



Office of the Director

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JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

October 13, 2009

Dear Arizonan,

All of us that serve you in state government have been facing unprecedented challenges over the past several months, just as many of you have been facing economic challenges in your personal lives. Some of the challenges that you have been facing are a result of budget reductions that have been occurring at all levels of government, including State government.

Unfortunately, State revenues have continued to decline since our initial budget reductions in February 2009, and we needed to make additional spending reductions as a result of the 2010 Fiscal Year budget that was passed and signed into law in early September.

Our budget reduction in February 2009 was approximately \$30M, and the Department implemented reductions in a number of programs and services in early 2009 to balance our budget. Our most recent budget reduction was also approximately \$30M, bringing the total reductions during 2009 of more than \$60M.

Our management team has spent a great deal of time and effort to do our very best to make our budget reductions in a thoughtful way in an effort to preserve the most essential elements of Arizona's public and behavioral health systems. We recognize that budget reductions of this magnitude will have real effects on real people like you, and we have done our very best to try to minimize the impacts to the people that we serve to the extent possible.

The attached tables display the portions of our budget that we have reduced in order to balance our budget. I have also attached a table and bar chart that help put these budget reduction options in perspective.

On the bar chart, you will see that, since FY 2009, the Department's public health line item budget has been reduced by 70%, and our operations (staffing) funding has been reduced by more than 25%. Because of increasing behavioral health treatment costs and rising caseloads, our budget for behavioral health treatment services has increased by 18%. Our overall budget has been reduced by approximately 8% since FY 2009.

We recognize that the difficult budget decisions that we made will have real impacts on real people. Regardless of whether you agree with the ultimate decisions that we made to reduce our budget, I want you to know that our goal was to minimize the overall impact that the reductions will have on the services that we provide for Arizonans and protecting, to the extent possible, the long-term health of Arizona's public health and behavioral health systems.

