

August 25, 2017

The Honorable Steve Yarbrough
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable J.D. Mesnard
Speaker of the House
Arizona House of Representatives
1700 W. Washington
Phoenix, AZ 85007

SUBJECT: FY 2017 13th Month Appropriation Status Report

Dear President Yarbrough and Speaker Mesnard:

Pursuant to A.R.S. §'s 36-2920 and 36-2994, enclosed is the Arizona Health Care Cost Containment System's (AHCCCS) Appropriation Status Report (ASR) for the period ended June 99, 2017.

Status Summary – AHCCCS is forecasting a FY 2017 surplus of \$121.1 million Total Fund (\$9.8 million General Fund) on a total FY 2017 appropriation of \$11.7 billion Total Fund (\$1.751 billion General Fund).

This report reflects expenditures and transfers through the "13th Month". AHCCCS will be utilizing surplus funding to administratively adjust other expenditures with dates of service from FY 2017. The projected surplus amounts in this report include projections of those administrative adjustments.

If you have any questions about this report, please do not hesitate to call me at (602) 417-4111 or Jeffery Tegen at (602) 417-4705.

Sincerely,



Thomas J. Betlach
Director

Enclosure

The Honorable Steve Yarbrough

The Honorable J.D. Mesnard

August 25, 2017

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cc: The Honorable Douglas A. Ducey, Governor
The Honorable, Debbie Lesko, Chairman, Senate Appropriations Committee
The Honorable Don Shooter, Chairman, House Appropriations Committee
The Honorable Nancy Barto, Chairman, Senate Health and Human Services Committee
The Honorable Heather Carter, Chairman, House Health Committee
Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee



Appropriation Status Report (ASR)

Fiscal Year 2017

Through June 99, 2017

Prepared by: Division of Business and Finance

Appropriation Status Report

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Appropriation Status Report

Appropriated Sources and
Uses of Funds

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2017
SUMMARY OF APPROPRIATED EXPENDITURES

	(A)	(B)	(A) - (B)			
ANNUAL APPROPRIATION	EXPENDITURE PLAN YTD	EXPENDITURES YTD	VARIANCE YTD	PROJECTED ANNUAL EXPENDITURES	ANNUALIZED VARIANCE	
APPROPRIATIONS:						
ADMINISTRATION						
AHCCCS Operating Lump Sum	\$ 102,048,900	\$ 106,048,900	\$ 90,679,603	\$ 15,369,297	\$ 102,048,900	\$ -
AHCCCS Prop 204 Administration	18,666,600	18,666,600	15,098,806	3,567,794	18,666,600	-
DES Eligibility	88,874,500	88,874,500	73,700,922	15,173,578	88,874,500	-
DES Prop 204 Eligibility	44,358,700	44,358,700	39,238,752	5,119,948	44,358,700	-
TOTAL ADMINISTRATION	<u>253,948,700</u>	<u>257,948,700</u>	<u>218,718,082</u>	<u>39,230,618</u>	<u>253,948,700</u>	<u>-</u>
Traditional Medicaid Services	3,757,694,400	3,757,694,400	3,561,224,044	196,470,356	3,708,006,699	49,687,701
Proposition 204 Services	2,693,529,300	2,693,529,300	2,651,418,751	42,110,549	2,687,242,907	6,286,393
ACA Adult Expansion	436,402,900	436,402,900	432,054,549	4,348,351	436,402,900	-
Children's Rehabilitative Services	280,814,200	280,814,200	265,087,448	15,726,752	278,729,520	2,084,680
KidsCare Services	61,180,800	61,180,800	23,717,252	37,463,548	23,894,746	37,286,054
ALTCS Services	1,439,188,100	1,439,188,100	1,383,824,122	55,363,978	1,430,587,609	8,600,491
Disproportionate Share Payments	5,087,100	5,087,100	4,202,300	884,800	5,087,100	-
Rural Hospitals	22,650,000	22,650,000	22,650,000	-	22,650,000	-
Voluntary Political Subdivision Programs	469,609,000	344,786,300	344,786,303	(3)	469,609,000	-
Behavioral Health Traditional Medicaid Services	1,157,271,200	1,157,271,200	1,150,212,984	7,058,216	1,150,212,984	7,058,216
Behavioral Health Proposition 204 Services	723,910,100	723,910,100	720,697,332	3,212,768	720,697,332	3,212,768
Behavioral Health ACA Adult Expansion	81,143,500	81,143,500	79,004,313	2,139,187	79,004,313	2,139,187
Behavioral Health CMDP	177,266,400	177,266,400	172,511,172	4,755,228	172,511,172	4,755,228
Non Medicaid Seriously Mentally Ill Services	78,846,900	78,846,900	78,680,865	166,035	78,846,900	-
Supported Housing	5,324,800	5,324,800	5,237,844	86,956	5,324,800	-
Crisis Services	16,391,300	16,391,300	16,332,629	58,671	16,391,300	-
TOTAL PROGRAMMATIC	<u>11,406,310,000</u>	<u>11,281,487,300</u>	<u>10,911,641,907</u>	<u>369,845,393</u>	<u>11,285,199,281</u>	<u>121,110,719</u>
TOTAL EXPENDITURES	<u>\$ 11,660,258,700</u>	<u>\$ 11,539,436,000</u>	<u>\$ 11,130,359,990</u>	<u>\$ 409,076,010</u>	<u>\$ 11,539,147,981</u>	<u>\$ 121,110,719</u>

