

February 2, 2026

The Honorable Katie Hobbs
Governor of Arizona
State Capitol
1700 West Washington
Phoenix, AZ 85007

The Honorable Warren Petersen
President, Arizona State Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable Steve Montenegro
Speaker, Arizona State House of Representatives
1700 West Washington
Phoenix, AZ 85007

Dear Governor Hobbs, President Petersen, and Speaker Montenegro:

In accordance with Laws 2022, Second Regular Session, Chapter 305, (ARS § 36-3432) Arizona Health Care Cost Containment System (AHCCCS) has completed a review of children who received behavioral health services during State Fiscal Year (SFY) 2024 (July 1, 2023 – June 30, 2024).

Sincerely



Virginia Rountree
Director

CC: Meaghan Kramer, Health Policy Advisor, Office of Governor

ARS § 36-3432

Annual Children's System Report

For The Period:

State Fiscal Year (SFY) 2024
(July 1, 2023 – June 30, 2024)

November 2025



ARS § 36-3432 Annual Children’s System Report

Background

The Arizona Revised Statute § 36-3432 requires the following:

System plan; annual report

The administration shall develop a plan for each fiscal year identifying the services, the estimated number of clients and an appropriations request for the purposes of systematic development and implementation of the comprehensive behavioral health service system for children. The plan shall be presented to the speaker of the house of representatives, the president of the senate and the governor on or before November 1 of each year.

In accordance with Laws 2022, Second Regular Session, Chapter 305, Arizona Health Care Cost Containment System (AHCCCS) has completed a review of children who received behavioral health services during State Fiscal Year (SFY) 2024 (July 1, 2023 – June 30, 2024).

This report is comprised of information related to children enrolled in AHCCCS and Fee-for-Service, which includes the Managed Care Organizations (MCOs), American Indian Health Program (AIHP), Arizona Complete Care with Regional Behavioral Health Agreements (ACC-RHBAs), and Tribal Regional Behavioral Health Authorities (TRBHAs). Youth who are uninsured or underinsured and identified with a Serious Emotional Disturbance (SED) receiving services funded by the Mental Health Block Grant (MHBG) are also included in this report. Members are identified by behavioral health category and age (under 18 years old) during SFY 2024.

System-wide fraudulent claims and encounter data impacts the information presented in this report for SFY 2024.

AHCCCS maintains a comprehensive, integrated, behavioral health service system for children, which includes:

1. Annual needs assessment and resource assessment conducted through actuarial review and evaluation of system expenditures and capitation rates annually¹.
2. Annual planning to develop policies, programs, and services in partnership with Managed Care Organizations², providers, tribal partners, and other system stakeholders.
3. Community education to increase public awareness of the needs of children, to include system of care trainings through National Wraparound Implementation Center beginning in 2024³.
4. Centralized and coordinated screening and intake⁴.

¹ <https://www.azahcccs.gov/shared/Downloads/Reporting/2024/AHCCCSAnnualBHReportSFY23.pdf>

² <https://www.azahcccs.gov/shared/Downloads/Reporting/2024/AHCCCSClinicalOversightReport2023.pdf>

³ <https://www.azahcccs.gov/Resources/Downloads/NationalWraparoundImplementationCenterWraparoundProcessUsersGuide2024.pdf>

⁴ <https://www.azahcccs.gov/shared/Downloads/MedicalPolicyManual/300/320-O.pdf>

ARS § 36-3432 Annual Children’s System Report

5. Coordinated case management⁵.
6. A continuum of treatment services⁶, which may include the following:
 - (a) Home-based services.
 - (b) Prevention and early intervention.
 - (c) Psychological evaluation and consultation.
 - (d) Ancillary support services.
 - (e) Crisis intervention.
 - (f) Outpatient counseling.
 - (g) Independent living services.
 - (h) Secure residential treatment services for children with serious emotional disturbance.
 - (i) Residential treatment services for children's substance abuse.
 - (j) Psychiatric hospitalization services.

The primary goal of the children’s behavioral health system is to provide a comprehensive continuum of care to support the child and family in the least restrictive, most effective manner. AHCCCS monitors qualitative and quantitative data related to the various aspects of the children’s system of care to ensure quality and efficacy of services, including the data in this report. AHCCCS monitors progress and implements system enhancements to support existing and forecasted needs based on the data, stakeholder and member feedback, and best practice standards.

Child Member Enrollment by Geographic Service Area and Eligibility Category

During SFY 2024, there were 224,716 child members aged 0-17 served under AHCCCS MCO and Fee-for-Service programs/providers. As represented in Table I below, the majority of the state’s child population were enrolled within the Central Geographic Service Area (GSA) consisting of Maricopa, Pinal, and Gila Counties.

⁵ <https://www.azahcccs.gov/shared/MedicalPolicyManual/#Ch500>; <https://www.azahcccs.gov/shared/Downloads/MedicalPolicyManual/500/580.pdf>

⁶ List found at Arizona Revised Statue § 36-3431.

ARS § 36-3432 Annual Children’s System Report

Table I – SFY 2024 Child Member Enrollment by Geographic Service Area and Eligibility Category

Number of Enrolled Children Aged 0-17 listed by GSA and Funding Source SFY 2024 ⁷								
Central	TXIX	142,005	TXXI	10,389	Non-TXIX/XXI	7,932	Total	156,461
North	TXIX	19,047	TXXI	1,187	Non-TXIX/XXI	1,051	Total	20,719
South	TXIX	44,685	TXXI	3,388	Non-TXIX/XXI	2,406	Total	48,916
Total	TXIX	204,483	TXXI	14,937	Non-TXIX/XXI	11,319	Total	224,716

During SFY 2024, the majority of enrolled child members were Title XIX and Title XXI (Medicaid funds). The remaining enrollees were Non-Title XIX/XXI. Services for Non-Title XIX/XXI members were funded using a combination of state, local, and federal block grant funds.

Number of Behavioral Health Children Served and Amounts Paid for Services by Geographic Service Area and Eligibility Category

The Medicaid and non-Medicaid behavioral health expenditures for SFY 2024 are provided in Table II below.

In this report, behavioral health services are defined as a service provided to an individual under the age of 18 with a primary behavioral health diagnosis or a pharmacy claim that is behavioral health related, as defined by AHCCCS clinical criteria. Expenditure data includes MCOs and Fee-For-Service (FFS) providers. Children may move across the various eligibility categories throughout the year, and amounts spent are reflected in Table II.

As represented in Table II, most of the state’s child population were enrolled within the Central Geographic Service Area (GSA) and were Title XIX and Non-Title XIX/XXI.

⁷ Children are counted in TXIX, TXXI, and NTXIX/XXI columns if they used services under either eligibility categories during SFY 2024. Distinct member count enrollment summaries for GSA and member populations are distinct in total. The statewide total will not equal the summation of the three GSAs due to members moving between GSAs during the year. As a result, individual child counts reported do not sum to the totals in the table.

