

**Pima County FY 2005/06 Recommended Budget**

**Pima Health System & Services – Enterprise Fund**

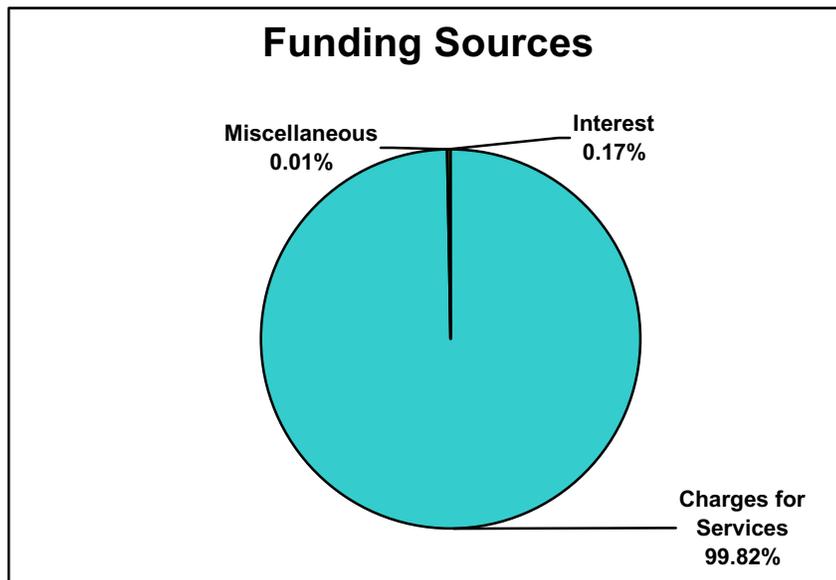
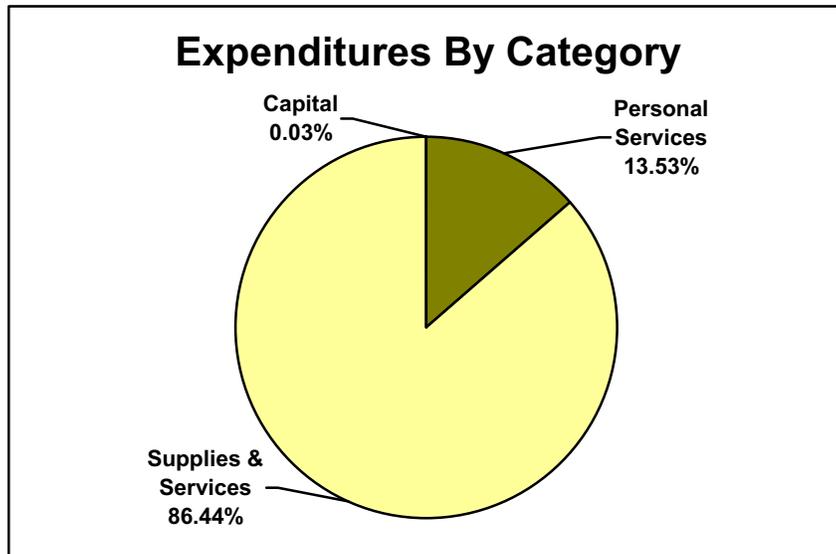
Revenue \$265,168,568  
Expenditures 264,804,777  
Net Transfers \_\_\_\_\_ 0

Function Statement: Operate an acute health plan and an ambulatory health plan for the Arizona Health Care Cost Containment System (AHCCCS), and administer a long term care program for the Arizona Long Term Care System (ALTCS).

Fund Impact \$ 363,791

Pima Health System & Services also operates Pima Health System Grants (an enterprise fund).

