



Janice K. Brewer, Governor
Anthony D. Rodgers, Director

Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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August 24, 2009

The Honorable Robert Burns, President
Arizona State Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable Kirk Adams, Speaker
Arizona House of Representatives
1700 West Washington
Phoenix, AZ 85007

SUBJECT: 13th Month Appropriation Status Report for SFY 2009

Dear President Burns and Speaker Adams:

Pursuant to A.R.S. §'s 36-2920 and 36-2994, enclosed is the "13th Month" Arizona Health Care Cost Containment System's (AHCCCS) Appropriation Status Report (ASR) for SFY 2009.

AHCCCS is projecting a \$40.9 million Total Fund (\$2.9 million General Fund) surplus on a total FY 2009 appropriation of \$6.435 billion Total Fund (\$1.216 billion General Fund), net of ARRA offsets. The General Fund surplus is entirely due to the acute care program.

This report reflects expenditures paid through the "13th Month" and estimated administrative adjustment period expenditures for Administration appropriation line items and for GME, Private Hospital DSH and Rural Hospital Reimbursement payments with dates of service through June 30, 2009. The estimate does not include other potential programmatic administrative adjustments, if any, that may be processed. As reported last month, the surplus also reflects the deferral of \$100.6 million Total Fund (\$27.5 million General Fund) of held payments for one daily capitation cycle, the June 2009 reinsurance cycle, the final CYE 2007 PPC reconciliation payment and the preliminary CYE 2008 TWG reconciliation payment.

If you have any questions about this report, please do not hesitate to call Tom Betlach at (602) 417-4483 or Jim Cockerham at (602) 417-4059.

Sincerely,

Anthony D. Rodgers
Director

Enclosure

cc: The Honorable Janice K. Brewer, Governor
The Honorable Russell Pearce, Chairman, Senate Appropriations Committee
The Honorable John Kavanagh, Chairman, House Appropriations Committee
The Honorable Carolyn Allen, Chairman, Senate Health Committee
The Honorable Nancy Barto, Chairman, House Health Committee
Eileen Klein, Deputy Chief of Staff, Finance, Office of the Governor

The Honorable Robert Burns
The Honorable Kirk Adams
August 24, 2009
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Richard Stavneak, Director, Joint Legislative Budget Committee

Arizona Health Care Cost Containment System

Appropriation Status Report (ASR)

Fiscal Year 2009

Through June 99, 2009

AHCCCS

Prepared by: Division of Business and Finance

**Arizona Health Care Cost Containment System
Appropriation Status Report
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AHCCCS