ARS § 36-3432 Annual Children’s System Report

Table II – SFY 2024 Total Services and Amount Spent for Enrolled Children by GSA and Eligibility⁸

Number of Total Services to Enrolled Children Aged 0-17 SFY 2024 ⁹								
Central	NTXIX/XXI	153,303	TXIX	6,288,594	TXXI	133,577	Total	6,575,432
North	NTXIX/XXI	17,432	TXIX	735,693	TXXI	19,954	Total	773,076
South	NTXIX/XXI	42,805	TXIX	1,836,390	TXXI	51,472	Total	1,930,657
Total	NTXIX/XXI	213,540	TXIX	8,860,634	TXXI	205,003	Total	9,279,122
Amount Spent on Services for Enrolled Children Aged 0-17 SFY 2024								
Central	NTXIX/XXI	\$1,143,432	TXIX	\$881,890,362	TXXI	\$23,334,451	Total	\$906,368,244
North	NTXIX/XXI	\$1,850,138	TXIX	\$124,650,171	TXXI	\$2,785,208	Total	\$129,285,517
South	NTXIX/XXI	\$3,264,605	TXIX	\$259,742,496	TXXI	\$8,060,871	Total	\$271,067,972
Total	NTXIX/XXI	\$6,258,176	TXIX	\$1,266,283,028	TXXI	\$34,180,529	Total	\$1,306,721,733

Behavioral Health Service Utilization by Behavioral Health Service Type and Eligibility Category

Home-Based Services

Home-based services are described as services that are provided in the home rather than in offices or facility settings. These services are provided in partnership with the family and are trauma-focused and culturally appropriate. Home-based services are intended to restore, enhance, and/or maintain the child’s functioning to increase the child and family’s ability to effectively interact and care for the child in their own home environment. AHCCCS has engaged in a project with the University of Connecticut’s (UCONN) Innovation Institute to implement the best practices for serving children and families. UCONN’s Innovations Institute uses implementation science to implement multiple models of evidence-based practice in many states with nationally recognized models for guiding service delivery that promote children remaining in their homes and minimize or prevent use of higher level (and more costly) services such as inpatient and residential facilities. UCONN’s FOCUS model offers an empirically based, preventative level of care targeted at providing support and whole-family stabilization to children and families prior to the child needing intensive, high need, and/or crisis level intervention. UCONN’s Mobile Response Stabilization Services (MRSS) model offers mobile response and up to eight weeks of stabilization services for children, youth, and families to address urgent behavioral health needs to offset the need for more intensive services by determining needs and establishing connection to care before problems become more complex. The goal of MRSS implementation is to prevent unnecessary Emergency Department (ED)

⁸ Rounding to the nearest dollar may result in slight differences in totals.

⁹ Children are counted in TXIX, TXXI, and NTXIX/XXI columns if they used services under either eligibility categories during SFY 2024. Distinct member count enrollment summaries for GSA and member populations are distinct in total. The statewide total will not equal the summation of the three GSAs due to members moving between GSAs during the year. As a result, individual child counts reported do not sum to the totals in the table.

ARS § 36-3432 Annual Children’s System Report

visits, inpatient/residential placements, child welfare placement disruptions, and to improve outcomes for children and families while reducing overall system costs. UCONN’s research based Wraparound care coordination model is targeted at keeping children with complex behavioral health needs at home with their family as opposed to placements in residential level of care settings. UCONN is also assisting AHCCCS to analyze Arizona’s current care pathways and recommend intentional changes AHCCCS can make to improve the way children and families access the continuum of behavioral health services throughout the state. All three models are validated, supported by qualitative and quantitative research, and include programmatic strategies to ensure fidelity to each model while promoting the provision of excellent, responsive behavioral health services to children and their families. While not currently mandated for providers currently, AHCCCS is capitalizing on these models to enhance our ability to ensure that Arizona children and families are receiving the right services at the right time, in the least restrictive environment.

Children in Department of Child Safety and Adopted Children

Pursuant to A.R.S. 8-512.01, AHCCCS is required to report annually on a number of requirements to ensure easier access to behavioral health services for children in the legal custody of the Department of Child Safety (DCS) and adopted children who are Medicaid eligible under Title XIX or XXI. AHCCCS has taken steps to simplify members’ ability to access behavioral health care services by addressing the needs of children in out-of-home care known as Jacob’s Law. AHCCCS monitors grievances filed for members in the custody of DCS that do not receive services within the 21 days mandated by Jacob’s Law and require MCOs to address issues associated with behavioral health service delivery to members in the custody of DCS. Reporting for these efforts is provided to legislation as required by law¹⁰.

Home-based services represent an important function for these members; services provided, and amount paid are shown for SFY 2024 in Table III.

Table III - SFY 2024 Child Member Number of Services and Cost for Home-based Services by Eligibility Category¹¹

Number and Cost of Homebased Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	5,295	\$5,413	TXIX	46,448	\$4,899,449	TXXI	2,198	\$174,309	Total	53,940	\$5,079,170
North	NTXIX/XXI	103	\$11,700	TXIX	11,110	\$1,494,331	TXXI	329	\$38,866	Total	11,542	\$1,544,897
South	NTXIX/XXI	962	\$41,982	TXIX	27,651	\$2,306,071	TXXI	1,371	\$123,659	Total	29,984	\$2,471,712
Total	NTXIX/XXI	6,360	\$59,095	TXIX	85,209	\$8,699,850	TXXI	3,898	\$336,834	Total	95,466	\$9,095,779

Prevention and Early Intervention

Prevention and early intervention are imperative to minimizing the impact of any serious health condition, including behavioral health conditions. Recent evidence in the field of youth mental health suggests that half of all mental health disorders begin by age 14. The Children’s System of Care at AHCCCS supports and continues to pursue multiple integrated prevention and early intervention initiatives to promote positive outcomes for youth and

¹⁰ Legislative reporting can be found at <https://www.azahcccs.gov/Resources/Reports/state.html>.

¹¹ Rounding to the nearest dollar may result in slight differences in totals.

ARS § 36-3432 Annual Children's System Report

lifelong holistic wellbeing.

The children's system has prioritized advancement of behavioral health initiatives within schools, fostering a supportive environment that promotes the mental well-being and academic success of all students. The Behavioral Health in Schools program, in partnership with the Arizona Department of Education (ADE), has been instrumental in expanding mental health services for students across the state. In Contract Year 2023, the total number of students referred by schools for behavioral health services was 8,558¹². Of those referrals, 1,618 students received services covered by the CBHSF prior to the CBHSF fund exhaustion in May 2024. Services included individuals up to the age of 21.99 as was the requirement for an education institution to provide the referral including higher learning institutions recognized by the state. The top services provided included treatment services (assessment, evaluation and psychotherapy) (60.41%), case management (24.93%), rehabilitation (8.53%), and family support (2.29%). This growth highlights the demand for school-based mental health services and AHCCCS' critical role in addressing these needs.

Project AWARE, funded by the Substance Abuse and Mental Health Services Administration (SAMHSA), aims to increase mental health awareness, promote early intervention, and strengthen schools' ability to respond to students' mental health needs. Project AWARE I was implemented from October 1, 2018, through September 30, 2023. In its final quarter (July - September 2023), 1,336 individuals were trained in mental health-related practices. During this period, 374 students were referred to mental health services, with 84% successfully receiving services. Throughout the five-year initiative, a total of 22,084 individuals were trained in suicide prevention - well exceeding the original goal of 8,700. In total, 8,972 students were referred to mental health services, with 80% of those students accessing care.

Project AWARE II, which began October 1, 2021, is currently in its fourth year and will conclude on September 30, 2026. This phase builds on the foundation of Project AWARE I by expanding infrastructure and enhancing access to services. Project AWARE II launched while Project AWARE I was still active, allowing for a seamless transition and continued momentum. In Year 2, Quarter 4 (July - September 2023), Project AWARE II trained 1,105 individuals and facilitated 903 student referrals to mental health services, with 86% of those students receiving services. In Year 3 (October 2023 – June 2024), 4,472 individuals received training, and 1,879 students were referred for mental health services, with 80% successfully accessing care.