FTEs 939.9



**Recommended Budget Summary - Enterprise Fund**

	<b>Total Expenditures</b>	<b>Total Revenues</b>	<b>Operating Transfers</b>	<b>Net Fund Impact</b>
<b>FY 2004/05 Adopted</b>	238,597,365	240,131,891	(3,000,000)	(1,465,474)
Cost of FY 2004/05 Salary Adjustments	1,090,177			(1,090,177)
Former Kino Employees	1,333,416			(1,333,416)
Other Growth Related FTEs Requested (6.3)	258,041			(258,041)
Miscellaneous Personal Services Adjustments	1,152,454			(1,152,454)
Increase in Medical Professional Services	12,111,175			(12,111,175)
Decrease in Self Insurance Reserve Premium	(46,057)			46,057
Increase in Administrative Overhead	714,968			(714,968)
Increase in Leases and Rentals	270,545			(270,545)
Increase in Lab and X-ray Services	3,206,514			(3,206,514)
Decrease in Depreciation	(16,289)			16,289
Miscellaneous Supplies and Services Adjustments	5,652,874			(5,652,874)
Decrease in Capital	(34,900)			34,900
Increase in AHCCCS Premium Tax	514,494	514,494		0
Increase in Enrollment/Rates		24,532,660		24,532,660
Increase in Interest Revenue		82,954		82,954
Miscellaneous Revenue Adjustments		(93,431)		(93,431)
Change in FY 2005/06 ALTCS Equity Transfer			3,000,000	3,000,000

**Supplemental Requests**

None submitted 0

<b>Total Recommended Budget</b>	264,804,777	265,168,568	0	363,791
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<b>Full Time Equivalents (FTEs)</b>	939.9
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**Comments/Issues**

Effective fiscal year 2002/03, the Pima Health System, Posada del Sol, and Pima Home Health were reorganized and consolidated into Pima Health System & Services.

The department was awarded a 5-year AHCCCS Ambulatory contract effective October 1, 2003. The contract provides for the possibility of a capitation adjustment each year of the contract.

The department is projecting an increase in capitation rates over fiscal year 2004/05 budgeted rates of 9.5 percent for AHCCCS Ambulatory and 7.1 percent for ALTCS, effective October 1, 2005. The rising cost of medical services and increased membership necessitate the increase in expenditures and revenues for fiscal year 2005/06.

**Pima County FY 2005/06 Recommended Budget**

**Pima Health System & Services**

The fiscal year 2004/05 \$3,000,000 budgeted operating transfer to the General Fund for the ALTCS contribution will not occur, because Pima Health System & Services does not have sufficient net assets available to cover both the AHCCCS reserve requirements and the transfer for the ALTCS contribution.

During June of fiscal year 2003/04, the outside housekeeping services contract for Posada del Sol was terminated, and the housekeeping services were transferred to 17 former Kino janitorial staff employees.

Following the transfer of Kino Community Hospital to University Physicians, Incorporated (UPI), the former Kino employees who wanted to continue as County employees were assigned to various County departments, and for fiscal year 2004/05, the funding for these employees was budgeted in a transition fund. As of July 1, 2005, the remaining former Kino employees will be assigned to vacant County positions or positions that were created during the fiscal year 2005/06 budget process. The funding for these employees was added to the budget of the department to which they will be assigned on July 1, 2005. The \$1,333,416 for former Kino employees that was added to the Pima Health System & Services requested budget includes funding for 31.4 new FTEs.

Recommended revenue sources:

Health Fees	264,694,314
Interest	457,954
Miscellaneous Fees and Cost Recovery	16,300
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	265,168,568

Recommended capital expenditures:

Replacement Computer Equipment	55,000
Network Cable Tester	3,600
Servers - 3	7,500
Network Switches - 3	12,000
MDI Software for Posada del Sol	30,000
Battery Backup System	7,381
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	115,481

Note: Due to accounting rules for enterprise funds, Pima Health System & Services' recommended budget reflects only annual depreciation costs of capital items that cost \$5,000 or more. The Department Requested column, on the Summary by Account Department Report, shows all requested capital purchases for informational purposes only. The total expense in this column will be different from the total expense on other tables, by the amount of the requested capital items that cost \$5,000 or more.

