

January 15, 2026

The Honorable Katie Hobbs
Governor of Arizona
1700 W Washington
Phoenix, Arizona 85007

The Honorable Warren Petersen
President of the Senate
Arizona State Senate
1700 W Washington
Phoenix, Arizona 85007

The Honorable Steve Montenegro
Speaker of the House
Arizona House of Representatives
1700 W Washington
Phoenix, Arizona 85007

Dear Governor Hobbs, President Petersen, and Speaker Montenegro:

In accordance with A.R.S. §36-3405, please find the enclosed report supplying programmatic and financial information related to the provision of behavioral health services. Do not hesitate to contact Jeff Tegen at (602) 417-4705 if you have any questions or would like additional information.

Sincerely,



Virginia Rountree
Director

cc: Ben Henderson, Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Meaghan Kramer, Governor's Office Health Policy Advisor



Behavioral Health Services
Annual Report
Fiscal Year 2025

December 2025

Behavioral Health Services Annual Report Fiscal Year 2025

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Behavioral Health Services Annual Report Fiscal Year 2025

Behavioral Health Services Programmatic and Financial Report

Introduction

The Arizona Health Care Cost Containment System (AHCCCS) submits the following financial and programmatic annual report for State Fiscal Year (FY) 2025, pursuant to A.R.S §36-3405(a)(b)(c). The report provides financial expenditures and identifies the number of members who received behavioral health services.

This year's report of financial expenditures is based on allocation methodologies due to the service package integration that took place in FY 2019, effective October 1, 2018, when the managed care organizations (MCOs) were contracted to manage the provision of physical and behavioral health care services for the majority of AHCCCS members. In FY 2019, the per member per month (pmpm) capitation rate paid by AHCCCS to the MCOs changed to a single combined payment covering the full integrated services. The annual legislative appropriation also changed to reflect this integrated model and no longer separately appropriated behavioral health funding that was the basis for annual reports prior to FY 2019.

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Behavioral Health Services Programmatic and Financial Report

Expenditures

Table 1 provides FY 2025 behavioral health expenditures by funding source. The FY 2025 Title XIX (TXIX) and XXI (TXXI) Medicaid Federal Grant Awards reported in the Table reflect an allocation of total payments based on the behavioral health proportional component of the total pmpm capitation rate. All other reported source amounts are actuals. Expenditures are reported on a cash basis that can result in timing differences between the receipt of funds and actual cash disbursements.

Table 1:

Total Behavioral Health Services Expenditures by Funding Source FY 2025		
Funding	Amount Paid	Percentage
General Fund - Medicaid	742,747,100	19.36%
Tobacco Tax Funds – Medically Needy Account	35,565,800	0.93%
Tobacco Tax Funds –Proposition 204 Protection Account	5,000,000	0.13%
Tobacco Tax Funds –Tobacco Litigation Settlement	30,154,400	0.79%
TXIX and TXXI Medicaid Federal Grant Awards	2,693,061,200	70.20%
Non TXIX General Fund	98,921,000	2.58%
Substance Abuse Services Fund	1,765,200	0.05%
Federal Grant - MHBG	37,484,500	0.98%
Federal Grant - SABG	63,490,900	1.65%
Federal Grants (Opioid/Other)	38,130,900	0.99%
County Funds	83,267,300	2.17%
SMI Housing Trust Fund	6,601,300	0.17%
Substance Use Disorder Funds	41,300	0.00%
Other (Liquor Service Fees)	92,100	0.00%
Total	3,836,323,000	100.00%
<i>TXIX/TXXI</i>	3,506,528,500	91.40%
<i>Non-TXIX/Non-TXXI</i>	329,794,500	8.60%

Table 2 on the following page provides FY 2025 behavioral health expenditures by the “behavioral health categories” specified in A.R.S §36-3405(b). The reported expenditures in this table are a further allocation of the figures from Table 1, based on the proportional use by service during the time period. Only claims with a primary diagnosis code that is behavioral health related or pharmacy claims that were behavioral health related, as defined by AHCCCS clinical criteria, were included. A.R.S § 36-3405(b) additionally specifies the report should include expenditures for behavioral health services related to domestic violence. AHCCCS has determined that it is not possible to accurately identify these services within agency data. To the extent that members used behavioral health services related to domestic violence, the associated expenditures are reported throughout the categories included in Table 2.

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Table 2:

Total Behavioral Health Services Expenditures by Behavioral Health Category FY 2025			
Behavioral Health Category	TXIX/TXXI Funding	Non-TXIX/Non-TXXI Funding	Total
Seriously Mentally Ill	965,924,670	149,043,931	1,114,968,601
Children with Severe Emotional Disabilities	65,213,760	14,980,039	80,193,800
Alcohol and Drug Abuse	701,357,146	52,097,296	753,454,441
Other Mental Health	1,774,032,924	113,673,234	1,887,706,158
Total	3,506,528,500	329,794,500	3,836,323,000

Members Served

Table 3 provides counts of members served in FY 2025 by behavioral health category specified in A.R.S §36-3405(b)(c). Served members had at least one claim submitted within the reporting time frame that included a primary diagnosis code that is behavioral health related or a pharmacy claim that is behavioral health related, as defined by AHCCCS clinical criteria. Users may be counted in multiple behavioral health categories. Users are also counted in TXIX/TXXI and Non-TXIX/Non-TXXI columns, if they used services under both eligibility categories during FY 2025. As a result, individual user counts reported do not sum to the totals in the table. As noted previously in the report, AHCCCS has determined that it is not possible to accurately identify behavioral health services resulting from domestic violence within agency data. To the extent that members used these behavioral health services, those members are reported throughout the behavioral health categories in Table 3.

Table 3:

Members Served in FY 2025 by Behavioral Health Category				
Behavioral Health Category	TXIX Eligibility	TXXI Eligibility	Non-TXIX /Non-TXXI Eligibility	Total
Seriously Mentally Ill	47,714	21	20,529	60,341
Children with Severe Emotional Disabilities	6,242	514	3,444	9,554
Alcohol and Drug Abuse	113,902	68	13,535	122,991
Other Mental Health	597,436	16,912	43,284	646,549
Total	645,724	17,122	63,870	704,684