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2017
APPROPRIATED EXPENDITURES BY FUNDING SOURCE

	(A) ANNUAL EXPENDITURE PLAN YTD	(B) EXPENDITURES YTD	(A) - (B) VARIANCE YTD	PROJECTED ANNUAL EXPENDITURES	ANNUALIZED VARIANCE
STATE - GENERAL FUND					
Administrative Expenditures	\$ 58,901,000	\$ 58,901,000	\$ 53,697,666	\$ 58,901,000	\$ -
Proposition 204 - Administrative Expenditures	21,746,500	21,746,500	19,028,167	21,746,500	-
Programmatic Expenditures					
Traditional Medicaid Services	827,655,600	827,655,600	796,413,764	827,655,600	-
Proposition 204 Services	-	-	-	-	-
Children's Rehabilitative Services	84,424,100	84,424,100	74,833,156	82,339,420	2,084,680
KidsCare Services	-	-	(30,495)	-	-
ALTCS Services	167,841,100	167,841,100	167,838,172	167,841,100	-
DSH and Rural Hospitals	7,239,300	7,239,300	6,967,100	7,239,300	-
Behavioral Health Traditional Medicaid Services	324,968,100	324,968,100	321,004,189	321,004,189	3,963,911
Behavioral Health Proposition 204 Services	103,150,500	103,150,500	99,949,520	99,949,520	3,200,980
Behavioral Health ACA Adult Expansion	1,931,900	1,931,900	1,836,566	1,836,566	95,334
Behavioral Health CMDP	54,770,500	54,770,500	54,277,708	54,277,708	492,792
Non Medicaid Seriously Mentally Ill Services	78,846,900	78,846,900	78,680,865	78,846,900	-
Supported Housing	5,324,800	5,324,800	5,237,844	5,324,800	-
Crisis Services	14,141,100	14,141,100	14,082,429	14,141,100	-
TOTAL GF EXPENDITURES	1,750,941,400	1,750,941,400	1,693,816,649	1,741,103,702	9,837,697
FEDERAL					
Administrative Expenditures	131,522,400	135,522,400	110,221,861	131,522,400	-
Proposition 204 - Administrative Expenditures	37,715,500	37,715,500	32,636,916	37,715,500	-
Programmatic Expenditures					
Traditional Medicaid Services	2,192,740,600	2,192,771,800	2,069,080,815	2,184,997,319	7,743,281
Proposition 204 Services	2,312,463,100	2,312,463,100	2,286,640,943	2,312,463,100	-
ACA Adult Expansion	430,324,100	430,324,100	425,979,767	430,324,100	-
Children's Rehabilitative Services	196,390,100	196,390,100	190,254,293	196,390,100	-
KidsCare Services	60,810,800	60,810,800	23,377,747	23,524,746	37,286,054
ALTCS Services and Nursing Facility Assessment	894,587,700	894,587,700	860,706,208	894,587,700	-
DSH and Rural Hospitals	20,497,800	20,497,800	19,885,200	20,497,800	-
Behavioral Health Traditional Medicaid Services	796,737,300	796,737,300	794,032,648	794,032,648	2,704,652
Behavioral Health Proposition 204 Services	599,490,000	599,490,000	599,478,212	599,478,212	11,788
Behavioral Health ACA Adult Expansion	79,028,900	79,028,900	76,985,047	76,985,047	2,043,853
Behavioral Health CMDP	122,495,900	122,495,900	118,233,464	118,233,464	4,262,436
Voluntary Political Subdivision Programs - See Note 5	323,477,800	237,215,500	237,215,491	323,477,800	-
TOTAL FEDERAL EXPENDITURES	8,198,282,000	8,116,050,900	7,844,728,612	8,144,229,936	54,052,064
COUNTY					
Administrative Expenditures Proposition 204 - BNCF	3,563,300	3,563,300	2,672,475	3,563,300	-
Programmatic Expenditures					
Traditional Medicaid Services Acute Care	49,687,700	49,687,700	49,687,700	49,687,700	-
ALTCS Services	249,980,000	249,980,000	237,100,934	249,980,000	-
TOTAL COUNTY EXPENDITURES	303,231,000	303,231,000	289,461,109	303,231,000	-

