

February 14, 2018

The Honorable David Livingston
Acting Chairman, Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: *Arnold v. Sarn* Report

Dear Representative Livingston:

The Arizona Health Care Cost Containment System (AHCCCS) is submitting this *Arnold v. Sarn* report, as required by Laws 2017, First Regular Session, Chapter 305, Section 12:

On or before December 31, 2017, and June 30, 2018, the AHCCCS Administration shall report to the Joint Legislative Budget Committee on the progress in implementing the Arnold v. Sarn lawsuit settlement. The report shall include at a minimum the Administration's progress toward meeting all criteria specified in the 2014 joint stipulation, including the development and estimated cost of additional behavioral health service capacity in Maricopa County for supported housing services for 1,200 class members, supported employment services for 750 class members, 8 assertive community treatment teams and consumer operated services for 1,500 class members. The Administration shall also report by fund source the amounts it plans to use to pay for expanded services (General Appropriation Act footnote).

This report fulfills the deliverable due December 31, 2017. At the same time, Laws 2016, Second Regular Session, Chapter 117, Section 17 requires that AHCCCS report the same information as of June 30, 2017. The requested information for June 30, 2017 is combined in this report as well.

Arnold v. Sarn, the longest standing class action lawsuit in Arizona, was successfully exited by AHCCCS, the Governor's Office and Maricopa County on July 1, 2016. The requirements detailed in the *Arnold* exit agreement, filed in March 2014, were met and surpassed by AHCCCS providers, as demonstrated in this report. The delivery of behavioral health services to AHCCCS members is primarily managed by AHCCCS's behavioral health Contractors or Regional Behavioral Health Authority (RBHA) Contractors. Mercy Maricopa Integrated Care (MMIC) is the RBHA in Maricopa County. This report was last submitted to the Committee in a letter dated December 21, 2016.

Since the last report submission and as a result of administrative simplification, the merger between AHCCCS and the Arizona Department of Health Services/Division of Behavioral Health Services (DBHS) has provided AHCCCS the opportunity to review legislative reports previously prepared by DBHS and gain a better understanding of the methodologies and data sources used to construct the reports. Specific to the *Arnold v. Sarn* reporting requirement, AHCCCS has determined that increased capacity is defined by member utilization of the targeted services for MMIC members who are determined to be Seriously Mentally Ill (SMI), inclusive of Assertive Community Treatment (ACT), Peer Support, Supported Employment and Supported Housing in Maricopa County for both Title

XIX/XXI and Non-Title XIX/XXI SMI members.

The demonstrated results of increased capacity are being reported in this submission using an updated format and methodology. As noted, the June 2017 and December 2017 semiannual reports have been combined into one report. For these reasons, previous reports will not be comparable to this report. For the first time, Supportive Housing services are broken out to separately identify services that include Rental Subsidies and Wrap-around Services in order to demonstrate a clearer picture of the service utilization and associated funds used to pay for the increased capacity.

Data sources are identified and definitions are provided in the Table footnotes. Exhibit 1 details service capacity (Table 1) and the projected cost by fund source for those services (Table 2) for the June 2017 legislative report requirement as of April 2017. Exhibit 2 details service capacity (Table 1) and the projected cost by fund source for those services (Table 2) for the December 2017 legislative report requirement as of October 2017.

EXHIBIT 1 – June 2017 Report, Table 1

Service	2014 Joint Settlement Targets Title XIX/XXI and Non-Title XIX/XXI	July 2016 Settlement Fulfillment	Additional Capacity Point in Time April 2017	Total Capacity Point in Time April 2017 Title XIX/XXI and Non-Title XIX/XXI
Assertive Community Treatment	8 Teams	8	1	I 9
Peer Support	1,500 Class Members	1,500	193	II 1,693
Supported Employment	750 Class Members	750	270	III 1,020
Supported Housing*	1,200 Class Members	1,200	4,165	IV 5,365
				V 1,051
				4,314
				5,365

^ITotal number of teams since June 2014

^{II}Unduplicated count of members using a monthly average of one quarter - based on claims data (H2025-Ongoing Support to Maintain Employment, H2026-Ongoing Support to Maintain Employment and H2027-Pre-Job Training and Development based on a 90 day claim lag)

^{III}Unduplicated count of members for one month - based on provider reported data

^{IV}Unduplicated count of members for one month - based on claims data (H2014-Skills Training and Development, H2017-Psychosocial Rehabilitation Service, T1019-Personal Care Services and/or T1020-Personal Care Services based on a 90 day claim lag)

^VNumber of members receiving rental subsidies - reported in the month of May 2017

*Rental subsidies - a supported housing service funded through the General Fund. Subsidies are not a Title XIX covered service. They are intended to support individuals to obtain and maintain housing in an independent community setting, including an apartment or home owned or leased by a subcontracted provider.

*Wrap-around Services - Medicaid funded support services, based upon an individual's needs and preferences, designed to help individuals choose, get and keep independent housing in the community.

