

## Department of Health Services

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,168.0	1,171.0	1,167.5
Personal Services	30,205,700	31,592,000	31,592,000
Employee Related Expenditures	12,258,300	14,346,200	14,346,200
Professional and Outside Services	1,751,800	1,916,200	1,916,200
Travel - In State	665,800	851,400	851,400
Travel - Out of State	58,600	65,400	65,400
Other Operating Expenditures	16,458,000	17,406,600	17,406,600
Equipment	534,000	210,700	210,700
<b>OPERATING SUBTOTAL</b>	<b>61,932,200</b>	<b>66,388,500</b>	<b>66,388,500 <sup>1/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
<b>Arizona State Hospital</b>			
Arizona State Hospital-Operating	73,622,600	81,763,100	79,008,600 <sup>2/</sup>
Arizona State Hospital-Restoration to Competency	601,700	900,000	900,000
Arizona State Hospital-Sexually Violent Persons	11,487,800	12,980,200	11,459,900
<b>Public Health</b>			
Adult Cystic Fibrosis Care	105,200	105,200	105,200
AIDS Reporting and Surveillance	948,200	1,000,000	1,000,000
Alzheimer's Disease Research	4,125,000	4,125,000	4,125,000 <sup>3/</sup>
Biomedical Research Support	1,997,500	2,000,000	2,000,000 <sup>4/</sup>
Breast and Cervical Cancer and Bone Density Screening	1,369,400	1,369,400	1,369,400
Counseling Services for Parents of Deceased Children	100,000	0	0
County Tuberculosis Provider Care and Control	590,700	590,700	590,700
Dementia Awareness Campaign	0	750,000	0
Dementia Services Program and Alzheimer's Disease State Plan	0	0	0
Funeral Services Regulation	446,200	460,600	460,600
Health Care Directives Registry	0	2,000,000	0
Heat Mitigation in Southern Arizona	500,000	0	0
Ibogaine Clinical Research Grants	0	5,000,000	0
Nonrenal Disease Management	198,000	198,000	198,000 <sup>5/</sup>
Nursing Care Special Projects	3,000	200,000	200,000
Poison Control Centers Funding	990,000	990,000	990,000
Preventative Health Services for Low-Income, Underserved Women	63,100	0	0
Psilocybin Research	500,000	0	0
Renal Dental Care and Nutrition Supplements	225,000	300,000	300,000
Renal Transplant Drugs	183,000	183,000	183,000
Senior Health Promotion in Santa Cruz County	185,600	0	0
Southern Arizona Counseling and Community Service Grants	46,000	0	0
Trauma Recovery Center Fund Deposit	0	0	0
<b>Family Health</b>			
Advisory Committee on Maternal Mental Health	0	100,000	0
Technical Assistance			
Folic Acid Program	368,700	400,000	400,000
High-Risk Perinatal Services	2,343,400	2,343,400	2,343,400
Newborn Screening Program	10,082,500	15,212,100	15,212,100
Nurse-Family Partnership Programs	0	0	0
<b>Medical Provider Support</b>			
Behavioral Health Care Provider Loan Repayment Program	1,000,000	1,000,000	1,000,000