The department submitted no requests for supplemental funding.

**Five Year History of Expenditures and Revenues - Enterprise Fund**

	FY 2001/02 Actual	FY 2002/03 Actual	FY 2003/04 Actual	FY 2004/05 Projected	FY 2005/06 Recommended
<b>Expenditures</b>	146,246,252	165,386,719	211,524,162	253,394,791	264,804,777
<b>Revenues</b>	152,097,867	167,280,137	205,697,497	253,957,731	265,168,568
<b>Transfers In/(Out)</b>	(4,643,211)	(5,000,000)	(3,500,000)	0	0

Effective fiscal year 2002/03, Pima Health System, Posada del Sol, and Pima Home Health were reorganized and consolidated into Pima Health System & Services. Historical information included here is presented in a consolidated format.

**Funding Summary By Department - Enterprise Fund**

	FY 2004/05 Adopted	FY 2005/06 Department Base Request	FY 2005/06 Department Supplementals	FY 2005/06 Department Total Request	FY 2005/06 Administrator Recommended
<b>Expenditures</b>					
Personal Services	31,998,507	35,832,595	0	35,832,595	35,832,595
Supplies & Services	206,485,858	228,894,082	0	228,894,082	228,894,082
Capital	113,000	115,481	0	115,481	78,100
<b>Total Expenditures</b>	238,597,365	264,842,158	0	264,842,158	264,804,777
<b>Revenues</b>					
Charges For Services	239,647,160	264,694,314	0	264,694,314	264,694,314
Interest	375,000	457,954	0	457,954	457,954
Miscellaneous	109,731	16,300	0	16,300	16,300
<b>Total Revenues</b>	240,131,891	265,168,568	0	265,168,568	265,168,568
Transfers In/(Out)	(3,000,000)	0	0	0	0
Fund Balance Decr/(Incr)	1,465,474	(326,410)	0	(326,410)	(363,791)
<b>Total Funding</b>	238,597,365	264,842,158	0	264,842,158	264,804,777

