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Performance Audit Division

Performance Audit

HB2003 Children's Behavioral Health Services Monies

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Debra K. Davenport
Auditor General

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**STATE OF ARIZONA
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WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

December 26, 2002

Members of the Arizona Legislature

The Honorable Jane Dee Hull, Governor

Ms. Catherine R. Eden, Ph.D., Director
Department of Health Services

Transmitted herewith is a report of the Auditor General, A Performance Audit of the HB2003 Children's Behavioral Health Services Monies. This report is in response to Laws 2000, Fifth Special Session, Ch. 2, §5 and was conducted under the authority vested in the Auditor General by A.R.S. §41-1279.03. I am also transmitting with this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the Department of Health Services agrees with all of the findings and plans to implement all of the recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on December 30, 2002.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

SUMMARY

The Office of the Auditor General has conducted a performance audit of the House Bill 2003 Children's Services monies (HB2003) that the Legislature appropriated to the Department of Health Services, Division of Behavioral Health Services (Division) for children's behavioral health services and programs in compliance with Laws 2000, Fifth Special Session, Chapter 2, §5.¹ The Legislature appropriated \$20 million from the State General Fund's tobacco litigation settlement account to be used for children's behavioral health services. The legislation also stipulated that the Office of the Auditor General complete a performance audit of the program on or before January 1, 2003.²

In 2001, the Legislature made a one-time, non-lapsing appropriation of \$20 million for children's behavioral health programs. The legislation mandated that the monies be used to provide services to children and families served by the Department of Health Services, the Department of Economic Security, the Administrative Office of the Courts, or the Arizona Department of Juvenile Corrections. The legislation also authorized the money to support telemedicine programs to make it easier to provide behavioral health services to people who live in the State's medically underserved areas. The legislation did not establish a deadline for spending the money.

The Division is distributing most of this funding to its five Regional Behavioral Health Authorities (RBHAs) to provide services. The Division has allocated \$17.85 million to the RBHAs based on population. To obtain the money, the RBHAs were required to submit spending plans consistent with legislative intent. In addition, the Division directed the RBHAs to focus mainly on serving children who are ineligible to receive medical and behavioral health services through the federally funded Medicaid and KidsCare programs administered by the Arizona Health Care Cost Containment System (AHCCCS). The Division reserved the remaining \$2 million for training RBHA staff and others on a new system-of-care approach to service provision.

This audit focuses on three areas related to the Division's use of HB2003 monies: programs created with these monies, training on the new system-of-care approach, and collaboration between the Division and other state agencies listed in the legislation.

¹ The Division refers to this funding as "House Bill 2003" funding, and to the programs as "House Bill 2003 Programs," after the legislation that created the funding.

² Laws 2000, Fifth Special Session, Chapter 2, §5 also appropriated \$50 million for funding housing and recovery support services for adults with serious mental illness. A separate audit on the House Bill 2003 Adult Services Program is due on or before January 1, 2004.

Enrollment and services increasing after slow start (see pages 9 through 18)

Behavioral health programs developed with HB2003 monies target the population specified by the Legislature and are consistent with court-ordered reform, but they had a slower start than the RBHAs had planned. The Division has used HB2003 monies to provide services to children involved in one or more of the four state agencies specified in legislation—the Department of Health Services, the Department of Economic Security, the Administrative Office of the Courts, and the Arizona Department of Juvenile Corrections. The RBHAs proposed several programs and services tailored to these children's behavioral health needs. For example, several RBHAs developed programs for children in the juvenile justice system, such as assessment and transitional services for incarcerated children. Although some of these children may be Medicaid-eligible, Medicaid will not reimburse services provided to incarcerated individuals. More than half of the 938 enrolled children as of July 1, 2002, were involved with the Division as well as at least one of the three other agencies. In addition, as permitted in legislation, two rural RBHAs used their monies to expand telemedicine services.

The Division has also used HB2003 monies to develop programs that are consistent with the State's new child- and family-centered system-of-care approach to service provision. This new approach is the result of the *J.K. v. Eden* settlement agreement, which addressed Medicaid-eligible children who need mental health services.¹ Consistent with the settlement agreement, the RBHAs developed some programs with HB2003 funding to reflect the new system's principles and family-centered nature, such as intensive in-home services and multi-agency teams.

However, due to a variety of factors, behavioral health programs developed with HB2003 monies had a slower start than the RBHAs had originally planned. For example, the Maricopa County RBHA ValueOptions started its program 3 months after the Division's proposed July 1, 2001, start date to allow its HB2003 programs to coincide with changes in Medicaid coverage. The Yuma RBHA Excel broadened the eligibility criteria for its program in November 2001 because it had not received the expected number of referrals under its original, narrower criteria. Two new policy changes in the State's Medicaid program, administered by AHCCCS, that became fully effective in October 2001 also contributed to the slower than expected program start. During HB2003 program implementation, the State expanded Medicaid eligibility and also expanded the list of Medicaid-covered services. According to department officials, these changes required planning and time to ensure that they were implemented effectively, delaying the Division's and RBHAs' ability to focus on planning and implementing the HB2003 programs. Due to the delayed program starts, total enrollment was less than expected in the program's early months.