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 BASELINE
Clinical Healthcare Training Program	0	100,000	0
International Medical School Collaboration	0	125,000	0
Arizona Nurse Education Investment Pilot Program	0	1,500,000	0
Preceptor Grant Program for Graduate Students	404,100	0	0
<b>AGENCY TOTAL</b>	<b>174,418,900</b>	<b>202,084,200</b>	<b>188,234,400</b> <small>6/7/</small>
<b>FUND SOURCES</b>			
General Fund	115,736,100	127,571,300	118,668,100
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	1,386,500	3,395,700	3,395,700
ASH Land Earnings Fund	2,859,000	1,596,600	650,000
Child Fatality Review Fund	169,800	196,500	196,500
Disease Control Research Fund	948,200	1,000,000	1,000,000
Emergency Medical Services Operating Fund	3,240,200	4,278,400	4,278,400
Environmental Laboratory Licensure Revolving Fund	720,300	1,013,100	1,013,100
Federal Child Care and Development Fund Block Grant	1,011,300	1,286,500	1,286,500
Health Services Licensing Fund	18,636,100	23,391,400	23,391,400
Health Services Lottery Monies Fund	0	2,000,000	0
Indirect Cost Fund	13,033,400	13,822,200	13,822,200
Newborn Screening Program Fund	10,398,100	15,631,200	15,631,200
Nursing Care Institution Resident Protection Revolving Fund	3,000	238,200	238,200
Tobacco Tax and Health Care Fund - Health Research Account	2,498,100	2,000,000	0
Tobacco Tax and Health Care Fund - Medically Needy Account	593,700	700,000	700,000
Vital Records Electronic Systems Fund	3,185,100	3,963,100	3,963,100
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>58,682,800</b>	<b>74,512,900</b>	<b>69,566,300</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>174,418,900</b>	<b>202,084,200</b>	<b>188,234,400</b>
Other Non-Appropriated Funds	67,638,400	96,762,900	96,762,900
Federal Funds	480,075,300	415,001,700	415,001,700
<b>TOTAL - ALL SOURCES</b>	<b>722,132,600</b>	<b>713,848,800</b>	<b>699,999,000</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/ 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, 2027, 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 2026-2027. (General Appropriations Act footnote)
- 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 Appropriations Act footnote)
- 3/ 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 Appropriations Act footnote)

4/ 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, 2028. (General Appropriations Act footnote)

5/ 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 Appropriations Act footnote)

6/ 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 Appropriations Act footnote)

7/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

#### ***Operating Budget***

The Baseline includes \$66,388,500 and 409.4 FTE Positions in FY 2027 for the operating budget. These amounts consist of:

	<b>FY 2027</b>
General Fund	\$18,440,600
Child Fatality Review Fund	196,500
Emergency Medical Services (EMS) Operating Fund	4,278,400
Environmental Laboratory Licensure Revolving Fund	1,013,100
Federal Child Care and Development Fund (CCDF) Block Grant	1,286,500
Health Services Licensing Fund	22,930,800
DHS Indirect Cost Fund	13,822,200
Newborn Screening Program Fund	419,100
Nursing Care Institution Resident Protection Revolving Fund	38,200
Vital Records Electronic Systems Fund	3,963,100

These amounts are unchanged from FY 2026.

#### ***Arizona State Hospital***

#### ***ASH - Operating***

The Baseline includes \$79,008,600 and 616.5 FTE Positions in FY 2027 for the ASH operating budget. These amounts consist of:

General Fund	76,112,900
ASH Fund	2,245,700
ASH Land Earnings Fund	650,000

Adjustments are as follows:

#### ***Remove One-Time Facility Improvement Funding***

The Baseline includes a decrease of \$(946,600) from the ASH Land Earnings Fund in FY 2027 to remove one-time funding for technology-related facility improvement projects at ASH, including replacement of patch cabling, the public-address system, key card system, and fire control system.

#### ***Remove One-Time Operating Support***

The Baseline includes a decrease of \$(1,807,900) from the General Fund in FY 2027 to remove one-time funding for ASH operating costs.

**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 2025, ASH had an average daily census of 113 patients in its civil commitment unit, 126 patients in its forensic unit, and 88 Sexually Violent Persons (SVPs), for a total of 327 patients.

#### **ASH - Restoration to Competency**

The Baseline includes \$900,000 from the ASH Fund in FY 2027 for ASH - Restoration to Competency. This amount is unchanged from FY 2026.

**Background** – This line item funds direct costs associated with the Restoration to Competency (RTC) program. 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 2025, there was an average daily census of 2 RTC patients treated at ASH. RTC patients are treated in ASH's forensic unit.

The FY 2027 Baseline continues a provision to exempt county expenditures on Restoration to Competency from county expenditure limitations.