Together, the AHCCCS Behavioral Health in Schools program and Project AWARE initiatives have significantly expanded access to critical behavioral health services in Arizona schools. The combined efforts have increased awareness, reduced stigma, and improved school-based mental health services, creating a stronger support system for students. The partnerships and collaborative efforts between AHCCCS, ADE, and local education agencies have been key in developing sustainable mental health infrastructures that continue to serve thousands of students each year.

The TRBHAs have implemented prevention activities such as working in schools to provide youth life skills that teach children strategies for healthy decision making, coping and resilience. In addition, TRBHAs support early prevention programs for expectant mothers through the age of 5, offering

¹² Legislative reporting can be found at <https://www.azahcccs.gov/Resources/Reports/state.html>

ARS § 36-3432 Annual Children’s System Report

screenings, education and guidance to encourage healthy child development. These prevention efforts help strengthen families and communities by addressing needs early and promoting long-term wellbeing.

The Mental Health Block Grant (MHBG) assists in supporting mental health related ancillary services for uninsured and underinsured youth who are identified to have a Serious Emotional Disturbance (SED) or First Episode Psychosis (FEP) to fill gaps in access to care for our youth with high needs. The TRBHA MHBG funding provides critical support for tribal members by helping them obtain medications, counseling, assessments, evaluation and screenings, case management support services and transportation which helps ensure timely and comprehensive behavioral health care. During SFY2024, MHBG also supported the National Alliance on Mental Illness (NAMI), Arizona Chapter’s Ending the Silence initiative. Ending the Silence is a free, engaging presentation designed to help middle and high school students, families, and school staff understand mental health, recognize early warning signs, and know where to turn for help. Each presentation is led by two trained presenters: one shares essential mental health information, and the other is a young adult with lived experience who offers their personal story of recovery. Each session also includes time for open discussion and questions and answers.

Additionally, the Substance Use Block Grant (SUBG) provides for substance use prevention and early intervention services. The TRBHA SUBG funding supports personnel, project supplies, and culturally responsive activities—including traditional practices, relevant training courses, skill-building courses, and therapeutic services such as equine therapy and more—to enhance behavioral health services for tribal communities. In accordance with federal regulation, AHCCCS allocates and spends at least 20% of SUBG on primary prevention of substance use disorders. Primary prevention aims to address a problem behavior or health condition before it starts, by addressing its root causes that precede the problem behavior or health condition. Primary prevention involves a comprehensive approach to reducing the risk factors that contribute to the problem and increasing protective factors that protect against development of the problem. Some highlights of the SUBG prevention efforts implemented during SFY2025, include but are not limited to:

- PAXIS: Implementation of the evidence-based PAX Tools for human service providers, community education, youth workers, caregivers, as well as PAX Good Behavior Game (GBG) in schools. In the PAX system, the term “PAX” stands for “peace, productivity, health, and happiness,” and PAX is the trademark of PAXIS Institute’s version of the Good Behavior Game. PAXIS focuses on promoting positive mental health and preventing substance abuse through training adults who care for children to manage behavior in a trauma-informed manner that promotes social-emotional and self-regulation skills. The GBG is designed for students in elementary schools, fostering cooperation, self-regulation, and prosocial behaviors in a classroom, which enhances academic performance and reduces problematic behaviors. The tools lead to long-term positive outcomes in child development and school climate, mental health and substance misuse. The same strategies are implemented among human service providers, community education, youth workers, caregivers, just in different settings.
- Prevent Child Abuse Arizona Triple P Parenting Program: Activities in SFY 2024 focused on increasing access to evidence-based parenting support for at-risk families in Arizona. These efforts included coordinating Triple P training for providers, ensuring they received the appropriate training to meet the specific needs of their communities, and offering stipends to help implement Triple P with uninsured or underinsured families. Additionally, funding was provided for parent resource materials to support providers in delivering Triple P to families. Arizona’s continued investment in Triple P was reinforced by maintaining a community of practice and offering ongoing implementation support for the more than

ARS § 36-3432 Annual Children's System Report

500 Triple P practitioners in the state. Throughout the year, key activities included the hosting of four quarterly Triple P Community Advisors meetings to increase awareness and expand the program's reach, as well as 12 monthly Community of Practice meetings for all trained practitioners, supervisors, and organizational leads. The Positive Parenting AZ website served as a vital resource, with 1,627 new users visiting the site to access available courses and providers. The training efforts in SFY 2024 reached 55 new Arizona providers, expanding the program's ability to serve an estimated 3,020 families annually. Furthermore, 91 stipend-supported Triple P courses were delivered to 522 parents, helping them address behavioral challenges and family issues more effectively. The distribution of 61 orders for parent resource materials ensured that providers had the necessary tools to support their clients, with materials such as workbooks, booklets, and tip sheets distributed throughout the year. The impact of these efforts is evident in the continued growth and success of Triple P in Arizona, as demonstrated by positive feedback from partner organizations such as Family Service Aides, which have benefitted from the comprehensive support provided under the AHCCCS SUBG funding.

- 20 community-based prevention coalitions across the state were funded directly by AHCCCS to implement the six SAMHSA Center for Substance Abuse Prevention (CSAP) strategies of education, information dissemination, alternative activities, community-based process, problem identification and referral, and environmental strategies. 19 of these funded prevention coalitions focused on youth substance use prevention by offering evidence-based prevention programming such as Botvin's Life Skills, Too Good for Drugs, Rx360, Alcohol360, Keep a Clear Mind, Prevention Plus Wellness, Project ALERT, Students Against Destructive Decisions, and Operation Prevention.
- Substance Awareness Coalition Leaders of Arizona (SACLaz): Statewide alcohol, marijuana, and vaping prevention media campaign and toolkit implementation in schools. Over 30 coalitions participated in this project to help develop and disseminate materials addressing the top three substances used by youth. This adds to the pre-existing SACLaz toolkits on other substances such as counterfeit pills, fentanyl, and stimulants such as methamphetamines.
- The Trauma-Informed Substance Use Prevention Program (TISAPP) under the Governor's Office of Youth Faith and Family (GOYFF). The GOYFF also administers the SUBG prevention dollars to approximately 26 subrecipients who implement trauma-informed evidence-based prevention programs and practices. These programs focus on increasing protective factors and building resiliency, prevention education opportunities for youth and adults, trauma-informed prevention activities, life-skills training, marketing campaigns within the target community, partnering with community organizations and coalitions to improve participant outcomes.

The SUBG also covers treatment and recovery services, and it should be noted that prevention and early intervention services (not under the 20% primary prevention set aside) may also be provided in the clinical setting where individuals seek Substance Use Disorders (SUD) treatment. Although those services are not detailed here, they may be included in the NTXIX services reported in Table IV. This would include family-based treatment services that treat the family as a unit when a parent is in treatment for SUD and addressing the children's needs when a parent is in treatment.

Prevention and early intervention service category for members and services provided and amount paid are shown for SFY 2024 in the following Table IV.