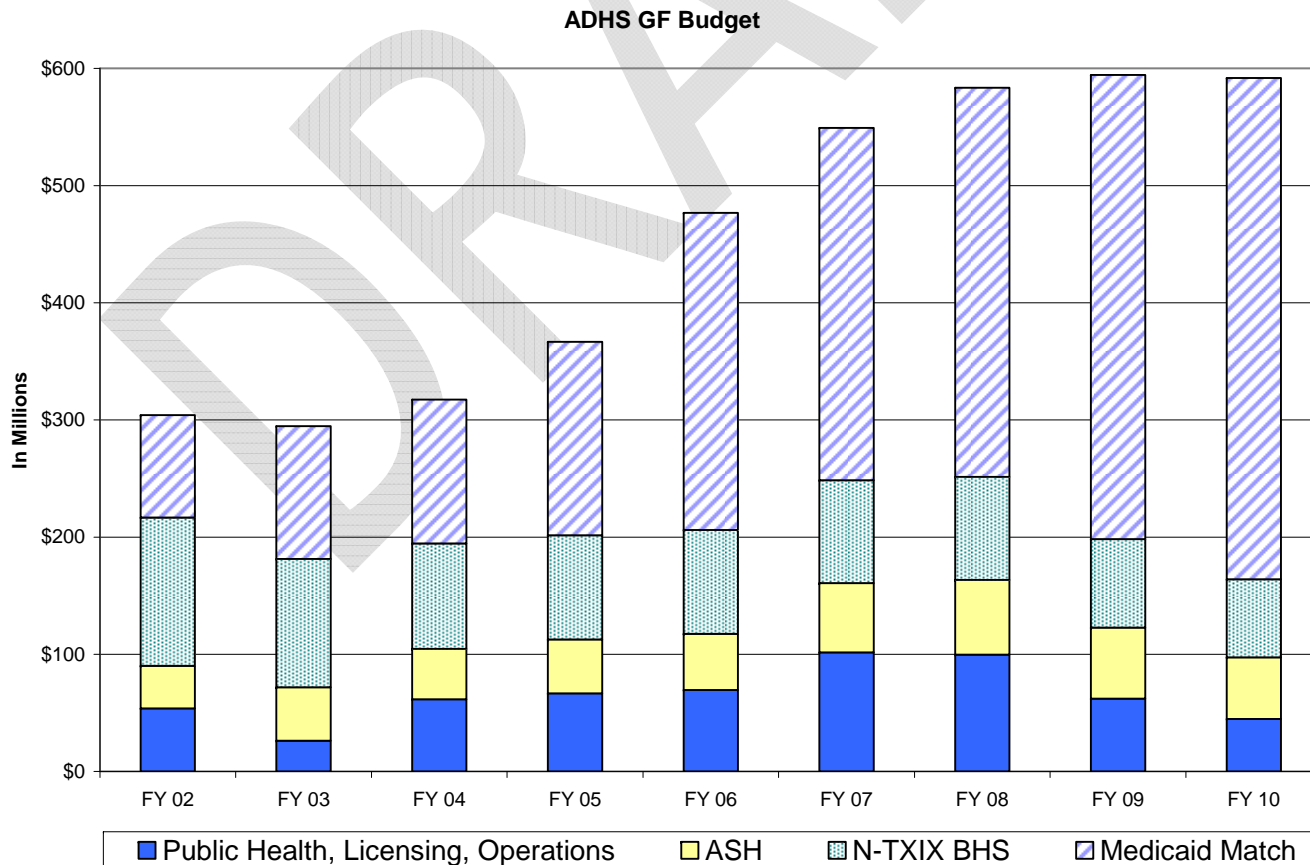
Sincerely,

A handwritten signature in dark ink, appearing to read "W. Humble", written over a light blue horizontal line.

Will Humble
Interim Director

Arizona Department of Health Services General Fund Budget Reduction Summary

- (\$51,148,400) - FY 2009 – FY 2010 Reductions
- (8%) - Percent of total budget reduced since FY 09
- (25%) - Percent **decrease** of Operations' Funding in FY 09 and FY 10
- (70%) - Percent **decrease** of Public Health Special Line Items since FY 09
- 18% - Percent **increase** in Behavioral Health treatment services



ARIZONA DEPARTMENT OF HEALTH SERVICES
 FY 2010 GENERAL FUND REDUCTION DRAFT
 9/22/2009

DESCRIPTION	DRAFT FY 2010 REDUCTIONS	Estimated Impact
AGENCYWIDE OPERATING	(3,405,524)	Reduces agency-wide support services by 20-35 percent; closes the Adolescent Treatment Unit at the State Hospital
ATTORNEY GENERAL SERVICES	(23,694)	Reduces 6 percent of Attorney General services at the Department
ASSURANCE AND LICENSURE	(703,937)	Continues holding 25 surveyor positions unfilled - delaying surveys and complaint investigations – see below for impact of additional \$600K if appropriation not restored
LABORATORY SERVICES	(33,863)	Continues personnel savings through hiring freeze
CHILDREN'S REHAB SERVICES	(2,815,600)	Suspends remaining state-only program, requiring participants to pay full cost of treatment and administration
ADULT SICKLE CELL ANEMIA	(25,554)	Suspends remaining funding for program manager position and shifts limited outreach to federal grant
HIGH RISK PERINATAL	(1,400,000)	Reduces approximately 8,800 home visits to newborns previously in Intensive Care
COUNTY PRENATAL SERVICES	(783,600)	Suspends remaining grants to counties for prenatal services for 19,000 individuals
SENIOR FOOD PROGRAM	(75,045)	Suspends remaining funding for seniors' farmers market - enough federal money to keep program for one more year
TB PROVIDER CARE AND CONTROL	(376,708)	Reduces county contracts for tuberculosis care by an additional 40 percent
VACCINES	(1,497,571)	Final shift of remaining vaccines to federal funding through Federally Qualified Health Centers
AIDS REPORTING AND SURVEY	(125,000)	Suspends remaining HIV surveillance contracts with Maricopa and Pima County
ASIIS	(152,577)	Reduces funding for immunization information system - will negatively reflect database programming and queries
HEPATITIS C SURVEY	(157,110)	Suspends remaining surveillance and information program
DIABETES PREVENTION	(63,527)	Suspends remaining county grants for diabetes prevention
COMMUNITY HEALTH CENTERS	(1,881,400)	Program now funded through ARRA money (reduction includes GF and Tobacco Funding)
TELEMEDICINE	(208,000)	Suspends remaining retinal and podiatry screenings
LOAN REPAYMENT	(38,570)	Suspends remaining provider loan repayment funds
DIRECT GRANTS	(345,225)	Suspends remaining rural county grants for public health personnel

REIMBURSEMENT TO COUNTIES	(50,925)	Suspends remaining matching funding to rural counties for public health
POISON CONTROL CENTERS	(560,000)	Reduces contracts to both Maricopa and UofA call centers
TERATOGEN	(35,000)	Suspends remaining contract with UofA for teratogen services
DUAL ELIGIBLE PART D COPAY	(466,792)	Suspends remaining Medicare Part-D copayments to RBHAs
SUBSTANCE ABUSE NON TXIX	(6,045,951)	Program will now focus on crisis services only
GENERAL MENTAL HEALTH NON TXIX	(200,000)	Suspends all non-crisis services for adults who do not qualify for Medicaid
ACPTC (Sexually Violent Persons)	(598,638)	Continues holding positions unfilled and reduces contracts for housekeeping and engineering
ELECTRONIC MEDICAL RECORDS	(168,233)	Suspends remaining program at State Hospital
COMMUNITY PLACEMENT TREATMENT	(3,263,170)	Suspends remaining placement funding provided to RBHAs
OTHER FUNDS	(2,515,700)	
Total	(28,016,914)	

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