#### **ASH - Sexually Violent Persons**

The Baseline includes \$11,459,900 and 112.5 FTE Positions from the General Fund in FY 2027 for ASH - Sexually Violent Persons. These amounts consist of:

General Fund	11,209,900
ASH Fund	250,000

Adjustments are as follows:

##### **Remove One-Time Rehabilitation Funding**

The Baseline includes a decrease of \$(1,520,300) from the General Fund in FY 2027 to remove one-time funding to support the operating costs of ASH's SVP program.

**Background** – This line item funds direct costs associated with the SVP program. 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 2025, ASH had an average daily census of 88 SVPs.

#### **Public Health**

##### **Adult Cystic Fibrosis Care**

The Baseline includes \$105,200 from the General Fund in FY 2027 for Adult Cystic Fibrosis Care. This amount is unchanged from FY 2026.

In FY 2025, this line item provided contracted care and treatment services through Phoenix Children's Hospital for 57 individuals with cystic fibrosis.

##### **AIDS Reporting and Surveillance**

The Baseline includes \$1,000,000 from the Disease Control Research Fund in FY 2027 for AIDS Reporting and Surveillance. This amount is unchanged from FY 2026.

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 remaining \$875,000 funds medications under the Arizona AIDS Drug Assistance Program (ADAP), which also receives Federal Funds for the medications. The ADAP program served approximately 4,540 clients in FY 2025.

##### **Alzheimer's Disease Research**

The Baseline includes \$4,125,000 from the General Fund in FY 2027 for Alzheimer's Disease Research. This amount is unchanged from FY 2026.

**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.

##### **Biomedical Research Support**

The Baseline includes \$2,000,000 from the General Fund in FY 2027 for Biomedical Research Support. Adjustments are as follows:

##### **Remove Funding Shift**

The Baseline includes an increase of \$2,000,000 from the General Fund and a corresponding decrease of \$(2,000,000) from the Tobacco Tax and Health Care Fund - Health Research Account in FY 2027 to remove a one-time funding shift. The 3-year spending plan associated with

the FY 2025 budget included this shift in both FY 2025 and FY 2026, with the appropriation shifting back to the General Fund in FY 2027.

**Background** – This line item funds a nonprofit medical research institute headquartered in Arizona that specializes in biomedical research focusing on the application of 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 has historically distributed 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 2027 for Breast and Cervical Cancer and Bone Density Screening. These amounts are unchanged from FY 2026.

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.

#### ***Counseling Services for Parents of Deceased Children***

The Baseline includes no funding in FY 2026 for Counseling Services for Parents of Deceased Children. This amount is unchanged from FY 2026.

The FY 2025 budget appropriated \$500,000 from the General Fund for one-time funding of counseling services for parents whose children have died as a result of violence. An FY 2026 budget footnote made this appropriation non-lapsing through June 30, 2026.

#### ***County Tuberculosis Provider Care and Control***

The Baseline includes \$590,700 from the General Fund in FY 2027 for County Tuberculosis Provider Care and Control. This amount is unchanged from FY 2026.

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.

#### ***Dementia Awareness Campaign***

The Baseline includes no funding in FY 2027 for a Dementia Awareness Campaign. Adjustments are as follows:

##### **Remove One-Time Funding**

The Baseline includes a decrease of \$(750,000) from the General Fund in FY 2027 to remove one-time funding for a dementia awareness campaign for rural and underserved urban areas in Arizona.

An FY 2026 budget footnote instructs DHS to distribute the monies to a nonprofit organization that has expertise in dementia and provides care for individuals affected by Alzheimer's disease and other forms of dementia. The recipient organization must also have experience in marketing and public awareness campaigns and host a toll-free 24-hour hotline to provide dementia support and education. DHS is required to report on the impact of the public education campaign to the Governor, the President of the Senate, and the Speaker of the House of Representatives on or before November 1, 2026.

An FY 2026 budget footnote makes these monies non-lapsing through June 30, 2027.

