHS (HSA3010/2025/A.R.S. § 36-132)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Individual donations for various health related purposes.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	1,138,700	525,000
<b>Year-End Fund Balance</b>	1,144,700	1,579,700
<b>Donations - Statewide (HSA2025/A.R.S. § 36-132)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Individual donations from employee recognition events.		
<b>Purpose of Fund:</b> Employee recognition purposes.		
<b>Funds Expended</b>	6,400	0
<b>Year-End Fund Balance</b>	9,800	9,800
<b>Drug Disposal Education and Awareness Fund (HSA2230/A.R.S. § 36-123.01)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Donations and contributions from private persons and organizations.		
<b>Purpose of Fund:</b> To pay for the cost of administering an education and awareness program regarding the disposal of prescription drugs, including controlled substances, nonprescription drugs, needles, and sharps.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	10,000	10,000
<b>Emergency Medical Services Operating Fund (HSA2171/A.R.S. § 36-2218)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To fund local and state emergency medical services systems.		
<b>Funds Expended</b>	4,911,700	5,841,900
<b>Year-End Fund Balance</b>	1,238,100	(990,600)
<b>Environmental Laboratory Licensure Revolving Fund (HSA3017/A.R.S. § 36-495.15)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees collected for environmental lab licensure, fees derived from department-sponsored workshops, and monies from gifts, grants, and donations.		
<b>Purpose of Fund:</b> For costs associated with licensing environmental laboratories by the Department of Health Services.		
<b>Funds Expended</b>	709,300	952,000
<b>Year-End Fund Balance</b>	544,500	297,700
<b>Federal Child Care and Development Fund Block Grant (HSA2008/U.S. P.L 104-193)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Federal formula grant.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	882,600	911,500
<b>Year-End Fund Balance</b>	53,300	53,300

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Federal Funds (HSA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Grants and reimbursements from the federal government.		
<b>Purpose of Fund:</b> To provide health services in accordance with the terms of each specific grant.		
<b>Funds Expended</b>	266,608,000	280,409,300
<b>Year-End Fund Balance</b>	11,473,100	6,573,000
<b>Health Services Licensing Fund (HSA1995/A.R.S. § 36-405, A.R.S. § 36-414)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees for health care institution licensing services, monies from the examination and licensing of hearing and speech professionals, and fees collected for regulation of individuals utilizing radiological materials.		
<b>Purpose of Fund:</b> To fund regulatory actions for health care institutions, hearing and speech professionals, and radiation regulation. A total of 90% of assurance and licensure fees are deposited into this fund with the remaining 10% deposited into the General Fund.		
<b>Funds Expended</b>	14,346,000	16,241,300
<b>Year-End Fund Balance</b>	3,553,000	(794,100)
<b>Health Services Lottery Monies Fund (HSA4250/A.R.S. § 36-108.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> State Lottery monies.		
<b>Purpose of Fund:</b> To fund grants for homeless pregnant women services. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	74,900	100,000
<b>Year-End Fund Balance</b>	3,875,900	2,109,700
<b>Health Services Lottery Monies Fund (HSA4250/A.R.S. § 36-108.01)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> State Lottery monies.		
<b>Purpose of Fund:</b> To fund teenage pregnancy prevention programs, the Health Start program, and the federal Women, Infants and Children (WIC) food program. Please see the Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	5,774,500	9,513,600
<b>Year-End Fund Balance</b>	3,875,900	2,109,700
<b>IGA and ISA Fund (HSA4500/A.R.S. § 36-108.01)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies from intergovernmental agreements and interagency services agreements between the Department of Health Services and other state and local entities. The fund receives annual revenue from the Department of Economic Security (DES) to provide nutrition education in schools for grades 1-6 using funds from the Supplemental Nutrition Assistance Program (SNAP).		
<b>Purpose of Fund:</b> To fund services which DHS has agreed to perform in IGAs and ISAs with state and local public agencies.		
<b>Funds Expended</b>	14,230,600	2,257,000
<b>Year-End Fund Balance</b>	4,596,800	14,081,000
<b>Indirect Cost Fund (HSA9001/A.R.S. § 36-108)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Charges made to Federal Funds and interagency agreements in order to reimburse the agency for a portion of the administrative costs of the programs.		
<b>Purpose of Fund:</b> To pay a portion of the administrative personnel and overhead costs associated with various federal programs and interagency agreements.		
<b>Funds Expended</b>	8,785,800	10,678,600
<b>Year-End Fund Balance</b>	4,419,300	3,919,300