EXHIBIT 1 – June 2017 Report, Table 2

Costs are Annualized Based on Average Costs During Contract Year Ending 2016

Service	Cost by Fund Source		
	General Fund ^I	Title XIX/XXI	Total
Assertive Community Treatment	\$5,061,682	\$7,988,318	\$ 13,050,000
Peer Support	\$419,690	\$658,963	\$ 1,078,653
Supported Employment	\$571,644	\$1,136,856	\$ 1,708,500
Supported Housing* ^{II}	\$18,590,315	\$21,418,851	\$ 40,009,166
	*Rental Subsidies		\$ 10,190,496
	*Wrap-around Services		\$ 29,818,670
			<u>\$ 40,009,166</u>

^IGeneral Fund represents covered services to Non-Title XIX/XXI members, Non-Title XIX/XXI covered services to Title and Non-Title XIX/XXI members, and the state match for Title XIX/XXI members.

^{II}Rental subsidies, which are part of Supported Housing, are funded with 100% General Fund.

*Rental subsidies - a supported housing service funded through the General Fund. Subsidies are not a Title XIX covered service. They are intended to support individuals to obtain and maintain housing in an independent community setting, including an apartment or home owned or leased by a subcontracted provider.

*Wrap-around Services - Medicaid funded support services, based upon an individual's needs and preferences, designed to help individuals choose, get and keep independent housing in the community.

EXHIBIT 2 – December 2017 Report, Table 1

Service	2014 Joint Settlement Targets Title XIX/XXI and Non-Title XIX/XXI	July 2016 Settlement Fulfillment	Additional Capacity Point in Time October 2017		Total Capacity Point in Time October 2017 Title XIX/XXI and Non-Title XIX/XXI
Assertive Community Treatment	8 Teams	8	1	I	9
Peer Support	1,500 Class Members	1,500	596	II	2,096
Supported Employment	750 Class Members	750	375	III	1,125
Supported Housing**	1,200 Class Members	1,200	4,344	IV	5,544
					*Rental Subsidies *Wrap-around Services
					1,150 4,394
					5,544

^ITotal number of teams since June 2014

^{II}Unduplicated count of members using a monthly average of one quarter - based on claims data (H2025-Ongoing Support to Maintain Employment, H2026-Ongoing Support to Maintain Employment and H2027-Pre-Job Training and Development based on a 90 day claim lag)

^{III}Unduplicated count of members for one month - based on provider reported data

^{IV}Unduplicated count of members for one month - based on claims data (H2014-Skills Training and Development, H2017-Psychosocial Rehabilitation Service, T1019-Personal Care Services and/or T1020-Personal Care Services based on a 90 day claim lag)

*Rental subsidies - a supported housing service funded through the General Fund. Subsidies are not a Title XIX covered service. They are intended to support individuals to obtain and maintain housing in an independent community setting, including an apartment or home owned or leased by a subcontracted provider.

*Wrap-around Services - Medicaid funded support services, based upon an individual's needs and preferences, designed to help individuals choose, get and keep independent housing in the community.

**MMIC notified AHCCCS 1/19/18 that a miscalculation of the members receiving a housing support by a PSH provider or an ACT team had been over-counted for the last six months. Counts were included for housing support services in excess of the number of claims just for H2014-Skills Training and

Development, H2017-Psychosocial Rehabilitation Service, T1019-Personal Care Services and/or T1020-Personal Care Services based on a 90 day claim lag.

EXHIBIT 2 – December 2017 Report, Table 2
 Costs are Annualized Based on Average Costs During Contract Year Ending 2016

Service	Cost by Fund Source		Total
	General Fund ^I	Title XIX/XXI	
Assertive Community Treatment	\$4,896,757	\$8,153,243	\$13,050,000
Peer Support	\$492,232	\$842,920	\$1,335,152
Supported Employment	\$648,818	\$1,235,557	\$1,884,375
Supported Housing ^{**II}	\$21,554,545	\$20,409,407	\$41,963,952
	*Rental Subsidies		\$11,150,400
	*Wrap-around Services		\$30,813,552
			<u>\$41,963,952</u>

^IGeneral Fund represents covered services to Non-Title XIX/XXI members, Non-Title XIX/XXI covered services to Title and Non-Title XIX/XXI members, and the state match for Title XIX/XXI members.

^{II}Rental subsidies, which are part of Supported Housing, are funded with 100% General Fund.

*Rental subsidies - a supported housing service funded through the General Fund. Subsidies are not a Title XIX covered service. They are intended to support individuals to obtain and maintain housing in an independent community setting, including an apartment or home owned or leased by a subcontracted provider.

*Wrap-around Services - Medicaid funded support services, based upon an individual's needs and preferences, designed to help individuals choose, get and keep independent housing in the community.

** Cost Fund Source dollars corrected to reflect the changes in the numbers of unduplicated members reported in Exhibit 2, December 2017 Report, Table 1.

MMIC surpassed the service capacity increases required by the exit agreement. There are more class members successfully housed, employed, involved in peer programming, and on ACT teams than previous to the exit agreement and the system of Adult Services for members determined to be SMI has vastly improved service capacity for SMI members in Maricopa County.