#### ***Dementia Services Program and Alzheimer's Disease State Plan***

The Baseline includes no funding and 0 FTE Positions in FY 2027 for a Dementia Services Program and Alzheimer's Disease State Plan. Adjustments are as follows:

##### **Remove FTE Positions**

The Baseline includes a decrease of (2) FTE Positions from the General Fund in FY 2027 to remove one-time FTE Positions funded in the FY 2024 budget. The associated funding was non-lapsing through FY 2026.

Among other provisions, the dementia services program is required to facilitate coordination of policies and programs related to dementia and Alzheimer's disease within the Legislature and Executive branch. In addition, the dementia services program is responsible for coordinating, publishing, and implementing the Alzheimer's disease state plan, which is required to assess the current and future impact of dementia and Alzheimer's disease in Arizona. The plan must also assess existing capacity and resources to address needs. The plan must be published on DHS's website and include recommendations for increasing access to care and treatment, improving the quality of care for affected persons, ensuring a coordinated statewide response, and advancing early detection and diagnosis. By June 30,

2026, DHS must review and submit an updated Alzheimer's disease state plan to the Governor, the President of the Senate, and the Speaker of the House.

The FY 2024 budget included a footnote making these monies non-lapsing through FY 2026, after which the program's requirements are repealed. The footnote states that these monies are intended to be expended over 3 years. Any monies remaining unspent at the end of FY 2026 will revert to the General Fund.

#### ***Funeral Services Regulation***

The Baseline includes \$460,600 and 4 FTE Positions from the Health Services Licensing Fund in FY 2027 for Funeral Services Regulation. These amounts are unchanged from FY 2026.

*Background* – In 2023, the State Board of Funeral Directors and Embalmers was terminated, and its powers and duties were transferred to DHS beginning March 31, 2023. The funding in this line item is used to license, register, and regulate embalmers, prearranged funeral salespersons, crematories, and funeral homes.

#### ***Health Care Directives Registry***

The Baseline includes no funding in FY 2027 for the Health Care Directives Registry. Adjustments are as follows:

##### **Remove One-Time Funding**

The Baseline includes a decrease of \$(2,000,000) from the Health Services Lottery Monies Fund in FY 2027 to remove one-time funding to support operations of the state's healthcare directives registry.

Statute requires DHS to designate a health information exchange organization to operate a health care directives registry, subject to the availability of monies. Health care directives are documents drafted to address an individual's future health care decisions, such as living wills and healthcare power of attorney forms.

An FY 2026 budget footnote requires DHS to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on or before December 31, 2025, and June 30, 2026, detailing health care directives registry operations.

#### ***Heat Mitigation in Southern Arizona***

The Baseline includes no funding in FY 2027 for Heat Mitigation in Southern Arizona. This amount is unchanged from FY 2026.

The FY 2025 budget included \$500,000 from the General Fund for one-time funding of heat mitigation programs in southern Arizona.

#### ***Ibogaine Clinical Research Grants***

The Baseline includes no funding in FY 2027 for Ibogaine Clinical Research Grants. Adjustments are as follows:

##### **Remove One-Time Funding**

The Baseline includes a decrease of \$(5,000,000) from the General Fund in FY 2027 for ibogaine clinical research grants.

An FY 2026 budget footnote instructs DHS to award a grant for a clinical research study on the use of ibogaine, a plant-based psychoactive compound, for the treatment of neurological diseases. The recipient entity must have a history of research and treatment of neurological diseases, have a neurosurgery program with the requisite facilities and staffing, and be able to facilitate research and innovation in diagnosis and treatment of neurological conditions.

An FY 2026 budget footnote makes these monies non-lapsing.

#### ***Nonrenal Disease Management***

The Baseline includes \$198,000 from the General Fund in FY 2027 for Nonrenal Disease Management. This amount is unchanged from FY 2026.

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 \$200,000 from the Nursing Care Institution Resident Protection Revolving Fund in FY 2027 for special projects related to long-term care facilities. This amount is unchanged from FY 2026.

*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's 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 2027 for Poison Control Centers. This amount is unchanged from FY 2026.

