STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

February 22, 2002

The Honorable Roberta L. Voss, Chair
Joint Legislative Audit Committee

The Honorable Ken Bennett, Vice Chair
Joint Legislative Audit Committee

Dear Representative Voss and Senator Bennett:

Our Office has recently completed a 24-month followup of the Behavioral Health Services—Interagency Coordination of Services report regarding the implementation status of the 17 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in February 2000 (Auditor General Report No. 00-2). As the attached grid indicates:

- 14 of the 17 recommendations have been implemented;
- 1 legislative recommendation has not been implemented; and
- 2 recommendations are no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the February 2000 performance audit report.

Sincerely,

Debbie Davenport
Auditor General

Attachment
cc: JLAC Members

Ms. Catherine R. Eden, Director
Arizona Department of Health Services

Ms. Phyllis Biedess, Director
Arizona Health Care Cost Containment System

Senate Health Members

House Health Members

Mr. Jason Bezozo
Senate Committee Analyst

Mr. Pete Wertheim
House Committee Analyst

Ms. Nadine Sapien
Senate Research Analyst

Ms. Tami Stowe
House Research Analyst

BEHAVIORAL HEALTH SERVICES
Interagency Coordination of Services
24-Month Follow-Up Report to
Auditor General Report No. 00-2

FINDING I: Managed Care Focus, and Structure That Divides Responsibility, Leads to Interagency Disagreements

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Legislature should consider directing DDD, BHS, and/or AHCCCS to contract with an actuarial firm to determine the cost of having DDD contract directly with providers for its ALTCS clients' behavioral health services, instead of relying on the RBHAs to deliver such services. If the Legislature finds the projected cost to be acceptable, DDD should begin directly contracting for such services for its ALTCS clients.	Not Implemented	The Legislature has not directed DDD to contract with an actuarial firm.
2. BHS should continue to work with other agencies to develop methods for streamlining and coordinating assessment of children, as is currently occurring under the *JK v. Griffith* litigation. BHS should also work with agencies that conduct adult screening and assessments to ensure that the agency's assessment information is routinely available and incorporated into the RBHAs' assessment process.	**Implemented at 12 months**	

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FINDING I: Managed Care Focus, and Structure That Divides Responsibility, Leads to Interagency Disagreements (Cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. BHS should assist the RBHAs in developing a plan for fulfilling the current master's-level assessment requirements, or develop alternative methods of ensuring that people who perform behavioral health assessments are adequately qualified.	**Implemented at 12 months**	
4. BHS should make changes to Title 9, Chapter 21 of the Administrative Code, allowing people applying for Seriously Mentally Ill (SMI) status more time to submit medical records so that past medical histories and other psychiatrists' opinions can be adequately considered.	**Implemented at 12 months**	
5. BHS should monitor whether care delivered by the RBHAs reflects the Division's service-planning guidelines.	**Implemented at 18 months**	

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FINDING I: Managed Care Focus, and Structure That Divides Responsibility, Leads to Interagency Disagreements (Concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
6. The Division should monitor whether the RBHAs are currently using BHS level-of-care criteria when making determinations as to whether clients qualify for inpatient and residential treatment.	**Implemented at 12 months**	

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FINDING II: Confusion Exists Regarding Medicaid Coverage

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1 BHS and AHCCCS should develop a policy for RBHAs that clearly specifies the types of services that are reimbursable by Medicaid. As part of this policy, the AHCCCS / ADHS billing codes (service matrix) should be updated.	**Implemented at 24 months**	
2. AHCCCS and BHS should consider altering capitation rates, in order to make it clearer that children and adults with serious mental illnesses are entitled to substance abuse service. Further, the two agencies should work with RBHAs and providers to educate them about entitlement to such services.	**Implemented at 6 months**	
3. The Administrative Office of the Courts and Juvenile Corrections should develop methods to screen clients for Medicaid and KidsCare eligibility.	**Implemented at 12 months**	

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FINDING II: Confusion Exists Regarding Medicaid Coverage (Concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
4. The Administrative Office of the Courts and Juvenile Corrections should further train probation and parole officers on Medicaid and KidsCare eligibility requirements.	**Implemented at 12 months**	
5. The Administrative Office of the Courts and Juvenile Corrections should investigate methods of identifying whether their clients are enrolled in KidsCare or Medicaid.	**Implemented at 12 months**	
6. BHS and AHCCCS should explore the possibility of giving the courts access to the names of their enrollees to ensure that Medicaid is used to pay for services when clients are enrolled in the program. If BHS and AHCCCS do provide the courts such access, efforts should be made to ensure that client confidentiality is maintained.	**Implemented at 12 months**	

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FINDING III: Changes Could Enhance Ability To Secure Specialized Services

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. BHS should re-examine listed provider rates to help ensure that RBHAs are not artificially constrained in paying providers higher rates to obtain needed service for clients.	**Implemented at 24 months**	
2. BHS should ensure that a sufficient number of RBHA/provider contracts contain language requiring the provider to accept and serve clients who are difficult or disruptive, in exchange for higher provider rates or other incentives.	**Implemented at 12 months**	
3. AHCCCS should consider requesting a change in the State's Medicaid plan, allowing professionals certified by the Board of Behavioral Health Examiners to also be eligible for providing services.	**Implemented at 12 months**	

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FINDING IV: Expanding BHS' Role in Serving Juvenile Offenders Could Save the State Money

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. In order to conserve state dollars and effectively leverage federal Medicaid dollars, the Division should ensure that the RBHAs are made responsible for providing medically necessary behavioral health care to juvenile sex offenders and Medicaid-eligible prisoners removed from prison for treatment.	No Longer Applicable[1]	
2. The Division should work with Juvenile Corrections to ensure that Medicaid is utilized whenever possible for juvenile sex offenders and for persons removed from prison for medically necessary behavioral health treatment.	No Longer Applicable[1]	

[1] The Centers for Medicare and Medicaid Services (CMMS), formerly the Health Care Finance Administration (HCFA), has notified BHS that it plans to issue a policy stating that federal monies will no longer be available for inpatient care for inmates. BHS believes the new policy would make this recommendation not applicable.