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

APPROPRIATION STATUS REPORT

APPROPRIATED SOURCES AND USES OF FUNDS

AHCCCS



ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

FY 2009 APPROPRIATION STATUS REPORT

For the Period Ending June 99, 2009

SUMMARY OF APPROPRIATED EXPENDITURES

	(A)	(B)	(A) - (B)	PROJECTED	ANNUALIZED
ANNUAL	EXPENDITURE	EXPENDITURES	(A) - (B)	ANNUAL	ANNUALIZED
APPROPRIATION	PLAN	EXPENDITURES	VARIANCE	EXPENDITURES	VARIANCE
	YTD	YTD	YTD		
APPROPRIATIONS:					
ADMINISTRATION					
AHCCCS Operating	63,287,100	\$ 60,609,971	\$ 60,609,971	\$ 63,287,100	\$ -
AHCCCS Prop 204 Administration	10,189,800	9,615,881	9,615,881	10,189,800	-
DOA Data Center	8,634,200	7,825,089	7,825,089	8,634,200	-
Office of Administrative Hearings	271,300	217,750	217,750	271,300	-
DES Eligibility	58,388,300	50,989,622	50,989,622	58,388,300	-
DES Prop 204 Eligibility	39,877,700	37,100,145	37,100,145	39,877,700	-
DES Title XIX Pass-Through	355,200	259,420	259,420	355,200	-
DES Eligibility System Upgrade	1,437,400	220,508	220,508	1,437,400	-
Healthcare Group	9,326,800	6,524,396	6,524,396	9,326,800	-
Indian Advisory Council	232,900	215,622	215,622	232,900	-
CHIP - Administration	11,077,500	10,031,467	10,031,467	11,077,500	-
TOTAL ADMINISTRATION	203,078,200	183,609,871	183,609,871	203,078,200	-
ACUTE CARE					
Acute Capitation	2,156,164,100	2,156,164,100	2,139,303,654	2,139,303,700	16,860,400
Reinsurance	103,013,600	103,013,600	102,923,742	102,923,700	89,900
Fee-For-Service	533,043,200	533,043,200	531,755,007	531,755,000	1,288,200
Medicare Premiums	96,223,300	96,223,300	96,170,102	96,170,100	53,200
Breast and Cervical Cancer	984,900	984,900	913,473	913,500	71,400
Freedom to Work	6,479,100	6,479,100	6,449,864	6,449,900	29,200
Part D Copay Subsidy	2,151,000	2,151,000	2,150,993	2,151,000	-
Medicare Clawback Payments	28,794,900	28,794,900	28,794,408	28,794,400	500
SSDI Temporary Medical Coverage	3,247,200	3,247,200	3,137,968	3,138,000	109,200
Prop 204 Capitation	1,524,952,300	1,524,952,300	1,520,117,522	1,520,117,500	4,834,800
Prop 204 Reinsurance	73,665,300	73,665,300	73,596,125	73,596,100	69,200
Prop 204 Fee-For-Service	228,200,600	228,200,600	222,136,921	222,136,900	6,063,700
Prop 204 Medicare Premiums	32,587,900	32,587,900	31,222,436	31,222,400	1,365,500
Prop 204 County Hold Harmless	-	-	-	-	-
KidsCare - Children Services	116,177,900	116,177,900	115,407,933	115,407,900	770,000
KidsCare - Parent Services	30,689,900	30,689,900	30,625,139	30,625,100	64,800
Disproportionate Share Hospital	30,350,000	30,350,000	4,202,300	30,350,000	-
Graduate Medical Education	46,597,800	46,597,800	-	44,906,200	1,691,600
Critical Access Hospitals	1,735,800	1,735,800	1,700,000	1,700,000	35,800
Rural Hospital Reimbursement	12,158,100	12,158,100	-	12,158,100	-
TOTAL ACUTE	5,027,216,900	5,027,216,900	4,910,607,585	4,993,819,500	33,397,400
LONG TERM CARE					
LTC - Lump Sum Appropriation	1,183,483,900	1,183,483,900	1,175,935,164	1,175,935,200	7,548,700
LTC - Medicare Clawback Payments	20,740,900	20,740,900	20,706,512	20,706,500	34,400
LTC - Part D Copay Subsidy	588,500	588,500	588,527	588,500	-
LTC - Board of Nursing	209,700	209,700	209,600	209,600	100
TOTAL LONG TERM CARE	1,205,023,000	1,205,023,000	1,197,439,803	1,197,439,800	7,583,200
TOTAL EXPENDITURES	\$ 6,435,318,100	\$ 6,415,849,771	\$ 6,291,657,259	\$ 6,394,337,500	\$ 40,980,600