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 2025. 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 each the University of Arizona (UA) Poison Control Information Center and a poison and drug information center in Maricopa County. However, this amount is not reflected in the table at the beginning of this narrative. The Board of Pharmacy did not report a transfer to the UA Poison Control Center in FY 2025.

### **Preventative Health Services for Low-Income, Underserved Women**

The Baseline includes no funding in FY 2027 for Preventative Health Services for Low-Income, Underserved Women. This amount is unchanged from FY 2026.

The FY 2025 budget appropriated \$500,000 from the General Fund for one-time funding of preventative health care services for low-income and underserved women and their families.

An FY 2026 budget footnote made the FY 2025 appropriation non-lapsing through June 30, 2026.

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

The Baseline includes \$300,000 from the TTHCF - Medically Needy Account in FY 2027 for Renal Dental Care and Nutrition Supplements. This amount is unchanged from FY 2026.

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 2027 for Renal Transplant Drugs. This amount is unchanged from FY 2026.

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 2025, 97 people received anti-rejection medication assistance.

### **Senior Health Promotion in Santa Cruz County**

The Baseline includes no funding in FY 2027 for Senior Health Promotion in Santa Cruz County. This amount is unchanged from FY 2026.

The FY 2025 budget appropriated \$1,000,000 from the General Fund for one-time funding for senior health promotion and coordination in Santa Cruz County.

An FY 2026 budget footnote made the FY 2025 appropriation non-lapsing through June 30, 2026.

### **Southern Arizona Counseling and Community Service Grants**

The Baseline includes no funding in FY 2027 for Southern Arizona Counseling and Community Service Grants. This amount is unchanged from FY 2026.

The FY 2025 budget appropriated \$1,000,000 from the General Fund for one-time funding of counseling and community services in southern Arizona.

An FY 2026 budget footnote made the FY 2025 appropriation non-lapsing through June 30, 2026.

### **Trauma Recovery Center Fund Deposit**

The budget includes no funding and 0 FTE Positions from the General Fund in FY 2026 for a Trauma Recovery Center Fund Deposit. Adjustments are as follows:

#### **Remove FTE Positions**

The Baseline includes a decrease of (1.5) FTE Positions from the General Fund in FY 2027 to remove one-time FTE Positions funded in the FY 2024 budget. The associated funding was non-lapsing through FY 2026.

The FY 2024 budget appropriated \$7,000,000 from the General Fund on a one-time basis for deposit into the Trauma Recovery Center Fund. An FY 2024 General Appropriations Act footnote instructed DHS to use the monies to provide a technical assistance grant to help establish a state pilot trauma recovery center, including 3 years of operational costs, and a separate grant to a public research institution to track data and outcomes of the state pilot trauma recovery center. The public

research institution is required to produce a report at the conclusion of the pilot.

### **Family Health**

#### **Advisory Committee on Maternal Mental Health Technical Assistance**

The Baseline includes no funding in FY 2027 for Advisory Committee on Maternal Mental Health Technical Assistance. Adjustments are as follows:

##### **Remove One-Time Funding**

The Baseline includes a decrease of \$(100,000) from the General Fund in FY 2027 to remove one-time technical assistance funding for an advisory committee on maternal mental health, established by Laws 2025, Chapter 201.

The committee is required to develop recommendations to enhance maternal health in rural hospitals and communities; develop recommendations to enhance access to evidence-based postpartum depression screening and referrals; and submit a report of its findings on or before December 31, 2026, to the Governor, President of the Senate, and Speaker of the House.

The committee is repealed after June 30, 2027.

#### **Folic Acid Program**

The Baseline includes \$400,000 from the TTHCF - Medically Needy Account in FY 2027 for the Folic Acid Program. This amount is unchanged from FY 2026.

This line item provides funding for the distribution of folic acid to women of childbearing age to help prevent birth defects. In FY 2025, 32,745 women received folic acid education and multivitamins.

#### **High-Risk Perinatal Services**

The Baseline includes \$2,343,400 from the General Fund in FY 2027 for High-Risk Perinatal Services. This amount is unchanged from FY 2026.

