



## Arizona Behavioral Health Budget Fact Sheet

### Definitions

**AHCCCS** – The Arizona Health Care Cost Containment System (AHCCCS) is Arizona’s Medicaid program. If someone is Title XIX (19), he or she is enrolled in AHCCCS/Medicaid. Title XIX, AHCCCS and Medicaid refer to the same program in Arizona. *Please see the Federal Medical Assistance Percentage (FMAP) section below for funding information.*

**Federal Poverty Level** – The federal poverty level (FPL) is set by the federal government and used as a basis for deciding eligibility for programs across the country. Someone is considered below the federal poverty level if they annually make less than \$10,830 as an individual or \$22,050 as a family of four (Source: U.S. Department of Health and Human Services).

**KidsCare** – KidsCare provides low- or no-cost healthcare to Arizona children. It is part of the federal Children's Health Insurance Program, which is administered by the same office that operates Medicaid and Medicare. If someone is Title XXI (21), he or she is enrolled in KidsCare.

**Fiscal Year (FY)** – A fiscal year is a 12-month period used by states, companies or other organizations to produce an annual budget, but does not necessarily begin in January and end in December. Arizona’s fiscal year begins July 1 and ends June 30 of the following year. For example, FY10 begins July 1, 2009, and ends June 30, 2010, and FY11 begins July 1, 2010, and ends June 30, 2011.

**Magellan of Arizona** – The Regional Behavioral Health Authority for Maricopa County. Funds for services are provided through a contract with the Arizona Department of Health Services Division of Behavioral Health Services (ADHS/DBHS) and AHCCCS.

### Brief History of Previous Behavioral Health Budget Cuts (Source: Magellan)

- In FY09, state behavioral health funding was cut by approximately \$11 million.
  - Through good fiscal planning, Magellan absorbed 86 percent of that cut and passed only a total of approximately \$1.5 million along to the provider community.
- In FY10, state behavioral health funding for non-titled children and adults utilizing general mental health and substance abuse services was cut by approximately \$15 million (\$13.7 mil in Maricopa County).
  - Due to Magellan’s and the provider community’s responsible fiscal planning, the impact of the FY10 round of cuts was mitigated, avoiding having to significantly reduce, and in some cases, eliminate services for nearly 12,000 Arizonans ineligible for AHCCCS.
  - Some cuts occurred to prevention programs, but primarily in non-essential services.

### FY10 Revisions and FY11 Statewide Behavioral Health Budget Summary (Source: Arizona FY11 Budget)

- Governor Brewer signed the budget into law on March 18, 2010.
- The budget cuts approximately \$5 million out of behavioral health for FY10 and \$36 million for FY11.
- Reduces behavioral health services for individuals with a serious mental illness who do not meet AHCCCS eligibility requirements. The budget keeps approximately \$40 million for medication, \$16 million for crisis services and \$5 million for supported housing, but eliminates all other services for people who are non-Title XIX/non-Medicaid.
- Changes Arizona Prop 204 requirements (Prop 204 set AHCCCS eligibility at 100 percent of the federal poverty level), allowing AHCCCS to set eligibility to 33 percent of the federal poverty level, effective January 1, 2011. This action eliminates health coverage for more than 310,000 Arizonans and saves the state \$385 million in FY11 and approximately \$1 billion in FY12 (Source: Arizona Republic). *Please note that this action may be prevented by federal healthcare reform. See the Patient Protection and Affordable Care Act section for more information.*

- Eliminates KidsCare, removing health coverage for 47,000 children, including behavioral health, effective June 15, 2010 (Source: Arizona Republic). *Please note that this action may be prevented by federal healthcare reform. See the Patient Protection and Affordable Care Act section for more information.*
- A full, official budget summary, which is the source for the numbers above, can be found online at <http://www.azleg.gov/jlbc/enactedbudgetproposal031910.pdf>.
- The Children's Action Alliance has also prepared a summary that looks at how the budget will impact children and families, which can be found online at [http://www.azchildren.org/MyFiles/10%20legislature/leg\\_budget\\_3-10.pdf](http://www.azchildren.org/MyFiles/10%20legislature/leg_budget_3-10.pdf).

#### **Arizona Proposition 100 (Source: Arizona Office of the Secretary of State)**

- Prop 100 proposes a one percent increase in the Arizona state sales tax. Two-thirds of the revenues generated would fund K-12 education, and the other one-third would fund health and human services, including behavioral health, and public safety.
- The sales tax increase would automatically end on May 31, 2013.
- If Prop 100 passes, the state budget will remain the same.
- If Prop 100 does not pass, ADHS would automatically receive an approximately \$40 million budget cut (Source: Arizona FY11 State Budget).
- Arizona will vote on Prop 100 on Tuesday, May 18, 2010.

#### **Federal Medical Assistance Package (FMAP) (Source: U.S. House of Representatives and Senate)**

- FMAP increases the amount of federal funding that pays for Medicaid programs (AHCCCS in Arizona).
- The federal government usually pays 66 percent of every Medicaid dollar; however, during enhanced FMAP, as part of the American Recovery and Reinvestment Act, the federal government pays 75 percent of every dollar. The state makes up the remaining funding.
- Under enhanced FMAP, for every dollar the state puts into AHCCCS, the federal government adds three dollars.
- Enhanced FMAP is set to expire on December 31, 2010, but Congress (federal government) is considering a six-month extension.
- If the FMAP extension passes, the state budget will remain the same.
- If the FMAP extension does not pass, the state budget will have an approximately \$385 million shortfall for FY11 and further cuts may be required (Source: Arizona Governor's Office, Arizona Capitol Times)

#### **The Patient Protection and Affordable Care Act (Federal Healthcare Reform) (Source: U.S. House of Representatives and Senate)**

- President Obama signed the Patient Protection and Affordable Care Act (also referred to as federal healthcare reform) into law on March 23, 2010.
- The reform package includes a requirement that states continue to provide healthcare at the funding levels that existed when the legislation was signed, a requirement known as "maintenance of effort."
- The elimination of KidsCare and the change in Prop. 204 AHCCCS-eligibility requirements violate the "maintenance of effort" requirement.
- If Arizona does not preserve KidsCare and keep AHCCCS funding at its current level, the state will lose approximately \$6.96 billion in federal funding (Source: Arizona Capitol Times).
- The Bazelon Center for Mental Health Law prepared a full summary of the impact of federal healthcare reform on people with mental illnesses, which is available online at <http://www.bazelon.org/issues/healthreform/1-26AmendedSenateSummary.pdf>.
- Families USA prepared a full summary of how federal healthcare reform will impact Arizona, which is available online at <http://www.familiesusa.org/assets/pdfs/health-reform/state-gains-2010/arizona.pdf>.