

Department of Health Services

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,135.5	1,141.5	1,141.5 ^{1/}
Personal Services	20,148,900	28,583,300	28,583,300
Employee Related Expenditures	7,826,600	11,818,600	11,818,600
Professional and Outside Services	2,096,200	2,090,100	2,090,100
Travel - In State	395,000	526,100	526,100
Travel - Out of State	18,600	111,200	111,200
Other Operating Expenditures	15,553,500	17,085,600	17,085,600
Equipment	458,300	707,400	707,400
OPERATING SUBTOTAL	46,497,100	60,922,300	60,922,300 ^{2/}
SPECIAL LINE ITEMS			
Arizona State Hospital-Operating	61,334,200	83,608,500	76,508,500 ^{3/}
Arizona State Hospital-Restoration to Competency	900,000	900,000	900,000
Arizona State Hospital-Sexually Violent Persons	9,321,400	10,951,800	10,951,800
Accelerated Nursing Programs	0	50,000,000	0
Adult Cystic Fibrosis Care	78,900	105,200	105,200
AIDS Reporting and Surveillance	924,500	1,000,000	1,000,000
Alzheimer's Disease Research	3,625,000	3,625,000	3,625,000 ^{4/}
Behavioral Health Care Provider Loan Repayment Program	0	2,000,000	1,000,000
Biomedical Research Support	1,500,600	2,000,000	2,000,000 ^{5/}
Breast and Cervical Cancer and Bone Density Screening	538,700	1,369,400	1,369,400
County Tuberculosis Provider Care and Control	392,400	590,700	590,700
Family Health Pilot Program	197,100	3,000,000	0
Folic Acid Program	367,600	400,000	400,000
High Risk Perinatal Services	1,664,400	2,343,400	2,343,400
Homeless Pregnant Women Services	200,000	500,000	100,000 ^{6/}
Medical Student Loan Fund Deposit	2,000,000	0	0
Newborn Screening Program	5,490,500	12,388,500	12,388,500
Nonrenal Disease Management	0	198,000	198,000 ^{7/}
Arizona Nurse Education Investment Pilot Program	0	15,000,000	15,000,000
Nursing Care Special Projects	14,200	200,000	200,000
Poison Control Centers Funding	485,500	990,000	990,000
Preceptor Grant Program for Graduate Students	0	500,000	500,000 ^{8/}
Renal Dental Care and Nutrition Supplements	225,000	300,000	300,000
Renal Transplant Drugs	137,300	183,000	183,000
Rural Prenatal Services	0	0	0
Radiation Regulation	2,145,600	0	0
AGENCY TOTAL	138,040,000	253,075,800	191,575,800 ^{9/10/}
FUND SOURCES			
General Fund	91,866,300	194,834,300	133,434,300
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	2,785,400	3,145,800	3,145,800
ASH Land Earnings Fund	650,000	650,000	650,000
Child Fatality Review Fund	179,800	196,500	196,500
Disease Control Research Fund	924,500	1,000,000	1,000,000
Emergency Medical Services Operating Fund	2,647,100	4,167,900	4,167,900
Environmental Laboratory Licensure Revolving Fund	529,100	1,001,700	1,001,700
Federal Child Care and Development Fund Block Grant	1,683,700	998,600	998,600

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 BASELINE
Health Services Licensing Fund	13,637,000	16,960,500	16,960,500
Health Services Lottery Monies Fund	200,000	200,000	100,000
Indirect Cost Fund	10,938,300	12,298,700	12,298,700
Newborn Screening Program Fund	5,540,300	12,821,300	12,821,300
Nursing Care Institution Resident Protection Revolving Fund	14,200	238,200	238,200
Prescription Drug Rebate Fund	2,500,000	0	0
Tobacco Tax and Health Care Fund - Medically Needy Account	592,600	700,000	700,000
Vital Records Electronic Systems Fund	3,351,700	3,862,300	3,862,300
SUBTOTAL - Other Appropriated Funds	46,173,700	58,241,500	58,141,500
SUBTOTAL - Appropriated Funds	138,040,000	253,075,800	191,575,800
Other Non-Appropriated Funds	64,450,100	105,698,200	105,698,200
Federal Funds	687,896,000	568,954,800	568,954,800
TOTAL - ALL SOURCES	890,386,100	927,728,800	866,228,800

