

**Arizona
Department of
Health Services**

Office of the Director

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JANET NAPOLITANO, GOVERNOR
SUSAN GERARD, DIRECTOR

JAN 24 2007

The Honorable Governor Janet Napolitano
Office of the Governor
1700 West Washington Street
Phoenix, Arizona 85007

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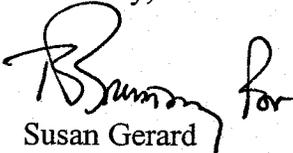
Dear Governor Napolitano:

The Department of Health Services wishes to inform you of the projected shortfall in Fiscal Year 2008 for the Title XIX populations for Behavioral Health Services.

The Department currently estimates the shortfall at \$9,909,500 in General Fund State Match for the Title XIX Behavioral Health population using actual data through December 2007. The FY 2008 appropriation for the state's match of TXIX Behavioral Health assumed a 1.5% caseload growth rate; however, actual data through December and updated forecasts now show a 6% caseload growth rate. The requested funding amount will require updates as more information becomes available in the coming months.

If you have any questions, please do not hesitate to call me. We appreciate your attention to this matter.

Sincerely,



Susan Gerard
Director

SG:tsg

- c: January Contreras, Policy Advisor for Health, Governor's Office
George Cunningham, Deputy Chief of Staff, Finance/Budget, Governor's Office
James Apperson, Budget Director, Office of Strategic Planning and Budgeting
Duane Huffman, Budget Analyst, Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Amy Upston, Fiscal Analyst, Joint Legislative Budget Committee
Senator Tim Bee, Senate President
Senator Robert Burns, Chairperson, Senate Appropriations Committee
Senator Carolyn Allen, Chairperson, Senate Health Committee
Representative James P. Weiers, Speaker of the House
Representative Russell Pearce, Chairperson, House Appropriations Committee
Representative Bob Stump, Chairperson, House Health Committee
Eddy Broadway, ADHS, Deputy Director, Behavioral Health Services