ARS § 36-3432 Annual Children’s System Report

Table IV - SFY 2024 Child Member Number of Services and Cost for Prevention and Early Intervention Services by Eligibility Category¹³

Number and Cost of Prevention and Early Intervention Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	860	\$201	TXIX	4,891	\$268,869	TXXI	251	\$9,148	Total	6,002	\$278,217
North	NTXIX/XXI	33	\$1,029	TXIX	1,088	\$33,224	TXXI	14	\$387	Total	1,135	\$34,641
South	NTXIX/XXI	36	\$447	TXIX	1,096	\$15,141	TXXI	92	\$884	Total	1,224	\$16,472
Total	NTXIX/XXI	929	\$1,677	TXIX	7,075	\$317,234	TXXI	357	\$10,419	Total	8,361	\$329,330

Psychological Evaluation and Consultation

AHCCCS supports a comprehensive variety of behavioral health evaluation and consultation services for youth throughout the continuum of behavioral health care. AHCCCS adopted the Child and Adolescent Level of Care Utilization System (CALOCUS) in 2021 for use with children six to 18 years of age as a standardized assessment scoring tool to assist in the determination of the appropriate intensity of services needed by a child or adolescent and their family. The CALOCUS guides service planning and treatment outcome monitoring in all clinical and community-based settings. This tool identifies children with complex needs that are at-risk of being placed in an out-of-home placement. AHCCCS requires that behavioral health providers assign children with complex needs to high needs case management. The intention is to partner with the family in a team-approach and provide all the support and services needed to keep the child in their home with the family. This approach is more cost effective, and research has shown that it has better outcomes for children.

AHCCCS purchased provider training for the use of the Early Childhood Service Intensity Instrument (ECSII) in 2022 that ended in March 2024. ECSII is the stand-alone screening tool for assessment of children birth through five years of age for identification of infants and toddlers at the highest need for intervention. 414 providers throughout the state were trained in the use of this tool. The value of the ECSII lies in its ability to conduct evaluations of these risk and protective factors at the most critical years of brain development. ECSII use has provided an advanced pathway to intervention and treatment strategies that build the capacity of the parents and/or caregivers to support healthy child development. Use of the ECSII tool, in combination with use of the CALOCUS, grants providers guidance tools that ultimately offer a total life-span approach to assessment of need across all AHCCCS service delivery programs.

Beginning October 1, 2023, with funding through the MHBG American Rescue Plan Act of 2021 (ARPA), Solari was contracted to oversee the state SED determination process to standardize the process. From October 2023 through June 2024, 2,815 assessment packets were submitted to Solari from providers, with 83% determined SED.

Both the MHBG and SUBG support psychological evaluation and consultation that are provided in the clinical setting where individuals seek mental health and/or SUD treatment and include Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) and screening and assessments of SUD for youth aged 12-17 reporting in Table V.

¹³ Rounding to the nearest dollar may result in slight differences in totals.

ARS § 36-3432 Annual Children’s System Report

The psychological evaluation and consultation service category for members and services provided and amount paid are demonstrated for SFY 2024 in Table V below.

Table V - SFY 2024 Child Member Number of Services and Cost for Psychological Evaluation and Consultation by Eligibility Category¹⁴

Number and Cost of Psychological Evaluation and Consultation Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	7,940	\$59,111	TXIX	191,105	\$29,609,615	TXXI	12,361	\$1,625,960	Total	211,395	\$31,294,687
North	NTXIX/XXI	944	\$240,594	TXIX	17,115	\$3,969,702	TXXI	951	\$217,567	Total	19,010	\$4,427,863
South	NTXIX/XXI	2,822	\$460,826	TXIX	56,567	\$10,615,877	TXXI	3,176	\$556,101	Total	62,565	\$11,632,805
Total	NTXIX/XXI	11,706	\$760,531	TXIX	264,785	\$44,195,195	TXXI	16,488	\$2,399,629	Total	292,968	\$47,355,355

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ARS § 36-3432 Annual Children’s System Report

Ancillary Support Services

Ancillary Support Services include medical and nursing services, pharmacy services (including medication), and transportation services.

In partnership with the Center for Medicare and Medicaid Services (CMS), AHCCCS monitors the following performance metrics for children to monitor care:

Measure	Calendar Year 2022 Rate	Calendar Year 2023 Rate	FFY 2023 CMS Medicaid Median	CY 2022 Rate Above CMS Median	CY 2022 Rate & Median Difference	Year to Year Improvement	Year to Year Difference
Metabolic Monitoring for Children and Adolescents on Antipsychotics - Blood Glucose and Cholesterol Testing (Ages 1-17 Years)	40.8%	39.5%	32.3%	Yes	8.5%	No	-1.3%
Follow-Up After Emergency Department Visit for Mental Illness - 7 Days (Ages 6-17 Years)	68.1%	69.9%	51.5%	Yes	16.6%	Yes	1.8%
Follow-Up After Emergency Department Visit for Mental Illness - 30 Days (Ages 6-17 Years)	79.3%	80.2%	69.6%	Yes	9.7%	Yes	0.9%
Follow-Up After Emergency Department Visit for Substance Use - 7 Days (Ages 13-17 Years) ¹	37.4%	31.2%	22.8%	Yes	14.6%	No	-6.2%
Follow-Up After Emergency Department Visit for Substance Use - 30 Days (Ages 13-17 Years) ¹	48.1%	43.0%	33.7%	Yes	14.4%	No	-5.1%

Children and adolescents taking antipsychotic medications are at an increased risk for metabolic disorders such as high blood sugar, high cholesterol, and weight gain. As such, their metabolic health needs to be monitored to detect and manage potential complications. While the Metabolic Monitoring for Children and Adolescents on Antipsychotics – Blood Glucose and Cholesterol Testing measure did not demonstrate improvement from calendar year (CY) 2022 to CY 2023, Arizona continues to exceed the Federal Fiscal Year (FFY) 2023 CMS Medicaid Median national performance rate of 32.3% by 8.5 percentage points.

Follow-up services with a behavioral health care provider after a visit to the emergency department are associated with increased engagement in ongoing services, improved adherence to medications, and decreased suicide risk. Arizona’s measures for Follow-Up After Emergency Department (ED) Visit for Mental Illness (7 and 30 Day) demonstrated improvement in performance from CY 2022 to CY 2023 and Arizona exceeded the FFY 2023 CMS Medicaid Median national performance rates of 51.5% by 16.6 percentage points (7 Day) and 69.6% by 9.7 percentage points (30 Day).

Follow-up services with a behavioral health care provider after a visit to the emergency department related to a substance use disorder are additionally associated with a lower likelihood of overdose. While the Follow-Up After Emergency Department Visit for Substance Use (7 and 30 Day) measures did not demonstrate improvement from CY 2022 to CY 2023, Arizona exceeded the FFY 2023 CMS Medicaid Median national performance rates of 22.8% by 14.6 percentage points (7 Day) and 33.7% (30 Day) by 14.4 percentage points. Changes in calculation methodology pertaining to allowable provider

ARS § 36-3432 Annual Children's System Report

types may have contributed to the decline in these measure rates. Trends between the two measurement periods should be considered with caution due to revisions made by the measure steward for the eligible population criteria.

AHCCCS participated in a CMS affinity group from 2021-2023 to assist with the specific measures related to follow-up after emergency room visits. AHCCCS was able to affect change through its collaboration with two main children's providers to initiate care coordination with rapid response services to children in the ED to support follow-up care on the day of discharge from the ED. This system enhancement correlates with improvement with some measures and with further data collection in future years will solidify the importance of providing immediate and focused care coordination with children and their families following a crisis. Additionally, AHCCCS has included the Follow-Up After Emergency Department Visit for Mental Illness - 7 Day measure as a secondary measure for its AHCCCS Complete Care (ACC) Contractors under its Alternative Payment Model (APM) Withhold and Quality Measure Performance Incentive initiative to support continuous improvement efforts.

As noted in the above table, no corrective action was taken as all measures met the national benchmarks.

Ancillary support services (including medical/nursing services, pharmacy, and transportation) category for members and services provided and amount paid are demonstrated for SFY 2024 in Table VI below.