1 *J.K. v. Eden*, Arizona Federal District Court Case, No. CIV91-261.

In response to the low enrollment, the Division and the RBHAs have made changes in the program plans and worked with other state agencies to increase referrals. The Division needed to educate other agencies on the availability of new services. In the past, agencies did not always refer non-Medicaid clients because services were not always available. After the slow start, enrollment appears to be increasing. Between July and October 2001, average new enrollments were 15 per month. By contrast, between November 2001 and June 2002, new enrollments per month averaged 104. Altogether, as of July 1, 2002, 938 children had enrolled in the program, and participation rates may ultimately reach the RBHAs' estimates of over 1,200 total enrollments. Due to the slower than expected enrollments, analysis of program expenditures shows that total spending appears low, compared to the amount appropriated. Although complete service data is unavailable, the Division's records indicate that more than 80 percent of the program's allocation remained unspent as of June 30, 2002. Those records reflect expenditures for hiring staff and purchasing equipment as well as the value of services reported by providers. At that time, ValueOptions had spent only 9 percent of its total \$10.5 million allocation. Total spending in some other regions came closer to the total budgeted, particularly at Excel, which provides services directly and does not have to wait for providers to report services. Delays in reporting services to the Division may result in understating actual program expenditures and services provided to date, since by law the RBHAs are allowed to take up to a year to submit accurate service data.

The Division should continue efforts to ensure state-wide training on its new system (see pages 19 through 24)

In accordance with the *J.K. v. Eden* settlement agreement, the Division is using \$2 million to provide training on the required new system. The *J.K. v. Eden* lawsuit, which was filed in 1991 and certified as a class action lawsuit in 1993 on behalf of Medicaid-eligible children, and the resulting settlement agreement, provided the foundation for a new philosophy for caring for children in the State's behavioral health system. The settlement agreement emphasizes a number of principles, including partnering with families and children, collaborating with other agencies, and providing individualized services aimed at achieving meaningful outcomes for families and children. The new system of care emphasizes the strengths of a child and family instead of their problems and deficits.

The Division has retained a consultant to develop and initially provide this training, which is consistent with best practices identified in federal studies and in interviews with officials from similar programs in other states. This training has been provided in several regions of the State. So far, 38 training sessions have been provided, with total attendance of over 2,300 including representatives from the Division, the RBHAs, service providers, and other child-serving agencies. The Maricopa County RBHA ValueOptions and the Northern Arizona Regional Behavioral Health Authority

have received most of the training, since they are part of a pilot program to implement the new system of care across the State.

The Division has taken steps to expand ongoing training throughout the State after its contract ends with its training consultants, as other agencies, locations, and new staff continue to need training on the State's new child- and family-centered system of care. To ensure training continuity, the Division is developing training kits, identifying internal trainers to facilitate future training, and providing supervisory training in order to obtain management support for the new system. As it expands training state-wide, the Division should also assist the RBHAs with future training plans. It has already approved the ValueOptions training plan, and has asked the other four RBHAs to submit training plans by January 1, 2003. As it reviews these plans, the Division should ensure that they include key factors, such as detailed tasks and time frames. In addition, the Division should ensure that the RBHAs plan to include employees of other state agencies in future training.

The Division can further foster interagency collaboration (see pages 25 through 28)

While the Division and the RBHAs took steps to collaborate with other agencies, they can take further action to promote interagency collaboration for children served by multiple agencies. Overall, the RBHAs solicited input from all the agencies mentioned in the legislation prior to submitting program plans for using their HB2003 monies, although not all county probation offices were consulted, and an official at the Arizona Department of Juvenile Corrections stated that two RBHAs did not discuss regional service priorities with them before the RBHAs submitted their program plans to the Division. In most cases, the RBHAs incorporated other agency priorities into their program plans, although they could not adopt all service-planning priorities. The Division has also made collaborative inroads at the state leadership and client levels. For example, the Division is working to develop agreed-upon clinical protocols for treating children involved in multiple state agencies. In addition, the Division has a full-time executive-level position dedicated to fostering collaboration.

To continue its focus on collaboration, the Division should continue to work with the other state agencies to strengthen local commitment to the new system of care within each RBHA's service area. Most of the RBHAs' service areas have interagency teams and steering committees or councils in place to foster collaboration. However, the Maricopa County Steering Committee has taken this process a step further by developing a formal agreement that commits each individual state agency to actions such as supporting service plans designed by child and family teams, providing a representative at team meetings, incorporating the collaboratively designed service plan into the agency's service plan, and collaborating with the team before changing the approved plan.