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 24.1 OF FTE Positions funded from Special Line Items in FY 2024.
- 2/ Of the amount appropriated for the operating lump sum, \$100,000 shall be used for a suicide prevention coordinator to assist school districts and charter schools in suicide prevention efforts. On or before September 1, 2024, the department of health services, in consultation with the department of education, shall report to the governor, the president of the senate, the speaker of the house of representatives, the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on the suicide prevention coordinator's accomplishments in fiscal year 2023-2024. (General Appropriation Act footnote)
- 3/ 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)
- 4/ 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)
- 5/ 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, 2025. (General Appropriation Act footnote)
- 6/ 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, transportation for health services and support to homeless

pregnant women and their children who are under one year of age. Monies may not be granted for abortion referral services or distributed to entities that promote, refer or perform abortions. (General Appropriation Act footnote)

- 7/ 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)
- 8/ The amount appropriated to the department of health services for the preceptor grant program for graduate students is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. Any monies remaining unexpended on July 1, 2026 revert to the state general fund. (General Appropriation Act footnote)
- 9/ 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. Each 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)
- 10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The Baseline includes \$60,922,300 and 387.4 FTE Positions in FY 2024 for the operating budget. These amounts consist of:

	FY 2024
General Fund	\$20,965,100
Child Fatality Review Fund	196,500
Emergency Medical Services (EMS) Operating Fund	4,167,900
Environmental Laboratory Licensure Revolving Fund	1,001,700
Federal Child Care and Development Fund (CCDF) Block Grant	998,600
Health Services Licensing Fund	16,960,500
DHS Indirect Cost Fund	12,298,700
Newborn Screening Program Fund	432,800
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,862,300

These amounts are unchanged from FY 2023.

Arizona State Hospital

ASH - Operating

The Baseline includes \$76,508,500 and 616.5 FTE Positions in FY 2024 for the ASH operating budget. These amounts consist of:

General Fund	73,612,700
ASH Fund	2,245,800
ASH Land Earnings Fund	650,000

Adjustments are as follows:

Remove One-Time Surveillance System Replacement

The Baseline includes a decrease of \$(7,100,000) from the General Fund in FY 2024 for the elimination of one-time funding to replace the ASH surveillance system. The FY 2023 budget required ASH to replace the current system with a system that includes both audio and visual capabilities.

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 2022, ASH had an average daily census of 103 patients in its civil commitment unit, 110 patients in its forensic unit, and 110 Sexually Violent Persons (SVPs), for a total of 323 patients.

ASH - Restoration to Competency

The Baseline includes \$900,000 from the ASH Fund in FY 2024 for ASH - Restoration to Competency. This amount is unchanged from FY 2023.

Background – This line item funds direct costs associated with the Restoration to Competency program while all other indirect costs are included in the Arizona State Hospital - Operating line item.

ASH provides treatment to restore to competency individuals who are found incompetent to stand trial. In FY 2022, there was an average daily census of 5 RTC patients treated at ASH. RTC patients are treated in ASH’s forensic unit.

The FY 2024 Baseline continues a provision to exempt county expenditures on Restoration to Competency from county expenditure limitations.

ASH - Sexually Violent Persons

The Baseline includes \$10,951,800 and 112.5 FTE Positions from the General Fund in FY 2024 for ASH - Sexually Violent Persons. These amounts are unchanged from FY 2023.

Background – This line item funds direct costs associated with the Sexually Violent Persons program while all other indirect costs are included in the Arizona State Hospital - Operating line item.

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 2022, ASH had an average daily census of 110 Sexually Violent Persons(SVPs).

Public Health/Family Health

Accelerated Nursing Programs

The Baseline includes no funding in FY 2024 for Accelerated Nursing Programs. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(50,000,000) from the General Fund in FY 2024 to remove one-time funding to expand the number of nursing degrees.

