

June 28, 2023

The Honorable David Livingston,  
Chair, Joint Legislative Budget Committee  
1700 W. Washington  
Phoenix, AZ 85007

Dear Representative Livingston:

The Arizona Health Care Cost Containment System (AHCCCS) is submitting this Arnold v. Sarn report, as required by Laws 2022, Chapter 313, Section 10:

*On or before June 30, 2023, 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).*

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 determined to have a Serious Mental Illness (SMI) is primarily managed through contracts with the Regional Behavioral Health Agreements (RBHA) Contractors. Mercy Care is the ACC-RBHA in Maricopa County.

Specific to the Arnold v. Sarn reporting requirement, AHCCCS defines increased capacity by member utilization of the targeted services for Title XIX/Non-Title XIX Mercy Care members with an SMI determination in Maricopa County, inclusive of Assertive Community Treatment (ACT), peer support, supported employment and supportive housing. The demonstrated results of increased capacity are being reported in this submission using the same format and methodology as previously reported.

Supportive Housing services are broken out to separately identify services that include rental subsidies and wrap-around services 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's footnotes. Exhibit 1 details service capacity (Table 1); Exhibit 1 (Table 2) identifies the projected costs by fund source for those services as of April 2023. In this report, supportive housing information in Exhibit 1 (Table 2) was modified to capture current utilization of services based on a comparison of claims data from the previous year. Variation in wrap-around service utilization between reporting periods can be attributed to further advances in the removal of duplicative services.

**EXHIBIT 1 – Table 1**

Service	2014 Joint Settlement Targets Title XIX/XXI and Non-Title XIX/XXI	July 2016 Settlement Fulfillment	Additional Capacity Measured as of April 2023	Total Capacity Measured as of April 2023 Title XIX/XXI and Non-Title XIX/XXI
Assertive Community Treatment	8 Teams	8	1	<sup>I</sup> 9
Peer Support	1,500 Class Members	1,500	61	<sup>II</sup> 1,561
Supported Employment	750 Class Members	750	524	<sup>III</sup> 1,274
Supportive Housing*	1,200 Class Members	1,200	2,990	<sup>IV</sup> 4,190
	*Rental Subsidies		1,343	<sup>V</sup>
	*Wrap-around Services		<u>2,847</u>	
			4,190	

<sup>I</sup> Total number of teams since June 2014

<sup>II</sup> 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)

<sup>III</sup> Unduplicated count of members for one month - based on provider reported data

<sup>IV</sup> 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)

<sup>V</sup> Number of members receiving rental subsidies - reported as of April 30, 2023

\*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. Also, includes Housing Urban Development Continuum of Care Program.

**EXHIBIT 1 – Table 2**

Costs are Annualized Based on Average Costs during Contract Year Ending 2022

<b>Cost by Fund Source</b>			
<b>Service</b>	<b>General Fund <sup>I</sup></b>	<b>Title XIX/XXI</b>	<b>Total</b>
Assertive Community Treatment	\$ 4,860,746	\$ 8,189,254	\$ 13,050,000
Peer Support	\$ 473,241	\$ 852,086	\$ 1,325,327
Employment Supported	\$ 427,670	\$ 925,124	\$ 1,352,794
Supportive Housing <sup>*,II</sup>	\$ 17,415,299	\$ 28,378,397	\$ 41,572,228
	*Rental Subsidies	\$ 16,028,168	
	*Wrap-around Services	\$ 25,544,060	
		\$ 41,572,228	

Substance Abuse and Mental Health Services Administration (SAMHSA) best practices for service delivery in the community and related audit tools are used to assess program fidelity. 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 have a 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 performance trend demonstrates sustained improvement since Fiscal Year 2015 as displayed in Exhibit 2. Two providers were not able to be reviewed in 2020 (Year 6) due to the onset of the COVID-19 Public Health Emergency (PHE). The two provider reviews remaining from Year 6 were completed along with the providers scheduled for Year 7 and their results are included in the Year 7 data. In 2021 (Year 7), 2022 (Year 8), and 2023 (Year 9), all reviews were completed remotely due to the continuance of the PHE. Results in Exhibit 2 are specific to fidelity reviews of ACT.

<sup>I</sup> General 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

<sup>II</sup> 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. Also, includes Housing Urban Development Continuum of Care Program.

