ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

150 N. 18th Avenue
Phoenix, AZ 85007
602.417.4000

KATIE HOBBS
GOVERNOR

ROBERTA HARRISON
INTERIM DIRECTOR

June 10, 2026

The Honorable David Farnsworth
Chairman, Joint Legislative Budget Committee
Arizona State Senate
1700 W Washington St.
Phoenix, Arizona 85007

Dear Chairman Farnsworth,

Pursuant to Laws 2025, Chapter 93, Section 1, the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Economic Security (DES) shall provide to the staff of the Joint Legislative Budget Committee at the end of each calendar quarter, a report on the utilization of attendant care services and habilitation services by parent caregivers under the Parents as Paid Caregivers Program (PPCG). The report shall also include all the following:

1. The annual growth in the number of parents and members enrolled in the program.
2. The number of emergency department visits and inpatient hospitalizations in the calendar quarter.
3. The approved annual hours delineated by primary diagnosis.
4. How long a member who receives care under PPCG has been enrolled in the Arizona Long Term Care System (ALTCS).

Please note, there are two separate reports; one created by AHCCCS (information below) and the second created by the DES, Division of Developmental Disabilities (DDD). These two coordinated reports provide a comprehensive review of the PPCG service model and related utilization across the ALTCS Program. DES DDD will provide data specific to the intellectual/developmental disability (I/DD) population served. AHCCCS will provide data specific to the Elderly and/or Physically Disabled (EPD) population served through ALTCS-EPD Managed Care Organizations (MCOs). It is important to note that DDD has been manually tracking PPCG utilization and related data, which has been used for their quarterly reports submitted to date. In this quarter's report, DDD will present updated utilization data that has been validated using the new EVV data system. As outlined below, the EVV system cannot yet be used for comprehensive reporting; however, initial data is available for comparison purposes to other data sets, which is what DDD has done this quarter. DDD has used the new data to better determine caregiver relationships where they may not have been apparent before (e.g. a parent may have been listed as a member representative, a parent may have a different last name than the member, adoptive parents may not have been immediately known). Final stages of EVV data validation and report creation

are under way; beginning next quarter (June 2026 report), the EVV system will be utilized to provide comprehensive data on both DDD and E/PD members utilizing the PPCG service model.

This quarterly report serves to provide an update regarding the Agency's data capabilities specific to the information requested and progress towards the established reporting methodology.

If you have any questions regarding this report, please contact Damien Carpenter, Chief Legislative Liaison, at 602-396-0767.

Thank you,

Roberta Harrison,
Interim AHCCCS Director

Cc: The Honorable David Livingston, Vice Chairman, Joint Legislative Budget Committee
Richard Stavneak, Director, Joint Legislative Budget Committee
Ben Henderson, Director, Governor's Office of Strategic Planning and Budgeting
Meaghan Kramer, Health Policy Advisor, Office of the Governor

Background

In May 2024, AHCCCS established a PPCG implementation work group comprised of family members and family advocates, as well as providers, state agencies (i.e. DES), and health plan representatives. The work group met at a regular meeting cadence to help develop and provide input on policy and form revisions necessary to implement the new PPCG service model, including reviewing materials from other states with similar models. Agenda topics and discussions also included competencies and content for case manager training and consultation on broader stakeholder engagement and communications. Work group members were encouraged to engage in dialogue with AHCCCS staff between meetings to share input, thoughts, and recommendations. The regular meetings concluded when AHCCCS posted policies for public comment in May 2025.

AHCCCS implemented a 40-hour/week limit for paid parent providers in July 2025. MCOs, including DES/DDD, worked with families to ensure transition of hours from parents to other paid providers. If the parents opted to not maintain the full hours assessed (for those above 40 hours/week), that decision was noted in the member file. On October 1, 2025 AHCCCS implemented new service assessment policies that aligned with the federal PPCG waiver requirements as well as the new state law. Given concerns from families, providers, and other stakeholders, the Governor directed AHCCCS to implement an Emergency Rule regarding Home and Community Based Services (HCBS) needs assessment of minor members and to develop an extraordinary care review (ECR) process. This direction

and the related Emergency Rule were effective as of October 15, 2025. Additionally, the agency was directed to pause use of the new assessment tool until the tool could be evaluated for any necessary clinical updates as well as develop the new ECR policy. AHCCCS released updated assessment policies and the new ECR policy for public comment on November 10, 2025. Public comment closed on November 24, 2025 with over 4,600 comments provided to the Agency.