The FY 2023 budget appropriated \$50,000,000 one-time to DHS to expand nursing programs. Of this amount, the FY 2023 Health Care BRB required DHS to distribute \$6,000,000 to a private university with a health sciences campus located in Phoenix that offers a 12-month accelerated nursing program. The recipient will use the monies for capital costs associated with adding a new cohort of accelerated nursing students.

DHS will distribute the remaining \$44,000,000 to public and private universities and community colleges located in Arizona for the purpose of expanding program capacity. The department is required to give priority to programs that can be completed within 12 months, but programs up to 18 months in length are also eligible for funding. Each institution receiving monies must use at least 80% of the award to provide scholarships and no more than 20% may be used for administrative expenses, including the cost of hiring faculty and purchasing equipment. The monies may not be used for capital costs.

The FY 2023 Health Care BRB also stipulated that scholarship recipients agree to practice nursing in Arizona for at least 4 years after graduation from an accelerated nursing program. DHS is required to compile information from each institution and submit an annual report to JLBC and OSPB on October 1 of each year through 2030. The report will include data on the number of students receiving scholarships, the number of nurses who are currently completing the 4-year service commitment, and the number of students who have reimbursed the institution for not completing the service requirement.

An FY 2023 General Appropriation Act footnote makes these monies non-lapsing through FY 2024. Any unspent monies at the end of FY 2024 will revert to the General Fund.

Adult Cystic Fibrosis Care

The Baseline includes \$105,200 from the General Fund in FY 2024 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2023.

In FY 2022, this line item provided contracted care and treatment services through Phoenix Children’s Hospital for 39 individuals with cystic fibrosis.

AIDS Reporting and Surveillance

The Baseline includes \$1,000,000 from the Disease Control Research Fund in FY 2024 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2023.

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 3,047 clients in FY 2022.

Alzheimer’s Disease Research

The Baseline includes \$3,625,000 from the General Fund in FY 2024 for Alzheimer’s Disease Research. This amount is unchanged from FY 2023.

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.

Behavioral Health Care Provider Loan Repayment Program

The Baseline includes \$1,000,000 from the General Fund in FY 2024 for the Behavioral Health Care Provider Loan Repayment Program. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,000,000) from the General Fund in FY 2024 to remove one-time funding for a loan repayment program for health care providers who practice in behavioral health facilities in Arizona.

A.R.S. § 36-2175 establishes the program to provide loan repayment assistance to providers who agree to serve in behavioral health facilities for at least 2 years, with priority given to applicants who intend to practice in the Arizona State Hospital or a behavioral health residential facility. For the first 2 years of service, the maximum award is \$50,000. For each subsequent year, the maximum award is \$25,000.

Biomedical Research Support

The Baseline includes \$2,000,000 from the General Fund in FY 2024 for Biomedical Research Support. This amount is unchanged from FY 2023.

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 distributes monies in this line item to the Translational Genomics Research Institute (TGen), a nonprofit medical research institution. In addition to these monies, the Baseline 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 2024 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2023.

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 2024 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2023.

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.

Family Health Pilot Program

The Baseline includes no funding in FY 2024 for a Family Health Pilot Program. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(3,000,000) from the General Fund in FY 2024 to eliminate one-time funding for the Family Health Pilot Program.

The FY 2022 budget included \$1,500,000 in initial funding from the General Fund for a Family Health Pilot Program. The 3-year budget plan also included \$1,500,000 in one-time funding in FY 2023. The final FY 2023 budget increased FY 2023 one-time funding to \$3,000,000. The Baseline removes this funding in FY 2024.

The department is required to distribute these monies to non-profit organizations to implement a statewide system to provide direct services, support services, social services case management and referrals to the biological or adoptive parents of children under 2 years of age, including unborn children. *(Please see the FY 2023 General Appropriation Act and the FY 2023 Appropriations Report for the specific distribution requirements.)*

Folic Acid Program

The Baseline includes \$400,000 from the TTHCF - Medically Needy Account in FY 2024 for the Folic Acid Program. This amount is unchanged from FY 2023.

This line item provides funding for the distribution of folic acid to women of childbearing age to help prevent birth defects. In FY 2022, 28,708 women received folic acid education and multivitamins.