**EXHIBIT 2 – Provider Fidelity**

<b>ACT Fidelity Scores</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5*</b>	<b>Year 6*</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>
Lowest Rating	57.9%	64.3%	64.3%	68.6%	64.3%	73.6%	66.4%	70.0%	60.6%
Highest Rating	81.4%	83.6%	91.4%	90.0%	85.8%	86.4%	85.7%	85.0%	83.6%
Overall Average	74.8%	75.1%	76.9%	80.6%	77.5%	81.2%	79.3%	77.1%	72.7%

\* Data from all ACT teams are included in 2015 – 2018 (Years 1-4) due to reviews of all ACT teams. In 2019 (Year 5), only ACT teams that scored below 80% in Year 4 were reviewed. In Year 6, all remaining ACT teams not reviewed in Year 5 were reviewed. As such, conclusions should not be drawn about the ACT teams in Maricopa County based solely on Year 5 or Year 6 data.

As noted in the report from Year 8, at the time of submission, there were three reports outstanding due to the timing of fidelity reviews. Year 8 ratings were updated in Exhibit 2 to reflect the inclusion of scores from the three reports. The overall fidelity ratings for the ACT teams reviewed during Year 9 ranged from 60.6% to 83.6% with an average of 72.7%. Providers with a decrease in fidelity scoring are engaged in ongoing training and technical assistance with the Managed Care Organization. To further improve services for members determined to have an SMI across the state, WICHE also provided focused training sessions on Assertive Community Treatment.

**Additional Settlement Service Results**

(Point in Time - April 2023 Mercy Care Report)

The following utilization information encompasses a broader membership than the utilization information reported in Exhibit 1, 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. There are never more than 55 class members receiving treatment at ASH at one time.

### **Supervisory Care Homes:**

Supervisory care homes provide limited services for two or more unrelated individuals. These settings are not licensed or certified by the state. In accordance with the exit agreement, AHCCCS has worked to ensure that all members residing in supervisory care homes are transitioned to alternative settings with appropriate supports consistent with their needs and preferences and any members remaining in supervisory care homes are receiving appropriate supports consistent with their needs and preferences. AHCCCS has not encouraged or recommended that members reside in supervisory care homes. Rather, AHCCCS has continued to expand the delivery of evidence-based Supportive Housing services to support members to achieve their vision of recovery.

### **Crisis Services:**

Crisis services are available to any individual who calls an ACC-RBHA's toll-free hotline (available 24 hours a day, seven days a week). A total of 6,779 unique callers utilized the crisis hotline in Maricopa County in one month's time as of April 2023. Previous reports note a higher number of unique callers, through additional data validation it was identified there were limitations in removing duplicated callers and callers served by the Managed Care Organization who resided outside of Maricopa County, thus resulting in variation between reports. During the same time, 396 crisis mobile teams were dispatched to assist members, and 540 unique members were involved in crisis stabilization. The remainder of calls were successfully stabilized or managed through the crisis hotline. 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 10 staff per 100 members. There are 2,120 unique members receiving ACT services, this also includes non-RBHA members. This is 88% of the census rate, which is a decrease from 92% as reported in the July 2022 Arnold v Sarn Legislative Report. This decrease is likely related to ongoing challenges associated with recruitment and retention of workforce within behavioral health. Three of the specialty teams are forensic ACT teams (fACT), working directly with individuals with a Serious Mental Illness (SMI) who are leaving incarceration. These teams work with members before their release to ensure members are not released onto the streets unhoused. Additionally, the fACT teams work with the network of municipal mental health courts across the county, in collaboration with Mercy Care to prevent recidivism among members. The other specialty team is a medical specialty team (mACT).

### **Peer Support:**

A total of 4,684 members received and participated in family and peer support services for the quarter. These services are aimed at assisting in the creation of skills that promote long-term sustainable recovery through intentional partnerships based on the shared experiences of living with mental health and/or substance use challenges.

### **Supported Employment:**

A total of 1,274 members received supportive employment services. 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 108 members, down from 126 in 2022, received referrals to Vocational Rehabilitation; and 215 members secured full time employment, down from 270 in 2022. Additionally, 249 members secured part time employment with the support of Mercy Care's contracted network of employment support providers.

The Honorable David Livingston

June 28, 2023

Page 6

**Supportive Housing:**

A total of 4,190 members received Supportive Housing services. 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 Katelyn Murphy at 602-417-4799.

Sincerely,



Carmen Heredia

Director

cc: The Honorable John Kavanagh, Vice Chairman, Joint Legislative Budget Committee  
Richard Stavneak, Director, Joint Legislative Budget Committee  
Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting  
Zaida Dedolph Piccoro, Health Policy Advisor, Office of the Governor  
Cameron Dodd, Budget Analyst, Governor's Office of Strategic Planning and Budgeting