AHCCCS has reviewed all public comments and updated policies as appropriate, to reflect feedback from the public comments as well as requirements outlined by CMS. Policies are currently under final review; once approved, the policies will be made public and MCOs, including DDD, will begin working on their internal protocols and training of case management/support coordination staff. These efforts are anticipated to be completed during the second half of the calendar year along with the policy "go live" implementation (i.e. actual use of revised HCBS Needs Tool (HNT) assessment and beginning use of the ECR process).

Current Data Capabilities

AHCCCS is providing some additional background information on EVV to support an understanding of the pathway to compliance with the mandated live-in caregiver requirements.

AHCCCS implemented EVV in January 1, 2021, as an Open Vendor Model with one statewide contractor, Sandata Technologies (Sandata). In May 2024, AHCCCS required Sandata to add indicators to the Sandata EVV system that identify a live-in caregiver's relationship to a member. Once the development was completed, AHCCCS directed Sandata EVV system users to start reporting live-in caregiver data in March 2025. However, this requirement only affected service provider agencies that chose to use the Sandata EVV system. This accounted for approximately 15% of the visit volume for all service providing agencies. AHCCCS posted the Alternate EVV specifications on June 25, 2025, which required service providers that contract directly with an EVV vendor to implement the new indicators between July and September 2025. Communications sent to stakeholders in February and June 2025 regarding the live-in caregiver data requirements were followed by an invitation to participate in a webinar. All materials and submission requirements are posted to the AHCCCS EVV webpage. Unfortunately, challenges with the configuration of the specifications and Sandata's ability to receive the data from EVV vendors posed a challenge for the vendors and their contracted provider agencies to comply, complete development, and send the data to Sandata.

As described in the previous quarter's report, AHCCCS has recently transitioned (October 1, 2025) to an in-house EVV aggregator to provide the agency with greater flexibility in oversight and management of EVV compliance. This transition also supports long-term sustainability and cost savings for the agency and the EVV program. As part of the transition, AHCCCS updated the specification for EVV vendors, including addressing the challenges with the previous version of the specifications. Due to data quality issues, AHCCCS was unable to transition any previous, prior to September 30, 2025, limited live-in caregiver data into the new EVV aggregator that was recorded in the Sandata EVV system. AHCCCS afforded additional time to EVV vendors and provider agencies, until October 31, 2025, to send live-in caregiver data to the new aggregator for relationships that were active beginning October 1, 2025. Today EVV vendors are sending data directly to AHCCCS, including data that identifies live-in caregivers and their relationship to the person being served. This enhances ongoing monitoring

and compliance work and will aid with enhanced data for this report in future quarters. The new EVV system's readiness was evaluated by CMS to ensure the functionality aligns with federal reporting requirements; no major concerns were identified, and CMS has approved the design.

AHCCCS and the MCOs are closely monitoring providers' compliance with the live-in caregiver data requirements to support complete and accurate data. Both AHCCCS and MCOs, including DDD, have access to the aggregator and reports that are specific to live-in caregivers. Of the roughly 600 provider agencies who must comply with EVV, approximately 70% are sending the live-in caregiver data, 20% don't provide services that allow for live-in caregivers and, therefore, 10% are presumed to have live-in caregivers and currently out of compliance and targeted for outreach. Significant improvements in the quality of data submitted have been made during the reporting period with only a small minority of providers having to be outreached to ensure their data submissions are complete and accurate. AHCCCS has put a multi-pronged plan into action to address provider non-compliance including requesting all the MCOs to follow up with non-complying provider agencies that has resulted in the improvements in data submission and data quality noted above. AHCCCS has provided one-on-one technical assistance to providers (and their EVV vendors) who need additional support as well as holding webinars for broader audiences. For example, AHCCCS held a webinar in February 2026 regarding compliance with the live-in caregiver data requirements. These efforts will remain ongoing, with a regular cadence for webinars being established and technical assistance available at any time a provider (or their vendor) requests and/or if AHCCCS identifies data submission issues.