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.

#### **Newborn Screening Program**

The Baseline includes \$15,212,100 and 24.1 FTE Positions from the Newborn Screening Program Fund in FY 2027 for the Newborn Screening Program. These amounts are unchanged from FY 2026.

*Background* – This line item funds the centralized testing of all newborns in the state for a standard set of 64 disorders. In FY 2025, the program provided screening for 78,498 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.

Most recently, the FY 2026 budget added MPS II, GAMT, and Krabbe Disease to the newborn screening panel. In addition to testing for all congenital disorders included on the federal Recommended Uniform Screening Panel, an FY 2026 Health Care Budget Reconciliation Bill (BRB) provision requires DHS to add Duchenne Muscular Dystrophy to the newborn screening panel.

#### **Nurse-Family Partnership Programs**

The Baseline includes no funding in FY 2027 for Nurse-Family Partnership Programs. This amount is unchanged from FY 2026.

The FY 2024 budget appropriated \$2,500,000 from the General Fund on a one-time basis to fund nurse-family partnership programs. An FY 2025 budget footnote made the FY 2024 appropriation for this line item non-lapsing through FY 2027.

Nurse-family partnership programs are home visiting programs that pair nurses with low-income, first-time mothers during their pregnancy and the first 2 years of the children's lives. Services typically include care coordination, case management, assessments and screenings, preventive education, referrals to health and human services, and job development resources, among other supports.

### **Medical Provider Support**

#### **Behavioral Health Care Provider Loan Repayment Program**

The Baseline includes \$1,000,000 from the General Fund in FY 2027 for the Behavioral Health Care Provider Loan

Repayment Program. This amount is unchanged from FY 2026.

A.R.S. § 36-2175 established 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.

#### ***Clinical Health Training Program***

The Baseline includes no funding in FY 2027 for a Clinical Health Training Program. Adjustments are as follows:

##### **Remove One-Time Program Funding**

The Baseline includes a decrease of \$(100,000) from the General Fund in FY 2027 to remove a one-time grant to a public or private university to operate a clinical health training program.

An FY 2026 budget footnote requires that the program provide health care services to the working poor and hand-on learning experiences for Arizona students. The program is also required to incorporate, at a minimum, medical students, physician assistant students, nursing students, physical therapy students, and pharmacy students.

#### ***International Medical School Collaboration***

The Baseline includes no funding in FY 2027 for International Medical School Collaboration. Adjustments are as follows:

##### **Remove One-Time Program Funding**

The Baseline includes a decrease of \$(125,000) from the General Fund in FY 2026 to remove a one-time grant for a public or private medical school in Arizona to establish a collaboration with an international medical school.

An FY 2026 budget footnote states that the collaboration with the international medical school should provide international hands-on learning opportunities for Arizona students.

#### ***Arizona Nurse Education Investment Pilot Program***

The Baseline includes no funding in FY 2027 for the Arizona Nurse Education Investment Pilot Program. Adjustments are as follows:

##### **Remove One-Time Program Funding**

The Baseline includes a decrease of \$(1,500,000) from the General Fund in FY 2027 to remove one-time funding to expand the capacity of nursing education programs at community colleges in Arizona.

The 3-year spending plan associated with the enacted FY 2023 budget included \$15,000,000 from the General Fund for the pilot program in FY 2023, FY 2024, and FY 2025. The FY 2025 budget eliminated the final year of funding.

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, with DHS allocating these monies to the Arizona Board of Regents (ABOR) and community college districts based on the number of nursing students graduating in FY 2022. 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 FY 2026 Health Care Budget BRB extended the repeal date of the program from January 1, 2027 to June 30, 2027, to reflect an additional year of funding in FY 2026. The BRB also removed ABOR as a recipient of Nurse Education Investment Program funding and directed the FY 2026 appropriation to community colleges.

Any monies remaining in the fund at the end of FY 2027 will revert to the General Fund.

#### ***Preceptor Grant Program for Graduate Students***

The Baseline includes no funding in FY 2027 for a Preceptor Grant Program for Graduate Students. This amount is unchanged from FY 2026.