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2017
APPROPRIATED EXPENDITURES BY FUNDING SOURCE

	(A) ANNUAL EXPENDITURE PLAN YTD	(B) EXPENDITURES YTD	(A) - (B) VARIANCE YTD	PROJECTED ANNUAL EXPENDITURES	ANNUALIZED VARIANCE
TOBACCO FUNDS					
Programmatic Expenditures					
Traditional Medicaid Services - Medically Needy	37,432,400	37,432,400	36,866,554	36,522,156	910,244
Behavioral Health Traditional Medicaid Services - Medically Needy	35,565,800	35,565,800	35,176,146	35,176,146	389,654
Proposition 204 Services - Emergency Health Services	18,747,200	18,747,200	18,747,200	18,747,200	-
Proposition 204 Services - Proposition 204 Protection	16,251,400	16,251,400	16,251,400	16,251,400	-
Behavioral Health Proposition 204 Services - Proposition 204 Protection	21,269,600	21,269,600	21,269,600	21,269,600	-
Proposition 204 Services - ATLSF	100,000,000	100,000,000	100,000,000	100,000,000	-
TOTAL TOBACCO EXPENDITURES	229,266,400	229,266,400	228,310,900	227,966,502	1,299,898
OTHER					
Administrative Expenditures					
Prescription Drug Rebate Program	500,000	500,000	460,997	500,000	-
Programmatic Expenditures					
Acute Care - Prescription Drug Rebate Program State Match	105,837,600	105,837,600	105,837,600	105,837,600	-
Acute Care - Prescription Drug Rebate Program Federal Authority	544,114,600	544,114,600	502,764,847	502,764,846	41,349,754
Long Term Care - Prescription Drug Rebate Program State Match	7,441,300	7,441,300	7,441,300	7,441,300	-
Long Term Care - Prescription Drug Rebate Program Federal Authority	42,338,000	42,338,000	33,346,728	33,346,728	8,991,272
Proposition 204 Services - Hospital Assessment	246,067,600	246,067,600	229,779,208	239,781,208	6,286,392
ACA Adult Expansion - Hospital Assessment	6,078,800	6,078,800	6,074,782	6,078,800	-
Behavioral Health ACA Adult Expansion - Hospital Assessment	182,700	182,700	182,700	182,700	-
Traditional Medicaid Services - TPL	194,700	194,700	510,277	510,277	(315,577)
ALTCS Services - TPL	-	-	1,083,595	1,083,595	(1,083,595)
ALTCS Services - Nursing Facility Assessment	77,000,000	77,000,000	76,307,185	76,307,186	692,814
KidsCare Services Premiums	370,000	370,000	370,000	370,000	-
Freedom to Work Premiums	31,200	-	62,488	31,200	-
Crisis Services - Substance Abuse Services Fund	2,250,200	2,250,200	2,250,200	2,250,200	-
Voluntary Political Subdivision Programs - See Note 5	146,131,200	107,570,800	107,570,812	146,131,200	-
TOTAL OTHER EXPENDITURES	1,178,537,900	1,139,946,300	1,074,042,720	1,122,616,841	55,921,100
TOTAL					
Administrative Expenditures	253,948,700	257,948,700	218,718,082	253,948,700	-
Acute Care	9,967,121,900	9,842,299,200	9,527,817,785	9,854,611,672	112,510,228
Long Term Care	1,439,188,100	1,439,188,100	1,383,824,123	1,430,587,609	8,600,491
TOTAL EXPENDITURES	\$ 11,660,258,700	\$ 11,539,436,000	\$ 11,130,359,990	\$ 11,539,147,981	\$ 121,110,719

