

Budget Update

September 2, 2009

Legislative Changes along the way

- May 26th AHCCCS sent letter delineating several “technical” concerns for FY 2010 – 5 of 6 items addressed in budget
 - Appropriate ALTCS Political Subdivision refund for FY 2009 and FY 2010
 - Additional funding for caseloads
 - Primacy Requirements – language eliminated
 - TPL language – restored
 - Provider Rate reductions – clarified
 - Program Integrity \$200 m savings - continued

State Budget Summary

- On July 1, 2009 Governor Brewer vetoed and line-item vetoed portions of the FY 2010 budget
- After these actions K 12 funding was restored and some minimal changes were made in a special session
- Currently the FY 2010 Budget is estimated to be approximately \$3.0 Billion out of balance
- Governor has to take action on Budget Bills on her desk by the end of this week
- Budget very similar to one vetoed and does not include a special election for a sales tax increase

AHCCCS Budget – What we know

- \$337 m in new funding added to address significant caseload growth – last 12 months grown at 17% - budget funds approximately 14% growth
- The Budget included a total of \$31.6 million in GF reductions – most of the items reflect continuation of FY 2009 reductions.

AHCCCS Budget – What we know Continued

- New for FY 2010
 - \$2.75 m (GF) administrative reduction – since 6-30-08 admin funding decreased 17.5%
 - KidsCare parents terminated on 10-1-2009 – currently serving 9,294 Parents
 - Most providers that were not reduced on February 1, 2009 will receive a 5% reduction on October 1, 2009.
 - Exceptions include Hospitals (currently scheduled to receive a 1.6% increase) and Nursing Facilities (rates will remain unchanged).

FY 2010 Budget Update

- What will change if Budget is signed into law
 - Hospital Rates will be frozen and not receive an increase
 - DHS regulated transportation rates will be reduced by 5%
 - Dentures will be eliminated as a benefit for adults

FY 2011 Budget

- AHCCCS continues to experience significant growth
- Over the past 5 months the population has grown by 130,000 new members.
- Budget submitted for FY 2011 yesterday – New budget will begin on July 1, 2010
- State will be experiencing significant shortfalls in FY 2011 as well
- Loss of increased Federal match will occur on Jan. 1, 2010 – impact of roughly \$350 m to State

Benefit Redesign Update

- Legislation was not enacted and the majority of the proposed changes in benefits as part of the redesign proposal will NOT move forward at this time.