High Risk Perinatal Services

The Baseline includes \$2,343,400 from the General Fund in FY 2024 for High Risk Perinatal Services. This amount is unchanged from FY 2023.

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 in FY 2024 from the Health Services Lottery Monies Fund for Homeless Pregnant Women Services. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(400,000) from the General Fund in FY 2024 to eliminate a one-time funding increase for the Homeless Pregnant Women Services program. This amount consists of:

General Fund	(300,000)
Health Services Lottery Monies Fund	(100,000)

The 3-year spending plan included one-time appropriations of \$100,000 from the Health Services Lottery Monies Fund in FY 2022 and FY 2023, and \$300,000 from the General Fund in FY 2023.

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 FY 2024 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 \$12,388,500 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2024 for the Newborn Screening Program. These amounts are unchanged from FY 2023.

The FY 2022 Health Budget Reconciliation Bill (BRB) required DHS to add Spinal Muscular Atrophy and X-

Linked Adrenoleukodystrophy by December 31, 2022. The remaining 29 conditions included on the U.S. Department of Health and Human Services Recommended Uniform Screening Panel (RUSP) are required to be added by December 31, 2023.

Background – This line item funds the centralized testing of all newborns in the state for a standard set of 30 disorders, which will be increased to 61 by December 31, 2023. In FY 2022, the program provided screening for 78,871 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 2024 for Nonrenal Disease Management. This amount is unchanged from FY 2023.

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

Arizona Nurse Education Investment Pilot Program

The Baseline includes \$15,000,000 from the General Fund in FY 2024 for the Arizona Nurse Education Investment Pilot Program. This amount is unchanged from FY 2023.

A.R.S. § 36-1802 requires these monies to be deposited into the Arizona Nurse Education Investment Pilot Program Fund to increase the capacity of nursing education programs in Arizona. DHS allocates these monies to the Arizona Board of Regents and community college districts based on the number of nursing students graduating in FY 2022, which includes programs for nursing assistants, licensed practical nurses, registered nurses, and advanced practice nurses. Recipients may use the monies to pay operating costs necessary to increase the number of faculty members teaching in nursing programs and for capital expenses directly related to additional faculty and students.

The 3-year budget plan includes \$15,000,000 from the General Fund for this line item in FY 2023, FY 2024, and FY 2025. These monies will be removed in FY 2026. Any monies remaining in the fund at the end of FY 2026 will revert to the General Fund.

Nursing Care Special Projects

The Baseline includes \$200,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2024 for special projects related to long-term care facilities. This amount is unchanged from FY 2023.

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 2024 for Poison Control Centers. This amount is unchanged from FY 2023.

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 2022. 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 \$500,000 to the UA Poison Control Center in FY 2022.

Preceptor Grant Program for Graduate Students

The Baseline includes \$500,000 from the General Fund in FY 2024 for a Preceptor Grant Program for Graduate Students. This amount is unchanged from FY 2023.

A.R.S. § 36-1806 establishes this program to expand the capacity of preceptor training for graduate students pursuing degrees as physicians in allopathic or osteopathic medicine, advanced practice nurses, physician assistants, or dentists. In the nursing profession, preceptors are licensed clinicians who supervise nursing students completing their clinical hours. DHS is required to allocate the monies to the 5 largest statewide nonprofit organization representing these professions in proportion to the number of active licenses within each.

The organizations will distribute monies to physicians, certified nurse midwives, registered nurse anesthetists, clinical nurse specialists, registered nurses, physician

assistants, and dentists who serve as volunteer preceptors who provide sufficient evidence of completing a preceptorship with a graduate student. Awards will be distributed on a first-come first-serve basis at a maximum of \$1,000 per preceptor per calendar year, with priority given to primary care preceptorships in rural areas of the state.

The 3-year budget plan includes \$500,000 from the General Fund for this line item in FY 2023, FY 2024, and FY 2025. These monies will be removed in FY 2026.

The Baseline includes a footnote making these monies non-lapsing through FY 2026. Any monies remaining unspent at the end of FY 2026 will revert to the General Fund.

