



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

January 7, 2010

RE: Fiscal Year 2010 Budget Update

Dear Behavioral Health Stakeholders,

This letter is to share the latest information related to the Fiscal year 2010 (FY10) budget for the Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS).

In late December, following the 5th Legislative Special Session, the Governor signed into law additional state agency budget reductions that totaled \$194 million. Included in this \$194 million was a **Lump Sum Reduction** of \$13,972,200 for ADHS and a \$155,000 fund sweep from the **Substance Abuse Services Fund**.

The majority of this reduction will take place within ADHS/DBHS and should have no impact on members or contractors. However, FY10 capitation rates will need to be adjusted based on updated estimates, and this will result in a statewide decrease of approximately 3.6%, or about \$5 million general fund and \$15 million of federal funds between January 1, 2010 and June 30, 2010.

On December 21, 2009, Governor Brewer held an emergency Cabinet meeting in which the nature and scope of the State's budget crisis was reviewed¹ and additional, immediate actions that state agencies must take were outlined².

Here is a summary of the listed actions that directly affect ADHS/DBHS stakeholders and our plan for implementation:

1. Develop **additional contingency plans** in anticipation of additional agency reductions and to adjust spending allotments accordingly.
 - a. ADHS believes its previously submitted 15% reduction exercise³ continues to reflect where any additional agency reductions would have to come from. This includes elimination of non-TXIX Serious Mental Illness (SMI) funding, and potentially the loss of behavioral health crisis services, supported housing services, and even some Medicaid services.
 - b. ADHS/DBHS is working with the Tribal and Regional Behavioral Health Authorities (T/RBHAs) to plan for the potential transition of all non-TXIX SMI

¹ http://www.azgovernor.gov/dms/upload/PR_122109_CabinetPresentation.pdf

² http://www.azgovernor.gov/dms/upload/PR_122109_CabinetAddressEmergencyMeeting.pdf

³ <http://www.azdhs.gov/diro/documents/HSA.pdf>

individuals to other community supports. It is vital that ADHS/DBHS, the T/RBHAs, providers and the larger community be well-prepared should this become necessary in order to transition these members to alternative services as safely as possible.

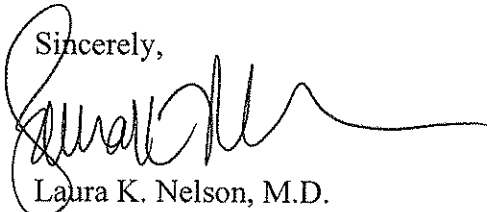
2. Provide a list of discretionary programs that can be capped due to a lack of funding- this includes an immediate development of a **wait list for KidsCare**, the children's health insurance program at AHCCCS.
 - a. Other than the programs affected above, ADHS/DBHS does not have any discretionary programs that can be capped, but is impacted with the waitlist for KidsCare. ADHS/DBHS has ensured the T/RBHAs are aware of this as it may impact new children presenting for services who are not already enrolled with AHCCCS.
3. Implement **means testing and sliding fee schedules** to ensure the neediest among us receive the most help.
 - a. ADHS/DBHS is preparing for implementation of a new premium policy for non-TXIX SMI members. This policy will require that non-TXIX SMI members pay a monthly premium in order to gain access to all medically necessary covered behavioral health services. This premium varies from \$25/month to \$300/month depending on household size and gross monthly family income.
 - b. ADHS/DBHS has requested that all RBHAs estimate administrative costs for implementation of this program and describe how implementation will be done.
4. **Transfer monies out of all eligible special line items** to ensure availability of sufficient funds to cover mandatory expenditures.
 - a. Beginning with the January 2010 payment, ADHS/DBHS is withholding all future T/RBHA payments for the following special line items with the exception of funding from federal grants:
 - i. Children's Behavioral Health (i.e. non-TXIX funding for children that is for treatment services as well as prevention services)
 - ii. Mental Health Nontitle XIX (i.e. non-TXIX general mental health funding for adults)
 - iii. Substance Abuse Nontitle XIX (i.e. non-TXIX substance abuse funding for adults)
 - b. ADHS/DBHS has instructed the T/RBHAs that they must continue to provide crisis services, including crisis phone lines, mobile crisis teams, and services for individuals who present to free-standing psychiatric urgent care centers.
 - c. ADHS/DBHS has instructed T/RBHAs that they are to continue to provide medically necessary covered behavioral health services for non-TXIX SMI members. Although these remaining funds are at great risk of being further reduced, ADHS/DBHS continues to issue monthly payments at this time and the statutory entitlement remains in place.
 - d. ADHS/DBHS has advised T/RBHAs to carefully review their prevention programs and available funding streams for these programs, as these reductions will significantly impact behavioral health prevention activities. T/RBHAs should consider program performance, outcomes, and other sustainability options

as decisions are made regarding prevention program reductions. T/RBHAs are asked to work collaboratively with ADHS/DBHS in making these decisions.

- e. Because these funds are also used to provide non-TXIX reimbursable services for TXIX members, ADHS/DBHS has asked T/RBHAs to submit additional information on the number of TXIX members per behavioral health category (General Mental Health, Substance Abuse, Children) that is receiving room and board, supported housing, interpretation services, traditional healing, etc. from these special line items.
- f. ADHS/DBHS has authorized T/RBHAs to safely transition all non-TXIX children and non-SMI adults receiving ongoing treatment and support services to other available community supports. This process should include:
 - i. Member notification letters alerting them to changes in services. These member letters must be approved by ADHS/DBHS in advance.
 - ii. Assessment of currently prescribed medications and consideration of switching to generic/less costly formulations as needed to decrease out-of-pocket costs, including recommending use of pharmacies that offer low-cost prescriptions.
 - iii. Assistance in locating and referring to a sliding scale clinic in the community (unless the current clinician works in such a setting and can still provide this service).
 - iv. Assistance in locating and referring to a Community Health Center in the community that can provide regular physical healthcare services. This clinic potentially may be able to address the behavioral health needs as well. This would likely depend on the particular clinic and the complexity of the member's needs.
 - v. Assistance in locating other community supports, such as self-help groups.
 - vi. Discussion of crisis services that are available and provision of the crisis number for the T/RBHA.

ADHS/DBHS is committed to minimizing the impact to individuals, children and families as these budget reduction decisions are made and implemented. I thank you for your support and understanding during these very difficult times.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

Cc: Will Humble
Beth Kohler-Lazare
ADHS/DBHS Compliance Administrators