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
APPROPRIATED REVENUE AND OTHER COLLECTIONS RECEIVED DETAIL SCHEDULE
For the Period Ending June 99, 2017

	BUDGET	BUDGET YTD	RECEIPTS YTD
GENERAL FUND:			
Traditional Medicaid Services & Administrative	\$ 978,220,000	\$ 978,220,000	\$ 931,911,685
Proposition 204 Services & Administrative	21,746,500	21,746,500	140,247,287
KidsCare Services	-	-	(30,495)
ALTCS Services	167,841,100	167,841,100	167,838,172
Behavioral Health Traditional Medicaid Services	583,133,800	583,133,800	473,283,034
TOTAL	<u>1,750,941,400</u>	<u>1,750,941,400</u>	<u>1,713,249,683</u>
FEDERAL:			
Acute & Administrative	5,645,131,400	5,562,900,300	5,622,866,127
KidsCare Services	60,810,800	60,810,800	22,858,887
ALTCS Services	894,587,700	894,587,700	922,107,559
Behavioral Health Traditional Medicaid Services	1,597,752,100	1,597,752,100	1,588,253,550
TOTAL	<u>8,198,282,000</u>	<u>8,116,050,900</u>	<u>8,156,086,123</u>
COUNTY:			
Acute & Administrative	53,251,000	53,251,000	52,992,201
ALTCS Services	249,980,000	249,980,000	249,980,000
TOTAL	<u>303,231,000</u>	<u>303,231,000</u>	<u>302,972,201</u>
TOBACCO FUNDS:			
Traditional Medicaid Services	72,998,200	72,998,200	72,042,700
Proposition 204 Services	156,268,200	156,268,200	134,998,600
TOTAL	<u>229,266,400</u>	<u>229,266,400</u>	<u>207,041,300</u>
OTHER:			
Administrative	500,000	500,000	460,997
Acute Care - Prescription Drug Rebate Program	649,952,200	649,952,200	608,602,447
Long Term Care - Prescription Drug Rebate Program	49,779,300	49,779,300	40,788,028
Hospital Assessment	252,329,100	252,329,100	264,478,005
ALTCS - Nursing Facility Assessment	77,000,000	77,000,000	24,296,978
Acute TPL - Note 1	194,700	194,700	510,277
LTC TPL - Note 1	-	-	1,083,595
KidsCare TPL - Note 1	-	-	975
Member Premiums - CHIP	370,000	370,000	2,617,518
Member Premiums - Freedom to Work	31,200	-	62,488
Behavioral Health Traditional Medicaid Services	2,250,200	2,250,200	5,027,267
Voluntary Political Subdivision - State Match	146,131,200	107,570,800	186,438,677
TOTAL	<u>1,178,537,900</u>	<u>1,139,946,300</u>	<u>1,134,367,252</u>
TOTAL REVENUE	<u>\$ 11,660,258,700</u>	<u>\$ 11,539,436,000</u>	<u>\$ 11,513,716,559</u>



Appropriation Status Report

Footnotes

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2017

Note 1: Third Party Liability Collections:

Gross Collections:

	June 99, 2017	June 99, 2016	July 1, 2016 June 99, 2017	July 1, 2015 June 99, 2016
Acute	\$ -	\$ -	\$ 5,542,690	\$ 5,490,063
LTC	-	-	4,764,758	3,339,609
KidsCare	-	-	4,878	133,263
Total TPL Collections	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,312,326</u>	<u>\$ 8,962,935</u>

AHCCCS Net Collections (Net of Federal Share):

Expenditure Offsets:

Acute	\$ -	\$ -	\$ 510,277	\$ 482,752
LTC	-	-	1,083,595	780,010
KidsCare	-	-	975	26,508
Total Expenditure Offsets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,594,847</u>	<u>\$ 1,289,270</u>

FY 17 Total

Note 2: Authorized Positions
Actual Positions as of June 30, 2017

1,141.2
1,065.0

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2017

Note 3: Intergovernmental Service Agreement - State of Hawaii:

Beginning Balance July 1, 2016	\$ 1,933,160
Revenues	7,052,293
Transfers-In	<u>2,457,764</u>
Total Revenues	<u>9,510,056</u>
Expenditures	6,701,714
Transfers-out	<u>2,285,461</u>
Total Expenditures	<u>8,987,175</u>
Ending Balance June 99, 2017	<u>\$ 2,456,040</u>

Of the \$2,456,040 ending balance, \$796,247 represents restricted cash for prepaid expenses from the State of Hawaii for the projected expenditures through July 2017.

Note 4: Summary of HHS Office of Inspector General Questioned Costs.

Schedule of Outstanding Liabilities
As of June 99, 2017

<u>Description</u>	<u>Amount</u>	<u>Type</u>
School Based Claiming Direct Services Costs	19,923,489	HHS-OIG

Note 5: Summary of Voluntary Political Subdivision Contribution Expenditures:

	As of June 99, 2017		
	<u>State Match</u>	<u>Federal</u>	<u>Total</u>
DSH Voluntary	\$ 7,448,849	\$ 16,104,917	\$ 23,553,767
GME Voluntary	70,175,159	154,300,537	224,475,695
Safety Net Care Pool	29,946,804	66,810,037	96,756,841
Total Voluntary Political Subdivision Program Expenditures	<u>\$ 107,570,812</u>	<u>\$ 237,215,491</u>	<u>\$ 344,786,303</u>

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2017 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2017

Note 6: The following is a summary of \$322,230,579 Total Fund (\$52,943,687 General Fund/ALTCS Fund state match and \$12,797,628 Hospital Assessment Fund) administrative adjustment transactions for medical service claims processed through December 2016 that either pay for or transfer expenditures with dates of service prior to June 30, 2016. Additionally, the \$11,716,850 questioned cost previously reported in Note 4 was officially disallowed by CMS and administratively adjusted against the FY 2016 surplus General Fund.

	FY 2016 YTD June 99, 2017			
	State Match Funds	Expenditure Authority Funds	ALTCS Fund	Total Fund
Traditional Medicaid Services	\$ 28,379,022	\$ 134,920,254	\$ -	\$ 163,299,276
Proposition 204 Services	12,797,628	69,990,802	-	82,788,430
ACA Adult Expansion	-	21,164,951	-	21,164,951
KidsCare - Children Services	-	146,990	-	146,990
Children's Rehabilitative Services	2,702,559	7,769,127	-	10,471,686
Long Term Care	-	-	32,642,396	32,642,396
SBC Medicaid Administrative Costs CMS Disallowance	11,716,850	-	-	11,716,850
Total	<u>\$ 55,596,059</u>	<u>\$ 233,992,124</u>	<u>\$ 32,642,396</u>	<u>\$ 322,230,579</u>

Note 7: Summary of non-appropriated expenditures from the Arizona Tobacco Litigation Settlement Fund and the Hospital Assessment Fund by program.

	As of June 99, 2017
	<u>Expenditures YTD</u>
Proposition 204 Services - ATLSF	\$ 1,521,746
ACA Adult Expansion - Hospital Assessment	2,230,461