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

FY 2009 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2009
APPROPRIATED EXPENDITURES BY FUNDING SOURCE

	ANNUAL APPROPRIATION / BUDGET	EXPENDITURE PLAN YTD	EXPENDITURES YTD	VARIANCE YTD	PROJECTED ANNUAL EXPENDITURES	ANNUALIZED VARIANCE
STATE - GENERAL FUND						
Administrative Expenditures	65,891,400	\$ 57,934,256	\$ 57,934,256	-	\$ 65,891,400	\$ -
Proposition 204 - Administrative Expenditures	18,299,400	22,697,888	22,697,888	-	18,299,400	-
CHIP - Administration	2,341,900	2,300,369	2,300,369	-	2,341,900	-
Programmatic Expenditures						
Acute Care	660,997,800	660,997,800	660,635,440	362,360	660,635,400	362,400
Proposition 204 - Acute Care	280,103,800	280,103,800	277,510,071	2,593,729	277,510,100	2,593,700
Long Term Care	133,151,800	133,151,800	133,151,826	(26)	133,151,800	-
CHIP - Services	25,907,000	25,907,000	25,907,000	-	25,907,000	-
CHIP - Parent Services	5,925,500	5,925,500	5,925,545	(45)	5,925,500	-
Acute Care - Hospital Payments	23,669,500	23,669,500	425,202	23,244,298	23,635,900	33,600
TOTAL GF EXPENDITURES	1,216,288,100	1,212,687,913	1,186,487,597	26,200,316	1,213,298,400	2,989,700
FEDERAL						
Administrative Expenditures	79,704,800	65,203,725	65,203,725	-	79,704,800	-
Proposition 204 - Administrative Expenditures	18,737,300	21,887,389	21,887,389	-	18,737,300	-
CHIP - Administration	8,735,600	7,731,098	7,731,098	-	8,735,600	-
Programmatic Expenditures						
Acute Care	1,995,081,700	1,995,081,700	1,978,348,293	16,733,407	1,978,348,200	16,733,500
Acute Care - ARRA	171,472,600	171,472,600	168,675,286	2,797,314	171,472,600	-
Acute Care - ARRA - County	9,301,000	9,301,000	-	9,301,000	9,301,000	-
Proposition 204 - Acute Care	1,267,201,700	1,267,201,700	1,262,017,068	5,184,632	1,262,017,100	5,184,600
Proposition 204 - ARRA	121,722,700	121,722,700	121,618,179	104,521	121,618,200	104,500
Long Term Care	784,576,400	784,576,400	776,986,556	7,589,844	776,993,200	7,583,200
Long Term Care - ARRA - General Fund	29,945,200	29,945,200	29,945,236	(36)	29,945,200	-
Long Term Care - ARRA - County	49,153,800	49,153,800	-	49,153,800	49,153,800	-
CHIP - Services	83,170,900	83,170,900	82,265,378	905,522	82,265,400	905,500
CHIP - Parent Services	18,564,300	18,564,300	18,564,279	21	18,564,300	-
Acute Care - Hospital Payments	64,335,500	64,335,500	5,320,018	59,015,482	62,523,900	1,811,600
TOTAL FEDERAL EXPENDITURES	4,701,703,500	4,689,348,012	4,538,562,505	150,785,507	4,669,380,600	32,322,900
COUNTY						
Administrative Expenditures Proposition 204 - BNCF	2,841,000	2,130,750	2,130,750	-	2,841,000	-
Programmatic Expenditures						
Acute Care	52,229,200	52,229,200	52,229,200	-	52,229,200	-
ARRA Acute Contribution Reduction	(9,301,000)	(9,301,000)	-	(9,301,000)	(9,301,000)	-
Long Term Care - BNCF	-	-	-	-	-	-
Long Term Care	257,349,600	257,349,600	256,584,997	764,603	257,349,600	-
ARRA LTC Contribution Reduction	(49,153,800)	(49,153,800)	-	(49,153,800)	(49,153,800)	-
TOTAL COUNTY EXPENDITURES	253,965,000	253,254,750	310,944,947	(57,690,197)	253,965,000	-
TOBACCO FUNDS						
Programmatic Expenditures						
Acute Care - Medically Needy	49,692,700	49,692,700	47,730,888	1,961,812	47,730,900	1,961,800
Proposition 204 - Medically Needy	4,045,400	4,045,400	2,962,863	1,082,537	2,962,900	1,082,500
Proposition 204 - Emergency Health Services	23,331,800	23,331,800	22,131,801	1,199,999	22,131,800	1,200,000
Proposition 204 - Proposition 204 Protection	48,996,700	48,996,700	46,828,921	2,167,779	46,828,900	2,167,800
Proposition 204 - ATLSF	114,004,100	114,004,100	114,004,100	-	114,004,100	-
TOTAL TOBACCO EXPENDITURES	240,070,700	240,070,700	233,658,573	6,412,127	233,658,600	6,412,100
OTHER						
Administrative Expenditures - HCG	6,526,800	3,724,396	3,724,396	-	6,526,800	-
Programmatic Expenditures						
Acute Care - TPL	194,700	194,700	965,831	(771,131)	965,800	(771,100)
Long Term Care - TPL	-	-	771,188	(771,188)	-	-
Temporary Medical Coverage Fund	3,247,200	3,247,200	3,137,968	109,232	3,138,000	109,200
CHIP Children Premiums	7,100,000	7,100,000	7,235,555	(135,555)	7,235,600	(135,600)
CHIP Parent Premiums	6,200,000	6,200,000	6,135,315	64,685	6,135,300	64,700
Freedom to Work Premiums	22,100	22,100	33,385	(11,285)	33,400	(11,300)
TOTAL OTHER EXPENDITURES	23,290,800	20,488,396	22,003,637	(1,515,241)	24,034,900	(744,100)
TOTAL						
Administrative Expenditures	203,078,200	183,609,871	183,609,871	-	203,078,200	-
Acute Care	5,027,216,900	5,027,216,900	4,910,607,585	116,609,315	4,993,819,500	33,397,400
Long Term Care	1,205,023,000	1,205,023,000	1,197,439,803	7,583,197	1,197,439,800	7,583,200
TOTAL EXPENDITURES	\$ 6,435,318,100	\$ 6,415,849,771	\$ 6,291,657,259	\$ 124,192,512	\$ 6,394,337,500	\$ 40,980,600