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 spending plan associated with the enacted FY 2023 budget included \$500,000 from the General Fund for this line item in FY 2023, FY 2024, and FY 2025.

The FY 2025 budget included 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.

### **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.

<b>SUMMARY OF FUNDS</b>	<b>FY 2025 Actual</b>	<b>FY 2026 Estimate</b>
<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 into 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>	38,900	18,900
<b>Year-End Fund Balance</b>	19,000	19,000
<b>Arizona Nurse Education Investment Pilot Program Fund (HSA4200/A.R.S. § 36-1802)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, private donations, grants and federal monies.		
<b>Purpose of Fund:</b> 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 June 30, 2027, will revert to the General Fund. Expenditures are not displayed to avoid double counting the General Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	8,928,800	5,408,500
<b>Arizona State Hospital Charitable Trust Fund (HSA3170/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>	324,000	156,000
<b>Year-End Fund Balance</b>	65,000	65,000
<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>	1,386,500	3,395,700
<b>Year-End Fund Balance</b>	409,600	(1,465,400)

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 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>	2,859,000	1,596,600
<b>Year-End Fund Balance</b>	4,337,600	3,187,400
<b>Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund</b> (HSA2513/A.R.S. § 36-119)		<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>	165,800	401,300
<b>Year-End Fund Balance</b>	881,400	600,700
<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 \$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.		
<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>	169,800	196,500
<b>Year-End Fund Balance</b>	278,800	282,300
<b>Childhood Cancer and Rare Childhood Disease Research Fund (HSA2560/A.R.S. § 36-121)</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 Childhood Cancer and Rare Childhood Disease Research Fund.		
<b>Purpose of Fund:</b> To support childhood cancer research.		
<b>Funds Expended</b>	22,200	23,200
<b>Year-End Fund Balance</b>	34,100	34,100
<b>Collaborative Care Uptake Fund (HSA4270/Laws 2023, Chapter 139)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations.		
<b>Purpose of Fund:</b> For grants to primary care physicians to cover the initial costs of implementing behavioral health integration services through a collaborative care model, and for technical assistance grants. Expenditures are not displayed to avoid double counting the General Fund. Laws 2025, Chapter 239 repeals the fund after June 30, 2027. Any remaining monies will be transferred to the General Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	589,400	350,600
<b>Congenital Heart Defect Special Plate Fund (HSA2258/A.R.S. § 36-123.03)</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 Congenital Heart Defect Special Plate Fund.		
<b>Purpose of Fund:</b> Distribution to a foundation that supports a hospital with a focus on pediatric patient care and has a heart center.		
<b>Funds Expended</b>	27,700	47,400
<b>Year-End Fund Balance</b>	44,100	44,100

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<b>Coronavirus State and Local Fiscal Recovery Fund (HSA2985/U.S. P.L. 117-2)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Federal monies appropriated in the American Rescue Plan Act (P.L. 117-2).		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	14,110,700	4,630,000
<b>Year-End Fund Balance</b>	(1,793,800)	3,130,000
<b>Department of Health Services Opioid Remediation Fund (HSA2573/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies transferred by the Attorney General from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. Revenue comes from monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements.		
<b>Purpose of Fund:</b> For approved purposes as prescribed in a court order, a settlement agreement or the One Arizona Distribution of Opioid Settlement Funds Agreement that is entered into by this state and other parties to the opioid litigation. The FY 2025 budget included \$1,000,000 for DHS to distribute and equip first responders with overdose reversal medication.		
<b>Funds Expended</b>	237,000	381,500
<b>Year-End Fund Balance</b>	763,000	381,500
<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>	948,200	1,000,000
<b>Year-End Fund Balance</b>	4,208,000	3,338,000
<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>	2,274,400	3,454,800
<b>Year-End Fund Balance</b>	4,208,000	3,338,000
<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>	520,400	294,000
<b>Year-End Fund Balance</b>	1,312,000	1,268,000
<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>	8,200	8,200
<b>Year-End Fund Balance</b>	14,900	22,000