ARS § 36-3432 Annual Children’s System Report

Table VI - SFY 2024 Child Member Number of Services and Cost for variety of Ancillary Support Services by Eligibility Category¹⁵

Number and Cost of Medical and Nursing Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	2,333	\$4,637	TXIX	13,976	\$317,471	TXXI	638	\$12,870	Total	16,947	\$334,979
North	NTXIX/XXI	103	\$3,672	TXIX	1,683	\$51,490	TXXI	61	\$1,999	Total	1,847	\$57,161
South	NTXIX/XXI	326	\$4,815	TXIX	3,836	\$75,195	TXXI	166	\$3,437	Total	4,328	\$83,448
Total	NTXIX/XXI	2,762	\$13,124	TXIX	19,495	\$444,156	TXXI	865	\$18,307	Total	23,122	\$475,587
Number and Cost of Pharmacy Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	9,750	\$320,116	TXIX	266,984	\$25,867,087	TXXI	14,332	\$1,629,056	Total	291,066	\$27,816,259
North	NTXIX/XXI	429	\$18,388	TXIX	43,772	\$5,015,184	TXXI	2,091	\$165,965	Total	46,292	\$5,199,537
South	NTXIX/XXI	848	\$34,717	TXIX	100,972	\$10,224,090	TXXI	5,136	\$513,814	Total	106,956	\$10,772,621
Total	NTXIX/XXI	11,027	\$373,221	TXIX	411,728	\$41,106,361	TXXI	21,559	\$2,308,835	Total	444,314	\$43,788,417
Number and Cost of Transportation Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	862	\$363,263	TXIX	84,739	\$7,228,596	TXXI	2,076	\$293,151	Total	87,677	\$7,885,010
North	NTXIX/XXI	384	\$84,636	TXIX	32,118	\$2,890,342	TXXI	1,423	\$89,965	Total	33,925	\$3,064,944
South	NTXIX/XXI	81	\$102,371	TXIX	30,063	\$2,790,172	TXXI	782	\$91,570	Total	30,926	\$2,984,113
Total	NTXIX/XXI	1,327	\$550,270	TXIX	146,918	\$12,909,110	TXXI	4,281	\$474,686	Total	152,526	\$13,934,067

Crisis Intervention

AHCCCS Crisis team focuses on enhancing clinical and quality strategies within Arizona's Crisis System, overseeing crisis activities related to grant implementation that provide crucial Medicaid and Non-Medicaid support across child, adolescent, and adult initiatives. In SFY 2024, Arizona’s crisis lines served 20,989 individuals under the age of 18, accounting for approximately 13% of total overall call volume. The top reasons for children interacting with the crisis line during SFY 2024 were suicidal ideation (accounting for approximately 40% of call volume), followed by aggression/danger to others (at approximately 20% then social concerns at around 14%). Amongst children, substance abuse is the primary reason for calls to the crisis line in only around 1% of total interactions. During this same period, 15,149 mobile teams were dispatched in response to individuals under the age of 18,

¹⁵ Rounding to the nearest dollar may result in slight differences in totals.

ARS § 36-3432 Annual Children’s System Report

accounting for approximately 25% of mobile team demand. 14,602 youth were served in Crisis Stabilization Facilities, approximately 12% of total presentations. Some areas of the state, such as the Northern Geographic Service Area (GSA), did not have any Crisis Stabilization Facilities licensed to serve youth during this period.

Crisis service category for members and services provided and amount paid are shown for SFY 2024 in the following Table VII.

Table VII - SFY 2024 Child Member Number of Services and Cost for Crisis Service Category by Eligibility Category¹⁶

Number and Cost of Crisis Intervention Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	80,047	\$197,189	TXIX	958,608	\$48,473,040	TXXI	46,695	\$2,106,612	Total	1,085,341	\$50,776,841
North	NTXIX/XXI	7,027	\$361,111	TXIX	124,189	\$7,892,661	TXXI	5,750	\$348,853	Total	136,966	\$8,602,625
South	NTXIX/XXI	21,785	\$830,964	TXIX	355,707	\$19,232,247	TXXI	16,048	\$844,329	Total	393,537	\$20,907,540
Total	NTXIX/XXI	108,859	\$1,389,263	TXIX	1,438,494	\$75,597,949	TXXI	68,493	\$3,299,793	Total	1,615,834	\$80,287,006

Outpatient Counseling

The AHCCCS Children’s System is committed to the enhancement of the children’s system through programmatic monitoring, system enhancements, access to care, and advocacy. AHCCCS provides Behavioral Health Practice Tools specific to the children’s population as policies in our Coordination of Care chapter. Expectations outlined in these policies are required and enforceable as policy. These policies are operational for providers and provide clear expectations and monitoring of those expectations by managed care organizations and AHCCCS. As an example, AMPM Policy 580 Child and Family Team (CFT) outlines requirements of CFT practice to include Arizona’s vision for children built on the 12 Guiding Principles. AHCCCS continues collaborations with the Workforce Development Alliance for training to ensure the fidelity of CFT practice. CFT Champion Train the Trainer and CFT Supervisor Train the Trainer modules are approved by AHCCCS and sponsored by the ACC/RBHA Workforce Development Alliance that address the 12 Guiding Principles, case management best practices, collaboration with other system partners, family involvement, member voice and choice, cultural considerations, and Social Determinants of Health (SDoH). All staff that facilitate CFT practice are required to take the CFT training. Additionally, supervisors are required to take training that builds their skills on coaching CFT facilitators to practice fidelity of the model.

In SFY 2024, the federal Mental Health Block Grant (MHBG) issued to states by the Substance Abuse and Mental Health Services Administration (SAMHSA) on an annual basis played a pivotal role in supporting Arizona’s youth who are uninsured or underinsured and identified with Serious Emotional Disturbance (SED), as well as those experiencing the early stages of psychosis. This support was made possible through a combination of traditional block grant funding and supplemental allocations from the American Rescue Plan Act (ARPA) and the Bipartisan Safer Communities Act (BSCA). Through traditional MHBG funding, youth received essential behavioral health services including crisis intervention, case management,

¹⁶ Rounding to the nearest dollar may result in slight differences in totals.

ARS § 36-3432 Annual Children's System Report

counseling, and medication support. These foundational services ensured that vulnerable youth had access to immediate and ongoing care.

The supplemental MHBG-ARPA and MHBG-BSCA funding expanded the scope of services available to SED-designated youth. These enhancements included in-home and family-based services, recovery support, structured case management, wraparound care, mindfulness training, psychiatric interventions, and specialized trauma and attachment services. Additionally, family intervention teams were developed and supported to strengthen the child's care network.

To further improve access and engagement in behavioral health care, funding was directed toward personnel who facilitated outreach and reengagement activities, group facilitation, enrollment and re-enrollment processes, post-crisis follow-up, and direct care case management. These efforts also helped bridge the gap between schools and behavioral health providers, ensuring continuity of care across systems. Recognizing the unique needs of Transition Aged Youth (TAY), MHBG funding supported Transition Specialists, hired within the community providers/agencies, who provided individualized assistance during critical life transitions in the Northern and Southern GSAs. These specialists helped youth navigate housing plans, career development, public transportation, Serious Mental Illness (SMI) determinations, and other transitional challenges faced by older adolescents and young adults.

For youths experiencing First Episode Psychosis (FEP), MHBG funding enabled the deployment of Community Outreach Specialists. These professionals delivered education on early signs and symptoms of psychosis, conducted peer-to-peer training for behavioral and primary care staff, and established referral linkages with schools, Indian Health Centers, religious organizations, colleges, universities, and primary care groups. Their work was instrumental in promoting early identification and engagement in treatment.

Collectively, these initiatives significantly strengthened Arizona's behavioral health infrastructure, ensuring that vulnerable youth received comprehensive, timely, and effective support tailored to their unique needs.