### SUMMARY BY ACCOUNT

Department Name: PIMA HEALTH SYSTEM & SERVICES

ACCOUNT NAME	2003/04	2004/05		2005/06	
	ACTUAL	ADOPTED	YTD THRU FEB 28, 2005	DEPARTMENT REQUESTED	RECOMMENDED
<b>EXPENDITURE ACCOUNTS -</b>					
SALARIES & WAGES	18,296,811	18,951,861	12,739,313	22,106,226	22,106,226
OVERTIME	666,750	0	451,987	12,600	12,600
ON-CALL PAY	11,304	0	9,081	20,748	20,748
SHIFT DIFFERENTIAL	130,541	133,007	102,712	147,355	147,355
TEMPORARY HELP	6,359,490	6,457,458	4,203,914	5,955,190	5,955,190
HOLIDAY PAY	338,661	533,516	269,706	547,060	547,060
BUDGETED PERSONAL SVCS REDUCTION	0	0	0	(5,208)	(5,208)
BUDGETED BENEFITS	5,637,136	5,838,465	3,875,370	6,961,412	6,961,412
SALARY REDUCTION	(462,478)	(7,317,879)	0	(8,851,666)	(8,851,666)
INTERDEPARTMENTAL SALARIES	472,207	7,402,079	23,666	8,938,878	8,938,878
OVERHEAD REDUCTION	0	0	(14,307)	0	0
<b>** OBJECT TOTALS FOR:</b>					
PERSONAL SERVICES	31,450,422	31,998,507	21,661,442	35,832,595	35,832,595
OFFICE SUPPLIES	99,893	138,313	68,803	145,000	145,000
BOOKS/SUBSCRIPTIONS/VIDEO	22,875	8,750	24,032	56,687	56,687
SOFTWARE / SOFTWARE LICENSES <\$1,000	49,136	11,545	193	243,242	243,242
FOOD SUPPLIES	380,873	390,000	238,837	390,000	390,000
FOOD PREPARATION SUPPLIES	36,236	43,000	25,852	45,000	45,000
DRUGS & PHARMACEUTICALS	161,562	139,400	58,958	72,780	72,780
MEDICAL & LAB SUPPLIES	520,566	573,042	385,349	714,862	714,862
FUEL, OIL, LUBRICANTS	645	0	361	0	0
CHEMICALS	20,534	0	12,148	0	0
HOUSEHOLD/INDUSTRIAL SUPPLIES	51,022	43,971	77,987	166,186	166,186
CLOTHING/UNIFORMS/SAFETY	145	0	0	0	0
RECREATIONAL/ARTS & CRAFT	0	3,200	1,310	3,600	3,600
FILM, MAPS, BLUEPRINTS	37	0	20	0	0
OTHER OPERATING SUPPLIES	45,269	0	24,134	0	0
REPAIR & MAINTENANCE SUPPLIES	58,656	0	27,514	0	0
SMALL TOOLS & OFFICE EQUIP < \$1,000	128,914	126,700	102,084	65,000	65,000
COURT REPORTERS	261	0	1,524	0	0
EXPERT WITNESSES & INTERPRETERS	744	0	210	0	0
NON MEDICAL PROFESSIONAL SERVICES	232,600	562,425	169,181	236,951	236,951
MEDICAL PROFESSIONAL SERVICES	22,233,224	33,669,958	30,059,512	45,781,133	45,781,133
LAB & X-RAY SERVICES	7,551,834	8,889,963	2,109,106	12,096,477	12,096,477
SECURITY	35,841	38,000	23,495	35,500	35,500
TELEPHONE/VOICE/DATA TELECOMMUNICATION	254,525	243,000	207,386	413,000	413,000
INTERNET SERVICE	2,641	0	706	0	0
POSTAGE & FREIGHT	113,361	157,500	103,980	122,000	122,000
MILEAGE REIMBURSEMENT	213,262	205,250	144,713	451,444	451,444