Renal Dental Care and Nutrition Supplements

The Baseline includes \$300,000 from the TTHCF - Medically Needy Account in FY 2024 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2023.

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 2024 for Renal Transplant Drugs. This amount is unchanged from FY 2023.

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 2022, 68 people received anti-rejection medication assistance.

Rural Prenatal Services

The Baseline includes no funding in FY 2024 for Rural Prenatal Services. This amount is unchanged from FY 2023.

This line item funds 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 \$500,000 in FY 2021 and FY 2022.

DHS used 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.

- 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.*)

At the time of this writing, DHS has not expended the FY 2022 appropriation of \$500,000 due to timing issues. DHS has until June 30, 2023, to expend these funds.

Other Issues

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.

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Alzheimer’s Disease Research Fund (HSA2255/A.R.S. § 36-123.02)		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 Alzheimer's Disease Research Fund.		
Purpose of Fund: 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.		
Funds Expended	500	0
Year-End Fund Balance	15,500	26,500
Arizona Nurse Education Investment Pilot Program Fund (HSA4200/A.R.S. § 36-1802)		Non-Appropriated
Source of Revenue: Legislative appropriations, private donations, grants and federal monies.		
Purpose of Fund: To increase the capacity of nursing education programs in this state by fostering collaboration among this state's education and health care communities and the state and federal governments. Any monies remaining in the fund on July 1, 2026, will revert to the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona State Hospital Charitable Trust Fund (HSA9985/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.		
Funds Expended	86,200	100,000
Year-End Fund Balance	46,600	36,600
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, county payments, and other monies collected for services to clients at the state hospital.		
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	2,785,400	3,145,800
Year-End Fund Balance	3,277,400	3,356,800

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
ASH 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	650,000	650,000
Year-End Fund Balance	2,115,400	2,543,700
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (HSA2513/A.R.S. § 36-119)		Non-Appropriated
Source of Revenue: Revenues from special plate fees and renewals. Of the \$25 fee, \$8 is for administrative costs deposited to the State Highway Fund and \$17 is deposited into the Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund.		
Purpose of Fund: For breast and cervical cancer screening and diagnostic and outreach services.		
Funds Expended	5,200	500,000
Year-End Fund Balance	1,026,900	664,900
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 \$200,000. Any revenue collected in excess of \$200,000 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	179,800	196,500
Year-End Fund Balance	266,800	241,900
Childhood Cancer and Rare Childhood Disease Research Fund (HSA2560/A.R.S. § 36-121)		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 to the Childhood Cancer and Rare Childhood Disease Research Fund.		
Purpose of Fund: To support childhood cancer research.		
Funds Expended	0	32,000
Year-End Fund Balance	29,300	26,600
Coronavirus Relief Fund (HSA2975/A.R.S. § 35-142)		Federal Funds
Source of Revenue: 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.		
Purpose of Fund: 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, 2021.		
Funds Expended	57,548,800	9,202,500
Year-End Fund Balance	9,202,500	0
Coronavirus State and Local Fiscal Recovery Fund (HSA2985/U.S. P.L. 117-2)		Federal Funds
Source of Revenue: Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2).		
Purpose of Fund: To provide emergency support to households, small businesses, nonprofits, workers performing essential work, and certain industries negatively impacted by the COVID-19 pandemic. To extend government services that received a reduction in revenue as a result of the COVID-19 pandemic. To make investments in water, sewer, and broadband infrastructure.		
Funds Expended	102,583,600	0
Year-End Fund Balance	89,300	0