Outpatient counseling represents the most child services provided and amount paid in all service categories in SFY 2024 statewide as shown in the following Table VIII.

ARS § 36-3432 Annual Children’s System Report

Table VIII - SFY 2024 Child Member Number of Services and Cost for Outpatient Counseling by Eligibility Category¹⁷

Number of Outpatient Counseling Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Total	# of Services	Cost
Central	NTXIX/XXI	116,086	\$282,012	TXIX	1,599,274	\$289,649,809	TXXI	81,671	\$11,798,311	Total	1,797,013	\$301,730,132
North	NTXIX/XXI	11,461	\$1,021,406	TXIX	182,633	\$18,519,575	TXXI	9,063	\$818,787	Total	203,156	\$20,359,768
South	NTXIX/XXI	35,176	\$2,427,650	TXIX	593,160	\$81,990,465	TXXI	30,330	\$4,126,000	Total	658,661	\$88,544,115
Total	NTXIX/XXI	162,723	\$3,731,069	TXIX	2,375,046	\$390,159,849	TXXI	121,064	\$16,743,098	Total	2,658,809	\$410,634,016

Independent Living Services

Behavioral Health outreach service involves a planned approach to reach a specific population with mental health and substance abuse education, support, and treatment services. The goal is to engage individuals who might not seek help on their own and connect them to necessary care. The goals of this service include increasing awareness and understanding of mental health problems, reducing stigma associated with seeking help and connecting individuals to appropriate care and treatment services through care coordination and is used to demonstrate independent living services for child members.

Independent Living services category for members and services provided and amount paid are shown for SFY 2024 in the following Table IX.

¹⁷ Rounding to the nearest dollar may result in slight differences in totals.

ARS § 36-3432 Annual Children’s System Report

Table IX - SFY 2024 Child Member Number of Services and Cost for Independent Living Services by Eligibility Category¹⁸

Number of Independent Living Services to Enrolled Children Aged 0-17 SFY 2024												
GSA	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost	Funding Source	# of Services	Cost		# of Services	Cost
Central	NTXIX/XXI	9,155	\$20,496	TXIX	132,746	\$33,933,325	TXXI	5,680	\$1,732,115	Total	147,576	\$35,685,936
North	NTXIX/XXI	3,187	\$382,811	TXIX	58,500	\$8,168,374	TXXI	3,303	\$426,947	Total	64,990	\$8,978,132
South	NTXIX/XXI	1,232	\$72,199	TXIX	57,935	\$9,279,721	TXXI	2,291	\$302,276	Total	61,455	\$9,654,196
Total	NTXIX/XXI	13,574	\$475,505	TXIX	249,168	\$51,381,420	TXXI	11,274	\$2,461,338	Total	274,008	\$54,318,264

¹⁸ Rounding to the nearest dollar may result in slight differences in totals.

Placement Trends

A number of behavioral health treatments exist for AHCCCS members, including secure residential treatment services for children with serious emotional disturbance, residential treatment services for children's substance abuse, and psychiatric hospitalization services. Providers and MCOs collaborate to place a member in the least restrictive setting that is most appropriate for the level of care needed for the specific situation. At times, out of home placement options are necessary for specific treatment needs as identified ¹⁹:

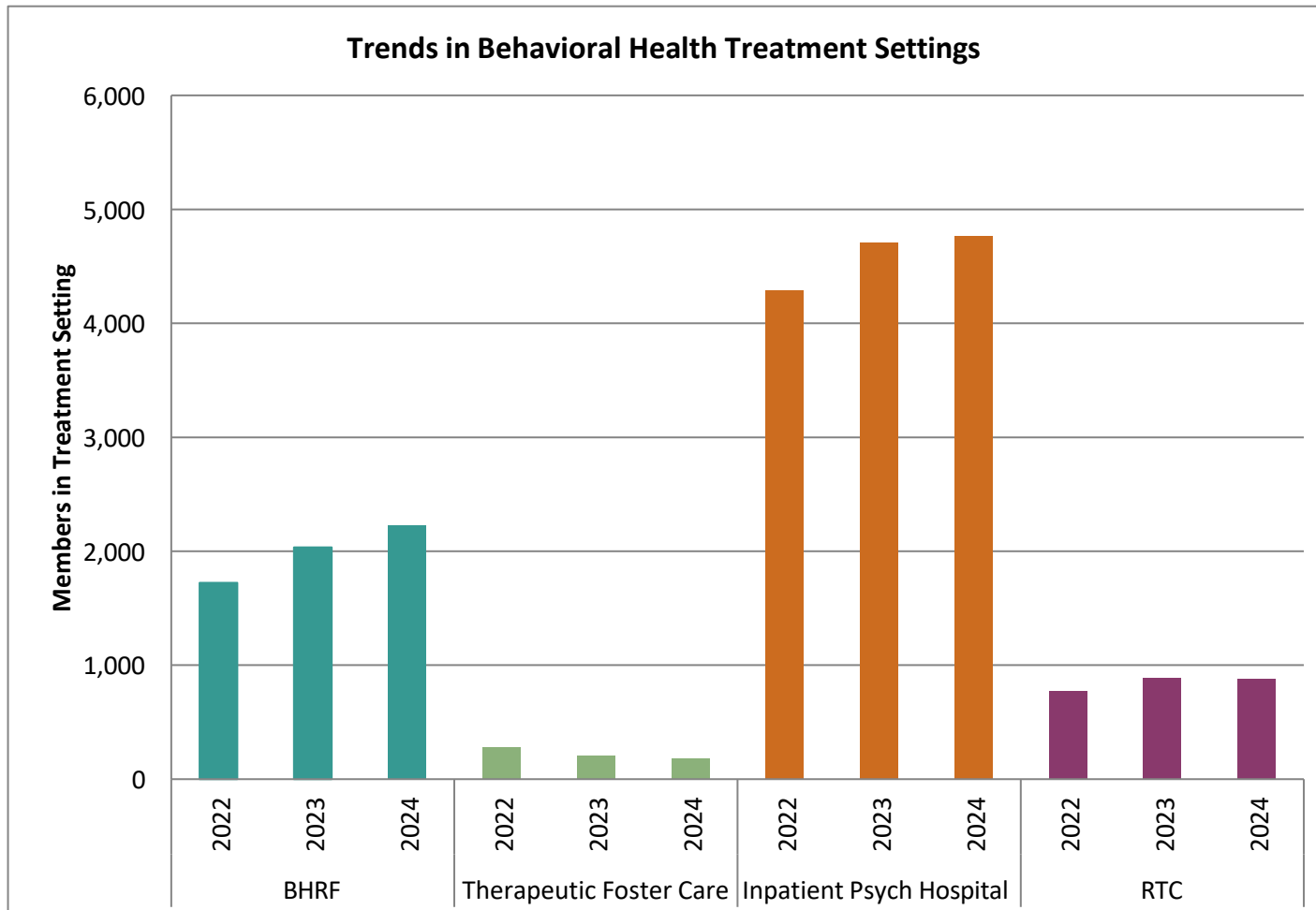
- **Therapeutic Foster Care (TFC):**
Therapeutic Foster Care services, formerly known as Home Care Training, to Home Care Client (HCTC) services, is care provided by a behavioral health therapeutic home to a person residing in the home to implement this in-home portion of the individual's behavioral health service plan. Therapeutic foster care services assist and support a person in achieving their service plan goals and objectives in a home-like environment. It also helps the person remain in the community setting, thereby avoiding residential, inpatient, or institutional care.
- **Behavioral Health Residential Facility (BHRF):**
Residential services provided by a licensed behavioral health agency. These agencies provide a structured treatment setting with 24-hour supervision, counseling, and other therapeutic activities for individuals who do not require on-site medical services, under the supervision of an on-site or on-call behavioral health professional.
- **Residential Treatment Center (RTC):**
Secure (locked) psychiatric treatment facility, which includes an integrated residential program of therapies, activities, and experiences provided to individuals who are under 21 years of age and have severe or acute behavioral health symptoms.
- **Inpatient Psychiatric Hospital:**
Inpatient services provided by a licensed behavioral health agency. These facilities provide a structured treatment setting with 24-hour supervision and an intensive treatment program, including medical support services.