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<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>	3,240,200	4,278,400
<b>Year-End Fund Balance</b>	1,597,400	943,800
<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>	720,300	1,013,100
<b>Year-End Fund Balance</b>	723,300	421,000
<b>Federal Child Care and Development Block Grant (HSA2008/U.S. P.L 104-193)</b>		<b>Federal Funds</b>
<b>Source of Revenue:</b> Federal formula grant.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	19,900	0
<b>Year-End Fund Balance</b>	100,000	100,000
<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. Please see the Federal Funds portion of the fund for additional information.		
<b>Funds Expended</b>	1,011,300	1,286,500
<b>Year-End Fund Balance</b>	100,000	100,000
<b>Federal Funds (HSA2000/A.R.S. § 35-142)</b>		<b>Federal Funds</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>	465,944,700	410,371,700
<b>Year-End Fund Balance</b>	9,284,000	4,874,700
<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 and transitional housing facility 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, transitional housing facilities, 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>	18,636,100	23,391,400
<b>Year-End Fund Balance</b>	3,417,200	1,482,300

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<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 operating costs of the state's healthcare directives registry. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	0	2,000,000
<b>Year-End Fund Balance</b>	7,147,700	5,612,600
<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>	6,750,400	9,185,300
<b>Year-End Fund Balance</b>	7,147,700	5,612,600
<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>	4,065,900	5,742,700
<b>Year-End Fund Balance</b>	7,831,100	4,938,900
<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>	13,033,400	13,822,200
<b>Year-End Fund Balance</b>	4,412,000	2,350,800
<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>	(48,900)	0
<b>Year-End Fund Balance</b>	85,100	85,100
<b>Justice Reinvestment Fund (HSA1121/A.R.S. § 36-2863)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	9,536,100	14,853,700
<b>Year-End Fund Balance</b>	27,606,900	24,890,600
<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 or 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>	32,100	24,000
<b>Year-End Fund Balance</b>	154,400	218,400

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<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>	10,557,500	13,885,000
<b>Year-End Fund Balance</b>	22,297,500	13,845,000
<b>Newborn Screening Program Fund (HSA2184/A.R.S. § 36-694.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees paid to DHS for newborn screening services.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	10,398,100	15,631,200
<b>Year-End Fund Balance</b>	2,377,800	2,202,200
<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>	3,000	238,200
<b>Year-End Fund Balance</b>	3,031,600	2,964,900
<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>	244,300	496,000
<b>Year-End Fund Balance</b>	792,100	523,000
<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.		
<b>Funds Expended</b>	(226,300)	0
<b>Year-End Fund Balance</b>	1,192,500	1,192,500
<b>Smart and Safe Arizona Fund (HSA1120/A.R.S. § 36-2856)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The fund receives revenues from a 16.0% excise tax on the sale of recreational marijuana products and license and registration fees.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	9,562,600	14,284,400
<b>Year-End Fund Balance</b>	1,554,200	1,554,200

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 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>	2,028,600	2,474,200
<b>Year-End Fund Balance</b>	747,600	419,100
<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>	13,406,000	22,135,000
<b>Year-End Fund Balance</b>	22,409,000	12,330,600
<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>	2,498,100	2,000,000
<b>Year-End Fund Balance</b>	8,415,000	3,426,700
<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 version of the fund for additional information.		
<b>Funds Expended</b>	8,111,500	8,897,300
<b>Year-End Fund Balance</b>	8,415,000	3,426,700
<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>	593,700	700,000
<b>Year-End Fund Balance</b>	486,300	500,100
<b>Trauma Recovery Center Fund (HSA4260/A.R.S. § 36-4102)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, grants and contributions.		
<b>Purpose of Fund:</b> 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. Expenditures are not displayed to avoid double counting the General Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	6,931,300	3,708,100

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<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, legitimization, 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 deposited 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>	3,185,100	3,963,100
<b>Year-End Fund Balance</b>	221,300	(821,000)