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2009 APPROPRIATION STATUS REPORT
APPROPRIATED REVENUE RECEIVED DETAIL SCHEDULE
For the Period Ending June 99, 2009

	BUDGET	BUDGET YTD	RECEIPTS YTD
GENERAL FUND:			
Acute & Administrative	\$ 750,558,700	\$ 742,601,556	\$ 716,194,899
Proposition 204 - Acute & Administrative	298,403,200	302,801,688	300,207,959
LTC	133,151,800	133,151,800	133,151,826
CHIP	28,248,900	28,207,369	28,207,369
CHIP Parents	5,925,500	5,925,500	5,925,545
TOTAL	<u>1,216,288,100</u>	<u>1,212,687,913</u>	<u>1,183,687,598</u>
FEDERAL: (See Note 5)			
Acute & Administrative	2,139,122,000	2,124,620,925	2,187,803,958
Acute - ARRA Funding	293,195,300	293,195,300	299,476,817
Proposition 204 - Acute & Administrative	1,285,939,000	1,289,089,089	1,246,567,551
LTC	784,576,400	784,576,400	776,986,556
LTC - ARRA Funding	29,945,200	29,945,200	73,730,056
CHIP	91,906,500	90,901,998	91,402,080
CHIP Parents	18,564,300	18,564,300	18,661,218
TOTAL	<u>4,643,248,700</u>	<u>4,630,893,212</u>	<u>4,694,628,236</u>
COUNTY:			
Acute & Administrative	55,070,200	54,359,950	54,937,433
LTC	257,349,600	257,349,600	256,642,400
TOTAL	<u>312,419,800</u>	<u>311,709,550</u>	<u>311,579,833</u>
TOBACCO FUNDS:			
Acute Care	49,692,700	49,692,700	47,730,888
Proposition 204 - Acute Care	190,378,000	190,378,000	185,927,685
TOTAL	<u>240,070,700</u>	<u>240,070,700</u>	<u>233,658,573</u>
OTHER:			
Healthcare Group	6,526,800	3,724,396	3,724,396
Acute TPL - Note 1	194,700	194,700	965,831
LTC TPL - Note 1	-	-	771,188
KidsCare TPL - Note 1	-	-	8,008
Temporary Medical Coverage Fund	3,247,200	3,247,200	(1,126)
Member Premiums - CHIP	7,100,000	7,100,000	7,235,555
Member Premiums - CHIP Parents	6,200,000	6,200,000	5,858,415
Member Premiums - Freedom to Work	22,100	22,100	33,385
TOTAL	<u>23,290,800</u>	<u>20,488,396</u>	<u>18,595,652</u>
TOTAL REVENUE	<u><u>\$ 6,435,318,100</u></u>	<u><u>\$ 6,415,849,771</u></u>	<u><u>\$ 6,442,149,891</u></u>