Using Substance Abuse and Mental Health Services Administration (SAMHSA) best practices for service delivery in the community and audit tools, Maricopa County is the first county to implement fidelity review to the SAMHSA model of care for four services at the same time. These services are Assertive Community Treatment (ACT), Permanent Supportive Housing, Supported Employment and Consumer Operated Services (Peer-run Services). The corresponding technical assistance given to providers has resulted in continued improvement in the quality of services provided in Maricopa County for members determined to be SMI. AHCCCS has contracted with the Western Interstate Commission for Higher Education (WICHE) to conduct fidelity reviews using the SAMHSA best practice tools and to provide technical assistance as needed.

The reviews have been conducted since Fiscal Year 2015. The average performance of community services providers is shown below in Exhibit 3. From Fiscal Year 2017, increased fidelity to the model was demonstrated in three of the four areas. Over the same period, a slight decline in fidelity to the model was demonstrated in the area of Supported Employment; however, fidelity to the model remains greatly improved since Fiscal Year 2015.

Exhibit 3 – Provider Fidelity

Type of service:	Year 1 average (FY 2015)	Year 2 average (FY2016)	Year 3 average (FY2017)
ACT	74.8%	75.1%	76.9%
Permanent Supportive Housing	54.0%	67.7%	73.1%
Supported Employment	67.8%	81.2%	79.0%
Consumer Operated Services	86.9%	91.7%	94.4%

As the regulator, AHCCCS is working to further improve upon the quality of these services. Specifically, AHCCCS is requiring WICHE to expand its provision of SAMHSA best practice models and tools to the RBHAs in Greater Arizona. Health Choice Integrated Care (HCIC) is in the northern region of the state and Cenpatico Integrated Care (CIC) is in the southern region of the state; thereby, all members in Arizona determined to be SMI can benefit from improved service delivery.

Additional Settlement Service Results
 (Point in Time - October 2017 MMIC Report)

The following utilization information encompasses a broader membership than the utilization information reported in Exhibit 1, Table 1 and Exhibit 2, Table 1. As such, the numbers of members reported for the same service will not match.

Arizona State Hospital (ASH):

In accordance with the exit agreement, AHCCCS has complied with the census limitation of 55 to the Arizona State Hospital (ASH). As of October 2017, there were 55 members at ASH. There are never more than 55 class members receiving treatment at ASH at one time.

Supervisory Care Homes:

AHCCCS has not encouraged or recommended that members reside in supervisory care homes.

Crisis Services:

Crisis services are available to any individual who calls a RBHA's toll-free hotline (open 24-hours a day, seven days a week). A total of 26,118 unique callers utilized the crisis hotline in Maricopa County in one month's time as of October 2017. During the same time, 214 crisis mobile teams were dispatched to assist members, and 989 members were involved in crisis stabilization. Access to crisis services including mobile crisis and stabilization never requires AHCCCS eligibility or enrollment, or other eligibility and enrollment.

Assertive Community Treatment (ACT):

There are 24 ACT teams, including four specialty teams. The ACT model requires 12 staff per 100 members. There are 2,250 members receiving ACT services. This is a 93.8% census rate, which is up from 91% as reported previously in the December 2016 Arnold v. Sarn Legislative Report.

Three of the specialty teams are forensic ACT teams (fACT), working directly with individuals with a serious mental illness who are leaving incarceration. These teams work with members before their release to ensure members are not released to the streets, homeless. Additionally, the fACT teams work with the network of municipal mental health courts across the county, in collaboration with MMIC, to prevent recidivism among members.

Peer Support:

A total of 6,288 members received and participated in family and peer support services. This number is up from the previously reported number of 5,297 from the December 2016 Arnold v. Sarn Legislative Report.

Supported Employment:

A total of 1,125 members received supported employment services. This is an increase from the previously reported number of 1,025 members from the December 2016 Arnold v. Sarn Legislative Report. Services may include: assistance in preparing for, identifying, attaining and maintaining competitive employment, job coaching, transportation, assistive technology, specialized job training and individually tailored supervision.

A total of 233 members (up from 182 members) received referrals to Vocational Rehabilitation, and 157 members secured full time employment with the support of MMIC's contracted network of employment support providers. This is down slightly from 159 members as previously reported in the December 2016 Arnold v. Sarn Legislative Report.

Supportive Housing:

A total of 6,312 members received supportive housing services. This is up from 5,195 members as previously reported in the December 2016 Arnold v. Sarn Legislative Report. These services may include: rental subsidies, vouchers and bridge funding to cover deposits and other household necessities. Supportive housing also includes support services provided by ACT teams and housing navigators.

Should you have any questions, please contact Kristen Challacombe at 602-417-4884.

Sincerely,



Thomas J. Betlach
Director

cc: The Honorable John Kavanagh, Arizona State Senate
Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting
Bret Cloninger, Assistant Director, Governor's Office of Strategic Planning and Budgeting
Richard Stavneak, Director, Joint Legislative Budget Committee
Christina Corieri, Senior Policy Advisor, Office of the Governor