### SUMMARY BY ACCOUNT

Department Name: PIMA HEALTH SYSTEM & SERVICES

ACCOUNT NAME	2003/04	2004/05	YTD THRU	2005/06	
	ACTUAL	ADOPTED	FEB 28, 2005	DEPARTMENT REQUESTED	RECOMMENDED
IN-STATE TRAVEL	6,436	9,200	2,138	15,100	15,100
IN-STATE TRAINING	5,065	0	1,798	0	0
OUT-OF-STATE TRAVEL/TRAINING	440	0	0	0	0
MOTOR POOL	40,446	43,600	25,820	47,500	47,500
ADVERTISING	61,009	153,500	60,485	135,873	135,873
PRINTING AND MICROFILMING	275,574	190,200	126,855	214,640	214,640
PROPERTY DAMAGE INS. PREMIUM	24,945	0	15,416	0	0
MALPRACTICE INSURANCE PREMIUM	149,923	183,735	90,508	116,024	116,024
OTHER INSURANCE	31,052	0	1,395	21,654	21,654
ELECTRICITY	266,080	280,000	178,653	288,000	288,000
NATURAL GAS	36,128	19,000	18,269	24,000	24,000
WATER & SEWER	49,616	50,000	30,542	55,000	55,000
REFUSE/SEWAGE DISPOSAL/RECYCLING	5,493	7,500	996	4,000	4,000
LEASES & RENTALS	909,330	873,088	624,849	1,143,633	1,143,633
SUPPLIES & SERVICES REDUCTION	(499,703)	(4,871,824)	0	(5,694,332)	(5,694,332)
INTERDEPT. SUPPLIES & SERVICES	432,543	4,869,011	4,223	5,676,333	5,676,333
R&M MACHINERY & EQUIPMENT	476,504	87,500	21,356	130,864	130,864
R&M RENEWAL SOFTWARE AGREEMENTS	0	499,160	394,606	707,852	707,852
R&M BUILDINGS & GROUNDS	934,451	305,000	382,639	355,000	355,000
PATIENT TRANSPORTATION	3,647,267	5,619,487	2,806,640	5,874,293	5,874,293
NURSING HOMES	60,788,458	54,143,017	40,173,845	56,382,167	56,382,167
OUTSIDE HOSPITAL/CLINICS	28,028,369	39,517,481	28,025,359	41,084,702	41,084,702
OTHER SUPPORT/CARE	46,557,215	51,854,184	31,982,607	52,652,289	52,652,289
OTHER INTEREST CHARGES	112,104	54,000	0	52,953	52,953
INVESTIGATIVE EXPENSES	9,170	10,000	10,603	16,000	16,000
DUES AND MEMBERSHIPS	7,375	9,450	11,662	12,950	12,950
EDUCATION COSTS	1,419	0	907	0	0
LAUNDRY & LINEN SERVICES	185,926	175,000	105,365	148,000	148,000
ADMINISTRATIVE OVERHEAD	1,879,883	2,150,691	1,433,794	2,865,659	2,865,659
OTHER MISCELLANEOUS CHARGES	3,183,434	4,770,273	2,419,108	5,301,767	5,301,767
DEPRECIATION EXPENSE	186,554	239,588	0	223,299	223,299
<b>** OBJECT TOTALS FOR:</b>					
SUPPLIES & SERVICES	180,007,162	206,485,858	142,817,833	228,894,082	228,894,082
FIXED EQUIP \$1,000 - \$4,999	3,426	0	0	0	0
MAINT/CONSTRUCT EQUIP \$1,000-\$4,999	0	0	7,682	0	0
INTERDEPARTMENTAL CAPITAL	0	113,000	0	78,100	78,100
CAPITAL REDUCTION	0	(113,000)	0	(78,100)	(78,100)
OFF MACH/COMPUTER \$1,000 - \$4,999	54,792	113,000	1,958	78,100	78,100
KITCHEN & LAUNDRY EQUIP \$1,000 - \$4,999	5,515	0	0	0	0
MEDICAL & LAB EQUIP \$1,000 -\$4,999	2,845	0	3,560	0	0

### SUMMARY BY ACCOUNT

Department Name: PIMA HEALTH SYSTEM & SERVICES

ACCOUNT NAME	2003/04	2004/05		2005/06	
	ACTUAL	ADOPTED	YTD THRU FEB 28, 2005	DEPARTMENT REQUESTED	RECOMMENDED
SOFTWARE/OFF MACH (\$5,000 OR MORE)	0	0	25,621	37,381	0
MEDICAL & LAB EQUIP (\$5,000 OR MORE)	0	0	10,835	0	0
OTHER MACH & EQUIP (\$5,000 OR MORE)	0	0	7,744	0	0
<b>** OBJECT TOTALS FOR:</b>					
CAPITAL OUTLAY	66,578	113,000	57,400	115,481	78,100
<b>*** TOTAL: EXPENDITURE ACCOUNTS -</b>	<b>211,524,162</b>	<b>238,597,365</b>	<b>164,536,675</b>	<b>264,842,158</b>	<b>264,804,777</b>
<b>REVENUE</b>					
FEDERAL REVENUE	47,967	0	0	0	0
<b>** OBJECT TOTALS FOR:</b>					
INTERGOVERNMENTAL	47,967	0	0	0	0
HEALTH FEES	205,256,774	239,647,160	167,755,831	264,694,314	264,694,314
<b>** OBJECT TOTALS FOR:</b>					
CHARGES FOR SERVICES	205,256,774	239,647,160	167,755,831	264,694,314	264,694,314
INTEREST	339,616	375,000	296,070	457,954	457,954
<b>** OBJECT TOTALS FOR:</b>					
INTEREST	339,616	375,000	296,070	457,954	457,954
OTHER MISCELLANEOUS REVENUE	53,140	109,731	30,817	16,300	16,300
<b>** OBJECT TOTALS FOR:</b>					
MISCELLANEOUS	53,140	109,731	30,817	16,300	16,300
<b>*** TOTAL: REVENUE</b>	<b>205,697,497</b>	<b>240,131,891</b>	<b>168,082,718</b>	<b>265,168,568</b>	<b>265,168,568</b>