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

APPROPRIATION STATUS REPORT

FOOTNOTES

AHCCCS

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2009 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2009

Note 1: Third Party Liability revenues collected:

	June 99, 2009	June 99, 2008	July 1, 2008 June 99, 2009	July 1, 2007 June 99, 2008
Gross Collections:				
Acute TPL	\$ 368,894	\$ -	\$ 3,376,643	\$ 4,020,362
LTC TPL	560,145	-	2,810,805	3,650,043
KidsCare TPL	4,535	-	38,828	49,824
Total TPL Collections	<u>\$ 933,574</u>	<u>\$ -</u>	<u>\$ 6,226,277</u>	<u>\$ 7,720,229</u>
Net Collections(Net of Federal Share):				
Acute TPL	\$ 234,468	\$ -	\$ 965,831	\$ 1,192,993
LTC TPL	137,589	-	771,188	1,065,797
KidsCare TPL	1,136	-	8,008	17,961
Total State Share	<u>\$ 373,193</u>	<u>\$ -</u>	<u>\$ 1,745,027</u>	<u>\$ 2,276,752</u>

FY 09 Total

Note 2: Authorized Positions	1,472.3 ¹
Actual Positions as of June 30, 2009	1,102.3

¹ The Authorized Positions total does not include 13 HIFA Parents Program FTE that were inadvertently not included when the programs were restored during the FY 2004 budget deliberations.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

FY 2009 APPROPRIATION STATUS REPORT

For the Period Ending June 99, 2009

Note 3: Intergovernmental Service Agreement - State of Hawaii:

Beginning Balance July 1, 2008	\$	2,896,654
Revenues		8,025,782
Transfers-In		<u>263,076</u>
Total Revenues		<u>8,288,858</u>
Expenditures		7,483,379
Transfers-out		<u>2,062,712</u>
Total Expenditures		<u>9,546,091</u>
Ending Balance June 99, 2009	\$	<u>1,639,420</u>

Of the \$1,639,420 ending balance, \$1,027,974 represents restricted cash for prepaid expenses from the State of Hawaii for the projected expenditures through August 2009. Pursuant to ARS §36-2927, AHCCCS utilizes the unrestricted cash as a state match for critical technology equipment replacements and personnel costs for ongoing programming.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
FY 2009 APPROPRIATION STATUS REPORT
For the Period Ending June 99, 2009

Note 4: Year-to-date administrative adjustment activity transferring expenditures with Fiscal Year 2008 dates of service back to Fiscal Year 2008:

	June 99	
	General Fund	Total Fund
ACUTE CARE		
Acute Capitation	\$ 2,009,279	\$ 6,189,465
Reinsurance	13,787,849	15,737,483
Fee-For-Service	-	2,572,236
Breast and Cervical Cancer	11,383	47,868
Freedom to Work	7,841	19,096
Part D Copay Subsidy	37,902	37,902
Prop 204 Capitation	4,160,476	7,276,299
Prop 204 Reinsurance	2,053,856	3,986,855
Prop 204 Fee-For-Service	1,217,835	4,086,742
KidsCare - Children Services	38,257	38,257
KidsCare - Parents Services	119,510	602,303
Total Acute Care	<u>23,444,188</u>	<u>40,594,506</u>
LONG TERM CARE		
LTC - Lump Sum Appropriation	2,552,319	11,541,355
LTC - Part D Copay Subsidy	49,181	49,181
Total Long Term Care	<u>2,601,500</u>	<u>11,590,536</u>
Total	<u>\$ 26,045,687</u>	<u>\$ 52,185,041</u>

Note 5: The following is a summary of federal monies drawn for the period October 1, 2008 through June 99, 2009 from Arizona's Medicaid allocation contained in the American Recovery and Reinvestment Act of 2009.

AHCCCS Acute Care	\$ 290,293,465
AHCCCS LTC	29,945,236
	<u>\$ 320,238,701</u>
Other State and Local Governments	\$ 193,948,391
Total	<u>\$ 514,187,092</u>