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Crisis Contingency and Safety Net Fund (HSA3240/A.R.S. § 41-110)		Non-Appropriated
Source of Revenue: Legislative appropriations, public or private gifts, grants and donations.		
Purpose of Fund: Monies in the fund may only be used by the Governor for the following forms of economic assistance during a state of emergency: 1) housing assistance; 2) services for homeless persons; 3) economic assistance to small businesses with less than 50 employees, non-profit organizations, and health care providers; and 4) monies for food bank operations. Expenditures are not displayed to avoid double counting the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Disease Control Research Fund (HSA2090/A.R.S. § 36-274)		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 provide funding for AIDS Reporting and Surveillance. Please see the Non-Appropriated portion of the fund for additional information.		
Funds Expended	924,500	1,000,000
Year-End Fund Balance	4,289,600	3,102,700
Disease Control Research Fund (HSA2090/A.R.S. § 36-274)		Non-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. Please see the Appropriated portion of the fund for additional information.		
Funds Expended	1,288,800	3,000,000
Year-End Fund Balance	4,289,600	3,102,700
Donations - DHS (HSA3010/2025/A.R.S. § 36-132)		Non-Appropriated
Source of Revenue: Individual donations for various health related purposes.		
Purpose of Fund: For specific purposes as designated by the donors. Monies donated pursuant to A.R.S. § 36-213 and A.R.S. § 36-204 for the Arizona State Hospital are accounted for separately.		
Funds Expended	638,100	1,320,000
Year-End Fund Balance	2,493,900	1,180,300
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	6,000	6,000
Year-End Fund Balance	6,500	4,800
Drug Disposal Education and Awareness Fund (HSA2230/A.R.S. § 36-123.01)		Non-Appropriated
Source of Revenue: Donations and contributions from private persons and organizations.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	10,000	10,000
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	2,647,100	4,167,900
Year-End Fund Balance	1,184,900	593,500

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 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	529,100	1,001,700
Year-End Fund Balance	865,100	565,200
Federal Child Care and Development Block Grant (HSA2008/U.S. P.L 104-193)		Federal Funds
Source of Revenue: Federal formula grant.		
Purpose of Fund: To provide reduced licensing fees for child care centers, via an intergovernmental service agreement with the Department of Economic Security. Please see the Appropriated portion of the fund for additional information.		
Funds Expended	0	4,965,800
Year-End Fund Balance	(47,700)	0
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. Please see the Federal Funds portion of the fund for additional information.		
Funds Expended	1,683,700	998,600
Year-End Fund Balance	(47,700)	0
Federal Funds (HSA2000/A.R.S. § 35-142)		Federal Funds
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	527,763,600	554,786,500
Year-End Fund Balance	10,011,600	10,011,600
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, monies from the examination and licensing of hearing and speech professionals, and fees collected for regulation of individuals utilizing radiological materials.		
Purpose of Fund: 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.		
Funds Expended	13,637,000	16,960,500
Year-End Fund Balance	5,474,300	2,513,800
Health Services Lottery Monies Fund (HSA4250/A.R.S. § 36-108.01)		Appropriated
Source of Revenue: State Lottery monies.		
Purpose of Fund: To fund grants for homeless pregnant women services. Please see the Non-Appropriated portion of the fund for additional information.		
Funds Expended	200,000	200,000
Year-End Fund Balance	4,823,500	2,486,000
Health Services Lottery Monies 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. Please see the Appropriated portion of the fund for additional information.		
Funds Expended	6,906,000	10,247,100
Year-End Fund Balance	4,823,500	2,486,000

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
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. 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).		
Purpose of Fund: To fund services which DHS has agreed to perform in IGAs and ISAs with state and local public agencies.		
Funds Expended	7,437,800	13,129,000
Year-End Fund Balance	15,259,000	7,676,000
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	10,938,300	12,298,700
Year-End Fund Balance	1,438,700	746,600
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	(49,100)	0
Year-End Fund Balance	52,100	52,100
Justice Reinvestment Fund (HSA1121/A.R.S. § 36-2863)		Non-Appropriated
Source of Revenue: The fund receives 10% of revenues from the Smart and Safe Arizona Fund after state agencies pay administrative costs for implementing the provisions of Proposition 207, which legalized the adult use of recreational marijuana.		
Purpose of Fund: To pay administrative costs incurred by the State Treasurer and Arizona Department of Health Services (DHS). After administrative costs are paid, the remaining funds are distributed 35% to county public health departments, 35% to DHS for justice reinvestment program grants, and 30% to DHS for addressing public health issues.		
Funds Expended	1,323,300	14,044,200
Year-End Fund Balance	9,782,700	4,928,500
Laser Safety Fund (HSA2388/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.		
Funds Expended	55,400	52,000
Year-End Fund Balance	97,600	137,800
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	21,417,200	20,741,600
Year-End Fund Balance	27,119,500	18,377,900

