

December 29, 2017

The Honorable Douglas A. Ducey  
Office of the Governor  
1700 West Washington  
Phoenix, Arizona 85007

The Honorable Steve Yarbrough  
Arizona State Senate  
1700 West Washington  
Phoenix, Arizona 85007

The Honorable J.D. Mesnard  
Arizona House of Representatives  
1700 West Washington  
Phoenix, Arizona 85007

Dear Governor Ducey, President Yarbrough, and Speaker Mesnard:

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 me at (602) 417-4111, if you have any questions or would like additional information.

Sincerely,



Thomas J. Betlach  
Director

***Arizona Health Care Cost Containment System  
Behavioral Health Services***

**ANNUAL REPORT  
FISCAL YEAR 2017**



**Douglas A. Ducey, Governor**

**Thomas J. Betlach, Director**  
Arizona Health Care Cost Containment System

**Submitted Pursuant to A.R.S. §36-3405 (A) (B) (C)**

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PROGRAMMATIC AND FINANCIAL REPORT

**Introduction**

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The Arizona Health Care Cost Containment System (AHCCCS) submits the following programmatic and financial annual report for State Fiscal Year 2017, pursuant to Arizona Revised Statute §36-3405(a)(b)(c). The report identifies the number of clients who received behavioral health services and reports programmatic financial expenditures.

The State Fiscal Year 2017 Report represents the first report post-merger of the behavioral health program after the transition of the Arizona Department of Health Services (ADHS), resulting in certain payment and expenditure changes. As a result of the merger, certain elements of the report are no longer applicable. For example, administrative expenditures are included in AHCCCS' operating lump sum administrative appropriations and are no longer a portion of the behavioral health capitation rates previously paid to and reported by ADHS. Payments now flow directly from AHCCCS to the Regional Behavioral Health Authorities (RBHAs), therefore, the revenue component is also no longer applicable. Behavioral health expenditures included in this report represent payments made to the RBHAs and include integrated services for members determined to be Seriously Mentally Ill (SMI).

The data reported includes fee-for-service members who receive services through the Tribal Regional Behavioral Health Authorities (TRBHAs).

## Expenditures

Tables 1 and 2 provide the FY2017 behavioral health expenditures. Expenditures are reported on a cash basis that can result in timing differences between the receipt of funds and actual cash disbursements.

Expenditures are categorized by appropriated program and fund source.

**Table 1: Statewide Expenditures by Funding Source FY 2017**

<b>Total Behavioral Health Services Expenditures by Funding Source FY 2017</b>		
<b>Funding</b>	<b>Amount Paid</b>	<b>Percentage</b>
General Fund - Medicaid	477,067,983	20.35%
Tobacco Tax Funds – Medically Needy Account	35,176,146	1.50%
Tobacco Tax Funds – Proposition 204 Protection Account	21,269,600	0.91%
Hospital Assessment	182,700	0.01%
TXIX and TXXI Medicaid Federal Grant Awards – AHCCCS Fund	1,588,729,371	67.75%
Non TXIX General Fund	98,001,137	4.18%
Substance Abuse Services Fund	2,250,200	0.10%
Federal Grant Funds	60,915,764	2.6%
County Funds	60,243,175	2.57%
SMI Housing Trust Fund	569,155	0.02%
Other (1)	267,375	0.01%
<b>Total</b>	<b>2,344,672,606</b>	<b>100.00%</b>

**Table 2: Statewide Expenditures by Program FY 2017**

<b>Total Behavioral Health Services Expenditures by Program FY 2017</b>		
<b>Funding</b>	<b>Amount Paid</b>	<b>Percentage</b>
Traditional Medicaid Services	1,150,212,984	49.06%
Proposition 204 Services	720,697,332	30.74%
ACA Adult Expansion	79,004,313	3.37%
CMDP	172,511,172	7.36%
Non TXIX Child	7,451,372	0.32%
Non TXIX SMI	145,234,760	6.19%
Non TXIX GMH/SA	43,540,893	1.86%
Non TXIX Crisis	16,332,629	0.69%
Non TXIX Prevention	9,687,151	0.41%
<b>Total</b>	<b>2,344,672,606</b>	<b>100.00%</b>

Source Data: AFIS

During FY 2017, behavioral health recipients received behavioral health services as depicted in the following table. Table 5 provides information on the number of clients who were served under the following assumptions:

1. Client eligibility is broken out into TXIX/TXXI and Non-TXIX.
2. Client behavioral health category is broken out by Seriously Mentally Ill (SMI) and General Mental Health/Substance Abuse (GMH/SA).
3. Children are less than 18 years of age. Adults with behavioral health category SMI and GMH/SA are 18 years of age or older.
4. BHS "Served" in this report means that the client had at least one service encounter submitted by any Health Plan within the reporting time frame as reflected in PMMIS (Health Plans have up to 240 days to submit an encounter).
5. Encounters for TXIX/TXXI consumers were included only if they have been approved at AHCCCS (Encounter-Status = "AP") or it was classified with a Non-TXIX encounter service code.
6. Includes fee-for-service claims submitted by Tribal Regional Behavioral Health Authorities (TRBHA) entities that were processed by AHCCCS.

**Table 5: Clients Served in FY 2017**

<b>Clients Served in FY 2017</b>		
<b>Note: The term "served" defined as clients that had at least one encounter in FY 2017</b>		
<b>Eligibility</b>	<b>BH Category</b>	<b>Count</b>
TXIX/TXXI	CHILD	657,176
	GMH /SA	416,264
	SMI	30,765
	<b>Total</b>	<b>1,104,205</b>
NON-TXIX	CHILD	3,048
	GMH /SA	16,720
	SMI	14,375
	<b>Total</b>	<b>34,143</b>
All Eligibilities	CHILD	660,224
	GMH /SA	432,984
	SMI	45,140
	<b>Total</b>	<b>1,138,348</b>

**All data sources are effective as of month-November 2017 (unless otherwise noted).**