As outlined in the previous quarter, due to system configuration delays and provider data impacts noted above, this data set is delayed as AHCCCS works to address outstanding system issues and provide technical assistance to providers (and their EVV vendors). During the reporting period, AHCCCS focused on monitoring the data submissions and quality data checks in addition to working on the creation of a new EVV report that will streamline monitoring of the live-in caregiver data for providers, MCOs and AHCCCS. The new report will be particularly helpful in identifying the PPCG participants. The comprehensive reporting (items 1-4 below) will not be available until the June 2026 report due to the six-month encounter lag.

Utilization of Attendant Care and Habilitation

Based on the limited data currently available, AHCCCS estimates that from October 1, 2024, through May 31, 2025, 214 EPD unique members participated in the PPCG service model with 225 unique parent caregivers being paid to deliver attendant care services. Please note that for the EPD program, habilitation is rarely utilized due to the qualifying nature of members' conditions; attendant care is the predominant parent-delivered service for this population. For this reporting period, there were zero hours of habilitation provided to ALTCS EPD members via the PPCG service model.

Proposed Methodology for Future Reporting

AHCCCS has documented the methodology below that the agency will use in subsequent quarterly reports. The data will be reported retrospectively to ensure the most accurate reporting using EVV, authorization, and encounter data. Valid encounter data for inpatient hospitalizations and emergency room visits is available to AHCCCS six (6) months after services are rendered and paid, specifically for

inpatient hospitalizations and emergency room visits. For this reason, each quarterly report will be a six-month look back so that the data reflected will be accurate and complete; for instance, the June 2026 report will include data from October 1, 2025, to December 31, 2025.

1. **The annual growth in the number of parents and members enrolled in the program.**

   This data will be provided each quarter along with an annual summary reflective of the state fiscal year. The data will include the number of minor members receiving care from a parent utilizing the PPCG service model at any time during the reporting quarter compared to the number of minor members receiving care from a parent utilizing the PPCG service model at any time during the prior reporting quarter. The report will also include the number of parents providing services to their children at any time during the reporting quarter compared to the previous quarter.

PPCG Utilization (Reflective of MONTH DAY, 20XX – MONTH DAY, 20XX)					
# of Unique Members (Current Quarter)	**# of Unique Members (Previous Quarter)**	**% Change**	**# of Unique Parent Providers (Current Quarter)**	**# of Unique Parent Providers (Previous Quarter)**	**% Change**

2. **The number of emergency department visits and inpatient hospitalizations in the calendar quarter.**

   The data will include the count of emergency department visits and inpatient hospitalization stays for members participating in the PPCG service model during the reporting period.

ED/Hospitalization Data for Quarter Ending (Month, Day, Year)		
Number of Unique Members Participating in PPCG	**Number of Emergency Department Visits for PPCG Participants**	**Number of Hospitalizations for PPCG Participants**

3. **The approved annual hours delineated by primary diagnosis.**

   This data will be provided each quarter, along with an annual summary reflective of each state fiscal year. The data will include the sum of the authorized hours for Attendant Care delivered via the PPCG service model, broken down by primary diagnosis (EPD qualifying condition), during the reporting period.

PPCG Annual Attendant Care Authorization, by Qualifying Diagnosis (Reflective of MONTH DAY, 20XX through MONTH DAY, 20XX)	
Qualifying Diagnosis	**Quarterly Count of Authorized Attendant Care Hours via PPCG**

4. **How long a member who receives care under the PPCG Program has been enrolled in ALTCS.**

   This data will include information specific to the average length of time minor members utilizing the PPCG service model during the quarter have been determined eligible for ALTCS. AHCCCS will derive this data by determining the ALTCS eligibility date of all members participating in the PPCG service model in the given quarter and evaluating their eligibility month in comparison with the last month of the reporting quarter. From there, an overall average for each quarter will be calculated and presented in response to this question.