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## PIMA HEALTH SYSTEM GRANTS

Expenditures: 4,307,830

Revenues: 4,307,830

FTEs: 0.0

**Function Statement:** Obtain grant funding for Community Services System direct client services. Manage and administer grant programs.

**Mandates:** None

### Funding Summary

Department	FY2004/05 Adopted	FY2005/06 Department Base Request	FY2005/06 Department Supplemental	FY2005/06 Department Requested	FY2005/06 Administrator Recommended
<b>Expenditures</b>					
SUPPLIES AND SERVICES	4,080,802	4,307,830	0	4,307,830	4,307,830
<b>Total Expenditures</b>	4,080,802	4,307,830	0	4,307,830	4,307,830
<b>Revenues</b>					
INTERGOVERNMENTAL	4,080,802	4,307,830	0	4,307,830	4,307,830
<b>Total Revenues</b>	4,080,802	4,307,830	0	4,307,830	4,307,830
<b>Total Transfers In/(Out)</b>	0	0	0	0	0
<b>Fund Balance Decrease/(Increase)</b>	0	0	0	0	0
<b>Total Funding</b>	4,080,802	4,307,830	0	4,307,830	4,307,830

### Five Year History of Expenditures and Revenues

	FY2001/02 Actuals	FY2002/03 Actuals	FY2003/04 Actuals	FY2004/05 Projected	FY2005/06 Recommended
<b>Expenditures</b>	4,220,859	5,004,159	5,355,653	4,080,802	4,307,830
<b>Revenues</b>	3,680,081	4,149,805	4,383,954	4,080,802	4,307,830
<b>Net Operating Transfers In/(Out)</b>	0	0	0	0	0

### SUMMARY BY ACCOUNT

Department Name: PIMA HEALTH SYSTEM GRANTS

ACCOUNT NAME	2003/04	2004/05	YTD THRU FEB 28, 2005	2005/06	
	ACTUAL	ADOPTED		DEPARTMENT REQUESTED	RECOMMENDED
<b>EXPENDITURE ACCOUNTS -</b>					
INTERDEPARTMENTAL SALARIES	22,268	0	0	0	0
** OBJECT TOTALS FOR:					
PERSONAL SERVICES	22,268	0	0	0	0
MEDICAL PROFESSIONAL SERVICES	23,690	0	26,837	48,951	48,951
OTHER SUPPORT/CARE	5,309,695	4,080,802	1,754,873	4,258,879	4,258,879
** OBJECT TOTALS FOR:					
SUPPLIES & SERVICES	5,333,385	4,080,802	1,781,710	4,307,830	4,307,830
*** TOTAL: EXPENDITURE ACCOUNTS -	5,355,653	4,080,802	1,781,710	4,307,830	4,307,830
<b>REVENUE</b>					
FEDERAL REVENUE	1,846,823	1,868,549	807,827	2,425,969	2,425,969
STATE REVENUE	2,484,128	2,212,253	992,938	1,881,861	1,881,861
** OBJECT TOTALS FOR:					
INTERGOVERNMENTAL	4,330,951	4,080,802	1,800,765	4,307,830	4,307,830
GENERAL GOVERNMENT FEES	53,003	0	0	0	0
** OBJECT TOTALS FOR:					
CHARGES FOR SERVICES	53,003	0	0	0	0
*** TOTAL: REVENUE	4,383,954	4,080,802	1,800,765	4,307,830	4,307,830

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