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Interagency Service Agreement for Behavioral Health Services Fund (HSA4502/A.R.S. § 36-108.01[REPEALED])</b>		<b>Expenditure Authority</b>
<b>Source of Revenue:</b> Federal monies from the Centers for Medicare and Medicaid Services.		
<b>Purpose of Fund:</b> 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 FY 2018 General Appropriations Act transferred \$35,000,000 from the fund to the state General Fund in FY 2017. The fund was repealed August 31, 2020.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Internal Services Fund (HSA4202/A.R.S. § 36-104)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Charges from other DHS funds.		
<b>Purpose of Fund:</b> Revolving Fund used by DHS warehouse for the purchase of goods.		
<b>Funds Expended</b>	39,800	0
<b>Year-End Fund Balance</b>	15,200	15,200
<b>Laser Safety Fund (HSA2388/A.R.S. § 32-3234)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees collected from the authorization of certificates to individuals that operate lasers of Intense Pulsed Light (IPL) devices for health and cosmetic related purposes.		
<b>Purpose of Fund:</b> To fund the costs of issuing licenses to individuals that operate lasers or IPL devices for health-related purposes.		
<b>Funds Expended</b>	39,500	52,000
<b>Year-End Fund Balance</b>	82,100	90,900
<b>Medical Marijuana Fund (HSA2544/A.R.S. § 36-2817)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The fund receives application and renewal fees from medical marijuana dispensaries, civil penalties and private donations.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	17,225,800	22,191,400
<b>Year-End Fund Balance</b>	92,503,800	95,000,300
<b>Medical Student Loan Fund (HSA3306/A.R.S. § 15-1725)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	1,900	50,000
<b>Year-End Fund Balance</b>	109,500	69,500
<b>Newborn Screening Program Fund (HSA2184/A.R.S. § 36-694.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Monies received as part of the hospital charges for each child born in Arizona. Fee limits for newborn screening are \$36 for the first blood and hearing screening and \$65 for the second blood and hearing screening.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	6,878,600	7,741,200
<b>Year-End Fund Balance</b>	2,654,900	2,041,200

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Nuclear Emergency Management Fund (HSA2138/A.R.S. § 26-306.02)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station.		
<b>Purpose of Fund:</b> To administer and enforce the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station.		
<b>Funds Expended</b>	497,000	789,700
<b>Year-End Fund Balance</b>	354,800	354,800
<b>Nursing Care Institution Resident Protection Revolving Fund (HSA2329/A.R.S. § 36-431.02)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Civil penalties paid by nursing care institution administrators and assisted living facility managers for violations of their licenses or certifications.		
<b>Purpose of Fund:</b> For the protection of the health and property of residents of nursing care facilities that are found deficient.		
<b>Funds Expended</b>	64,900	138,200
<b>Year-End Fund Balance</b>	2,426,000	2,444,200
<b>Oral Health Fund (HSA3038/A.R.S. § 36-138)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received from AHCCCS contracts for dental services.		
<b>Purpose of Fund:</b> To provide dental services to Medicaid-eligible children identified by the DHS Oral Health program.		
<b>Funds Expended</b>	377,000	500,300
<b>Year-End Fund Balance</b>	834,400	444,900
<b>Prescription Drug Rebate Fund (HSA2546/A.R.S. § 36-2930)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Prescription drug rebate collections and interest from prescription drug rebate late payments.		
<b>Purpose of Fund:</b> 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. Monies appropriated to DHS are used for Alzheimer's Disease Research.		
<b>Funds Expended</b>	1,000,000	0
<b>Year-End Fund Balance</b>	0	0
<b>Public Health Emergencies Fund (HSA2775/A.R.S. § 36-122)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations.		
<b>Purpose of Fund:</b> To fund public health emergency responses in the state following an emergency declaration by the Governor. Expenditures are not displayed to avoid double counting.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	19,310,000	9,655,500
<b>Risk Assessment Fund (HSA2427/A.R.S. § 36-1693)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies from the Department of Environmental Quality for risk services performed by DHS. The fund may also receive legislative appropriations, gifts, grants, or donations.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	68,500	0
<b>Year-End Fund Balance</b>	0	0



SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Smoke-Free Arizona Fund (HSA2541/A.R.S. § 36-601.01)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	2,600,100	2,740,100
<b>Year-End Fund Balance</b>	975,300	975,200
<b>Tobacco Tax and Health Care Fund - Health Education Account (HSA1308/A.R.S. § 36-772)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	14,302,200	17,500,000
<b>Year-End Fund Balance</b>	5,542,100	3,559,400
<b>Tobacco Tax and Health Care Fund - Health Research Account (HSA2096/A.R.S. § 36-275, A.R.S. § 36-773)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> The fund receives monies from the Health Research Account of the Tobacco Tax and Health Care Fund.		
<b>Purpose of Fund:</b> For Alzheimer’s Disease Research and Biomedical Research Support. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	3,498,800	3,000,000
<b>Year-End Fund Balance</b>	2,890,300	1,834,200
<b>Tobacco Tax and Health Care Fund - Health Research Account (HSA2096/A.R.S. § 36-275, A.R.S. § 36-773)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The fund receives monies from the Health Research Account of the Tobacco Tax and Health Care Fund.		
<b>Purpose of Fund:</b> Monies are used for research into the prevention and treatment of tobacco-related disease and addiction. Please see the Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	7,300,800	5,709,600
<b>Year-End Fund Balance</b>	2,890,300	1,834,200
<b>Tobacco Tax and Health Care Fund - Medically Needy Account (HSA1306/A.R.S. § 36-774)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To fund the Folic Acid Program and Renal Dental Care and Nutrition Supplements line items.		
<b>Funds Expended</b>	467,000	700,000
<b>Year-End Fund Balance</b>	607,200	607,200
<b>Vital Records Electronic Systems Fund (HSA3039/A.R.S. § 36-341.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To develop and operate a new vital records automated system.		
<b>Funds Expended</b>	3,100,200	3,701,700
<b>Year-End Fund Balance</b>	1,535,300	199,500

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
<b>Workforce Data Repository Fund (HSA9999/A.R.S. § 36-172)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, fees, grants, and donations.		
<b>Purpose of Fund:</b> To maintain a health professionals workforce data repository containing data transferred to the department from health regulatory boards.		
<b>Funds Expended</b>	0	98,300
<b>Year-End Fund Balance</b>	0	0