Chart I provides a three-year utilization trend of behavioral health treatment settings for AHCCCS child members.

¹⁹ More details regarding these treatment settings can be found in Chapter 300 of the [AHCCCS Medical Policy Manual](#).

ARS § 36-3432 Annual Children's System Report

Chart I – Trends in Behavioral Health Out of Home Setting Utilization for SFY 2022, SFY 2023, and SFY 2024 for Children's System



ARS § 36-3432 Annual Children’s System Report

Oversight

In SFY 2024, the AHCCCS Office of Inspector General and the Arizona Attorney General’s Office continued the multiagency review and investigation of potential fraud, waste, and abuse among behavioral health residential and outpatient services throughout the state. AHCCCS began data surveillance monitoring and identified irregular billing patterns of these services with alleged criminal activity targeting Indigenous peoples and other vulnerable Arizonans. In subsequent months, AHCCCS enacted suspensions as the result of credible allegations of fraud against multiple registered behavioral health providers. AHCCCS DFSM conducts Operational Reviews every other year in which AHCCCS reviews compliance standards of the Intergovernmental Agreement (IGA) for youth ensuring that care coordination, appropriate referrals, and assessments are completely timely and are appropriately documented. Continuing the work that began in 2023, AHCCCS’ Division of Fee for Service Management (DFSM) implemented prepayment review. Prepayment review consists of an evaluation of behavioral health clinical documentation prior to claim payment on selected service codes with high risk for abuse. In SFY 2024, 619 providers were identified as engaging in unusual billing patterns, having quality of care concerns, and/or referred for suspected fraud, waste, and abuse were placed on 100% prepayment review.

To further efforts to identify and reduce fraud, waste, and abuse, AHCCCS’ DFSM strengthened oversight of children’s services by implementing targeted prepayment reviews and expanding quality management efforts. These initiatives helped reduce fraud, waste, and abuse—particularly in Non-Emergency Medical Transportation—and improved provider compliance and member safety. AHCCCS’ DFSM implemented prepayment review for Non-Emergency Transportation (NEMT) to review and validate NEMT services. This process thoroughly reviews the required document, called a Trip Report, and the submitted claim form to ensure services delivered met all required AHCCCS policies. The overall NEMT prepayment review process involves more than 20 individual validation checks in order to verify transportation services for children and adults are safe and appropriate. AHCCCS’ DFSM Claims Unit has reviewed and adjudicated over 50,000 NEMT claims from 40 NEMT providers that were placed onto Prepayment Review since 2024. Once a provider has been placed on prepayment review, there may be an overall reduction in approved claims, which begins a collaborative process between the provider and AHCCCS’ Division of Fee for Service Management in order to improve claims submission. During this collaborative process, AHCCCS DFSM claims staff provide technical assistance sessions, encourage two-way communication with the provider and with AHCCCS staff, and provide training resources that illustrate the correct process to submit a NEMT claim. As a result, the combination of these proactive efforts has, and continues, to assist providers in providing safer transportation to all AHCCCS members.

AHCCCS’ DFSM continues to enhance care coordination for children in crisis and inpatient settings, ensuring timely access to appropriate services. These actions reflect AHCCCS’ commitment to accountability, safety, and high-quality care for Arizona’s most vulnerable populations.

AHCCCS supports a model for assessment, service planning, and service delivery that is strength-based, provided in the most appropriate setting, and in accordance with best practices that are culturally sensitive and clinically sound. As a way for AHCCCS to monitor adherence to this model, the Behavioral Health Clinical Chart Audit (BHCCA) was developed to ensure Managed Care Organizations (MCOs) implement an audit process that evaluates compliance with these aspects of assessment, service planning and service delivery. Collaborative efforts are ongoing with this monitoring process to implement

ARS § 36-3432 Annual Children's System Report

enhanced quality oversight to address deficiencies and improve outcomes for children.

AHCCCS has encouraged the utilization of Therapeutic Foster Care (TFC) to increase the accessibility of the services for children with complex needs within a home setting. TFC family providers need to have at least 1 adult in the home that does not have outside employment. This family provider is responsible for providing services such as living skills, administering medication, socialization, etc. Reimbursement for the TFC services is the source of income for these individuals. Therefore, it can be burdensome for a family to be licensed and not have beds in their home being utilized. To increase the number of licensed Therapeutic Foster Care family providers in the state, AHCCCS has offered a Differential Adjusted Payment to new homes. Newly licensed families receive a 10% rate increase and if they have a child in their home for 60 continuous days, they receive an additional 10% rate increase. Children are matched with TFC family providers based on the needs of the child and the skillset of the family provider. To ensure the system has TFC family providers with needed skill sets, AHCCCS added a tiered rate system using billing code modifiers. TFC family providers can be trained to specialize in meeting the needs of children experiencing psychosis, or with a co-occurring developmental disability or medical condition. When determined medically necessary, specially trained TFC family providers receive an increased rate of payment for services provided. AHCCCS acted and leveraged stakeholder feedback to increase TFC utilization by revising policy around the medical necessity criteria to make it less restrictive and to address areas that were creating barriers. AHCCCS also added a requirement for high needs case management staff to be trained in identification of members that would benefit from TFC, the medical necessity criteria, and the appropriate use of the service.

AHCCCS' DFSM nurse care managers play a critical role and intervene and collaborate at the provider level to support children and youth in the Fee-for-Service program. They respond to daily crisis and inpatient alerts, coordinating with the member's treating provider(s), and/or Tribal Regional Behavioral Health Authority (TRBHA), American Indian Medical Home (AIMH), or IHS/Tribal 638 facility to ensure continuity of care. For children in inpatient settings, care managers assist with discharge planning, including identifying appropriate residential and outpatient services—sometimes across state lines—to meet each child's unique needs.

During SFY 2024, AHCCCS' Division of Fee for Service Management expanded its quality oversight by establishing a dedicated Quality Management (QM) and Assurance (QA) team. This team investigates referrals from AHCCCS, and other state agencies related to behavioral health services for children, including inpatient, behavioral health residential facilities, and outpatient settings. Their work ensures timely response to quality-of-care concerns and helps to ensure the safety and well-being of Arizona's children receiving behavioral health treatment.

Conclusion

The following is AHCCCS' plan and estimated need for funding to maintain and build upon the comprehensive children's system of care for behavioral health. The delivery of physical and behavioral health care under the Managed Care Organization (MCO) integrated delivery system results in improved holistic coordinated care and the delivery of behavioral health services.