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
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.		
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	(67,500)	0
Year-End Fund Balance	0	0
Newborn Screening Program Fund (HSA2184/A.R.S. § 36-694.01)		Appropriated
Source of Revenue: Fees paid to DHS for newborn screening services.		
Purpose of Fund: To provide monies for the centralized testing of all newborns in the state for a standard set of 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	5,540,300	12,821,300
Year-End Fund Balance	1,703,700	4,300
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	14,200	238,200
Year-End Fund Balance	2,392,700	2,204,500
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	122,900	398,500
Year-End Fund Balance	667,200	373,900
Prescription Drug Rebate Fund (HSA2546/A.R.S. § 36-2930)		Appropriated
Source of Revenue: Prescription drug rebate collections and interest from prescription drug rebate late payments.		
Purpose of Fund: To pay for the administrative costs of the Prescription Drug Rebate Program, for payments to contractors or providers in the administration's medical services programs, and to offset General Fund costs for Medicaid programs. Monies appropriated to DHS are used for Alzheimer's Disease research.		
Funds Expended	2,500,000	0
Year-End Fund Balance	1,000,000	1,000,000
Public Health Emergencies Fund (HSA2775/A.R.S. § 36-122)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To fund public health emergency responses in the state following an emergency declaration by the Governor.		
Funds Expended	383,200	500,000
Year-End Fund Balance	1,392,700	892,700

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Smart and Safe Arizona Fund (HSA1120/A.R.S. § 36-2856)		Non-Appropriated
Source of Revenue: The fund receives revenues from a 16.0% excise tax on the sale of recreational marijuana products and license and registration fees.		
Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 207, which legalized the adult use of recreational marijuana. After agencies pay administrative costs, the remaining funds are distributed 33.0% to community college districts, 31.4% to municipal police and fire departments, 25.4% to the Highway User Revenue Fund, 10.0% to the Justice Reinvestment Fund, and 0.2% to the Attorney General.		
Funds Expended	7,878,700	7,972,300
Year-End Fund Balance	337,600	365,300
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	2,636,500	2,595,000
Year-End Fund Balance	755,800	801,200
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	11,128,600	21,775,000
Year-End Fund Balance	16,127,700	9,137,100
Tobacco Tax and Health Care Fund - Health Research Account (HSA2096/A.R.S. § 36-275, A.R.S. § 36-773)		Non-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.		
Funds Expended	3,252,300	9,285,500
Year-End Fund Balance	5,534,000	3,498,500
Tobacco Tax and Health Care Fund - Medically Needy Account (HSA1306/A.R.S. § 36-774)		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.		
Purpose of Fund: To fund the Folic Acid Program and Renal Dental Care and Nutrition Supplements line items.		
Funds Expended	592,600	700,000
Year-End Fund Balance	345,500	345,500
Trauma Recovery Center Fund (HSA4260/A.R.S. § 36-4102)		Appropriated
Source of Revenue: Legislative appropriations, grants and contributions.		
Purpose of Fund: The department, in consultation with a national alliance that supports trauma recovery centers, establishes priorities for the fund to provide grants to trauma recovery centers.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2022 Actual	FY 2023 Estimate
Vital Records Electronic Systems Fund (HSA3039/A.R.S. § 36-341.01)		Appropriated
<p>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.</p> <p>Purpose of Fund: To develop and operate a new vital records automated system.</p>		
Funds Expended	3,351,700	3,862,300
Year-End Fund Balance	1,064,000	481,700
Workforce Data Repository Fund (HSA9999/A.R.S. § 36-172)		Non-Appropriated
<p>Source of Revenue: Legislative appropriations, fees, grants, and donations.</p> <p>Purpose of Fund: To maintain a health professionals workforce data repository containing data transferred to the department from health regulatory boards.</p>		
Funds Expended	0	0
Year-End Fund Balance	0	0