ARS § 36-3432 Annual Children's System Report

Federal ARPA funding provided support for targeted program enhancement with the Transitional Age Youth (TAY) population has provided youth additional peer support and increased attention to life skill acquisition for youth served. This funding expires on September 30, 2025. Transition Specialists work collaboratively with education and community service partners to ensure that youth experiencing behavioral health challenges are smoothly referred to the appropriate providers for the on-going services and support they need to increase their learning and health as they transition into adulthood. This position yields additional opportunities for behavioral health professional development to teachers, school counselors, administrative staff, and other school personnel as well as providing onsite skills groups to children needing extra support. While this type of position performs Medicaid billable activities for those enrolled in the Medicaid program, past grant funding was utilized to deliver services and provide the above activities that are non-Medicaid billable and for students who are underinsured or uninsured. TAY programming has been significantly diminished beginning in mid-2025 throughout the state with only one provider in the central GSA that continues to make this service available. AHCCCS estimates that filling the gap in available TAY programming would require \$1.7 million annually to support numerous Transition Specialists in the northern and southern GSA.

From 2021 to December 2024, an average of 53 children per year have necessitated placement in residential treatment facilities outside of Arizona. AHCCCS actively collaborates with the Department of Child Safety (DCS) on ensuring timely placement of children in the custody of DCS, as 37% of all children placed in out of state facilities are in DCS custody. Residential treatment facilities are designed to serve a range of needs and individuals at various stages of their treatment. The identified reasons that children need to receive treatment in other states fall into two categories: lack of in-state capacity and lack of in-state availability for specific treatment complexities. As of August 5, 2025, of the 32 children currently placed in out-of-state facilities, 12 of them were experiencing a level of acuity that exceeded what the in-state facilities indicated they could manage given the child's assessed needs at the time of admission. From 2020, a diagnosis of autism spectrum disorder (ASD), low intellectual functioning, and/or a co-occurring medical condition are the three primary treatment complexities that have consistently resulted in denials from our in-state facilities based on their lacking the ability to manage the complexity of treatment related to these disorders. Additionally, none of our existing in-state facilities accept children under the age of 12 for admission, which resulted in 13 children under the age of 12 being placed out of state in 2024. When children are placed out of state and a substantial distance away from their families, it can result in challenges to the family's treatment involvement, which is even more impactful on younger children. An additional seven of the 32 children currently placed out of state require specialty treatment for sexually maladaptive behaviors for which Arizona has a very limited number of in-state bed availability. To ensure a more comprehensive array of services and provide a full continuum of treatment, AHCCCS is already working and will continue to work with our MCOs to bolster network capacity for additional residential behavioral health placement options for children who have specialized treatment needs including co-occurring developmental disabilities, intellectual disabilities, and/or complex medical issues. Ongoing and continued review of all children's residential options within Arizona has resulted in potential for identification and opportunities for contracts with MCOs for additional licensed and registered providers. To broaden service availability in-state, the addition of specialized types of units would require additional infrastructure investment to develop. AHCCCS, based upon consultation with MCOs and existing in-state providers of similar types of treatment services/facilities, estimates \$4 million is needed for the addition of residential treatment facilities with the infrastructure and personnel to manage youth throughout an expanded age span and/or with high complexity needs.

ARS § 36-3432 Annual Children's System Report

In April 2020, the Arizona State Legislature allocated a total of \$8 million, known as the Children's Behavioral Health Services Fund (CBHSF), for coverage of behavioral health services for uninsured students who are referred to providers through schools. The top services utilized throughout this time were treatment services including counseling and therapy, followed by case management services, and rehabilitation services for a variety of behavioral health concerns. Other services included family support, medical services, peer support, crisis intervention, pharmacy, and transportation services. ACC-RBHAs have collectively reported that due to provider expansion and schools continued assistance with behavioral health services, the full amount of funding, known as Children's Behavioral Health Services fund (CBHSF), was exhausted in May 2024. Based on a recent reduction in Arizona's total allocation of Mental Health Block Grant (MHBG) funding to serve youth identified with a Serious Emotional Disturbance (SED), the need for financial assistance for Arizona's youth has been exemplified. As previously indicated, Arizona plans to prioritize utilization of the existing block grant funding to serve Arizona's uninsured or underinsured youth with SED. Additional CBHSF funding would expand the accessibility of behavioral health services for earlier intervention and additional coverage opportunities for children with and without an SED designation as indicated above. Reinstating the Children's Behavioral Health Services Fund to prior funding levels would require \$2.5 million annually.

Arizona has a severe shortage of child and adolescent psychiatrists with only 176 child and adolescent psychiatrists, translating to 11 child and adolescent psychiatrists per 100,000 children in the state based on data from the American Academy of Child and Adolescent Psychiatry (AACAP). This is paired with the growing number of pediatric mental health concerns across the country and particularly in Arizona, where over half of adolescents who needed behavioral health treatment report difficulties accessing care (AZDHS Arizona Adolescent Mental Health Report: Trends in Mental Health, 2024). The Arizona Pediatric Psychiatry Access Line (APPAL) was launched in May 2024 by AHCCCS and the University of Arizona to support frontline providers in Arizona caring for pediatric patients with mental health concerns. The free line connects primary care providers directly with a child and adolescent psychiatrist who can assist primary care providers as they assess and treat children and adolescents with behavioral health problems. APPAL also provides a monthly free online learning series in collaboration with the Arizona Chapter of the American Academy of Pediatrics and maintains a website that includes resources, provider tools, and ability for providers to schedule a consultation when it is convenient for them. From May 2024-June 2024, the line received 27 consultations from five different counties in Arizona (Gila, Graham, La Paz, Maricopa, and Pima Counties). APPAL's most received calls are related to anxiety disorders, followed closely by mood disorders. Multiple calls were received about ADHD and feeding and eating disorders. The calls were for patients between the ages of six to 18, with our highest number of calls related to questions concerning adolescents between 15-17 years old. During this time frame, APPAL received calls about 12 patients who had private insurance, seven patients with AHCCCS, and eight calls where insurance type was unknown. The majority of calls received were to speak directly with a child and an adolescent psychiatrist, but four calls were focused on identifying resources. The majority of patients were white (67%), followed by Black or African American patients (22%), other race (7%), and American Indian or Alaskan Native (4%). 33% of calls received were about Hispanic patients, 45% were about non-Hispanic patients, and 22% had unknown ethnicity. Funding for the program is currently supported by the Mental Health Block Grant (MHBG) American Rescue Plan Act of 2021 (ARPA) funds; however, this grant cycle ends on September 30, 2025. The continued funding and expansion of this program is crucial to maintain and enhance statewide access to essential behavioral health services for Arizona's children. While AHCCCS will continue to partially support this resource with MHBG funding, uncertainty abounds with the continued ability to do so based on reductions to these allocations. Replacing MHBG funding to operate the Arizona Pediatric Psychiatry Access Line full-time would require \$1.5 million annually.

ARS § 36-3432 Annual Children's System Report

AHCCCS plans to continue to provide guidance, oversight and monitoring of the best standards of practice for our youth determined to have high and complex behavioral health and co-occurring needs. Children with the highest needs are most likely to have multiple systems' involvement and require coordination to ensure that their services and supports are provided when and where they are needed. High Needs Case Management is a structured service model developed to partner with the family in a team-approach and provide all the support and services necessary to keep the child in their home with the family. The goal is to keep children in the least restrictive environment and support children and families in a way that prevents higher levels of care whenever possible. As demonstrated by numerous provider entities recently reducing high needs case management services, the children's system would benefit from network expansion of providers that attend to youth needing high needs case management in order to collaborate with the child and family in the service planning process to offer a unique combination of formal and informal support and rehabilitation services that meets their needs. \$1,000,000 would be required for the statewide expansion efforts to increase the workforce for this specific service provision.

For future consideration, AHCCCS is open to modification of the current statute as much of this current reporting is offered in other legislative reports. AHCCCS welcomes the opportunity to streamline and simplify the methods by which the data contained within this report to ensure that the resulting information is meaningful and impactful to the recipients thereof.