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concluded ♦

INTRODUCTION & BACKGROUND

The Office of the Auditor General has conducted a performance audit of the House Bill 2003 Children's Services (HB2003) monies that the Legislature appropriated to the Department of Health Services, Division of Behavioral Health Services (Division) for children's behavioral health services and programs in compliance with Laws 2000, Fifth Special Session, Chapter 2, §5.¹ The Legislature appropriated \$20 million from the State General Fund's tobacco litigation settlement account to be used for children's behavioral health services. The legislation also stipulated that the Office of the Auditor General complete a performance audit of the program on or before January 1, 2003.²

Legislative intent

The one-time, non-lapsing \$20 million HB2003 funding was appropriated in fiscal year 2001 to provide behavioral health services to children and families served by the Department of Health Services or other state agencies—specifically, the Department of Economic Security, the Administrative Office of the Courts, and the Arizona Department of Juvenile Corrections. According to the bill's primary sponsor, the monies were primarily intended to provide behavioral health services to children in the juvenile justice system who are ineligible to receive services through the Arizona Health Care Cost Containment System (AHCCCS). AHCCCS administers Arizona's Medicaid and KidsCare programs, the two major federal programs that provide medical and behavioral health services for the State's lower-income children.³ In fiscal year 2002, the Division received more than \$104 million from AHCCCS to provide services to children eligible for federal programs. It received more than \$26 million from non-Medicaid sources such as the State General Fund to provide behavioral healthcare to children who were not eligible for federal programs.

¹ The Division refers to this funding as "House Bill 2003" funding, and to the programs as "House Bill 2003 Programs," after the legislation that created the funding.

² Laws 2000, Fifth Special Session, Chapter 2, §5 also appropriated \$50 million for funding housing and recovery support services for adults with serious mental illness. A separate audit on the House Bill 2003 Program for adults with serious mental illness is due on or before January 1, 2004.

³ Medicaid refers to the federal healthcare program for indigent persons authorized under Title XIX of the Social Security Act. KidsCare is Arizona's version of the federal Children's Health Insurance Program, which is authorized under Title XXI of the Social Security Act.

Other Child-Service State Agencies' Missions

- **Department of Economic Security/Child Protective Services (DES/CPS)**—CPS provides specialized child welfare services that seek to prevent dependency, abuse, and exploitation of children. Such children may be living with their natural families or with foster care families. In general, they need individual counseling—including specialized therapy to deal with issues such as sexual abuse—and intensive family services designed to promote family stabilization.
- **Department of Economic Security/Division of Development Disabilities (DDD)**—This Division provides services to Arizonans and their families who have autism, cerebral palsy, epilepsy, or mental retardation that is manifested before the age of 18, or children who are below the age of 6 and at risk of having a developmental disability. Like other children and youth, their behavioral health needs will vary. They may need individual counseling, medication, or family counseling.
- **Administrative Office of the Courts/Juvenile Probation (AOC)**—The Administrative Office of the Courts administers the State's judiciary system, including county juvenile justice courts. AOC, in cooperation with county juvenile probation, promotes community protection by requiring juvenile accountability and providing treatment opportunities that result in law-abiding behavior. The county courts oversee youth who are placed in juvenile detention and juvenile probation. Similar to Juvenile Corrections, youth placed on juvenile probation may need services such as case management, counseling, and substance abuse services. Medicaid will not pay for their services while children are incarcerated in county detention centers.
- **Arizona Department of Juvenile Corrections (ADJC)**—Juvenile Corrections is responsible for delinquent juveniles committed to its jurisdiction by the county juvenile courts. It oversees incarcerated youth and youth who are placed on juvenile parole following the completion of their sentences. In general, these youth need services such as case management, counseling, and substance abuse services. Since Medicaid will not cover services for incarcerated youth, youth who are about to be paroled may also need psychological assessments and bridging medications to facilitate their transition into the State's behavioral health system.

According to legislative staff and division officials, the Legislature intended to provide the Division and the State's five Regional Behavioral Health Authorities (RBHAs) with some needed flexibility in providing services to children. For example, they anticipated that although the monies were intended primarily for non-Medicaid or non-KidsCare eligible children, some of the monies could be used to help some Medicaid-eligible children by paying for services Medicaid does not cover. In addition, since Medicaid covers only healthcare services, the RBHAs could use HB2003 monies for hiring staff, buying equipment, and obtaining training to enhance their ability to provide services to children.

In addition to serving children and families involved with other state agencies, the Legislature also allowed the Department of Health Services to use the monies to support telemedicine programs for persons who live in the State's medically underserved areas.¹ Telemedicine involves using videoconferencing equipment to provide services to patients who do not live near behavioral healthcare service providers.

Program monies distributed to RBHAs

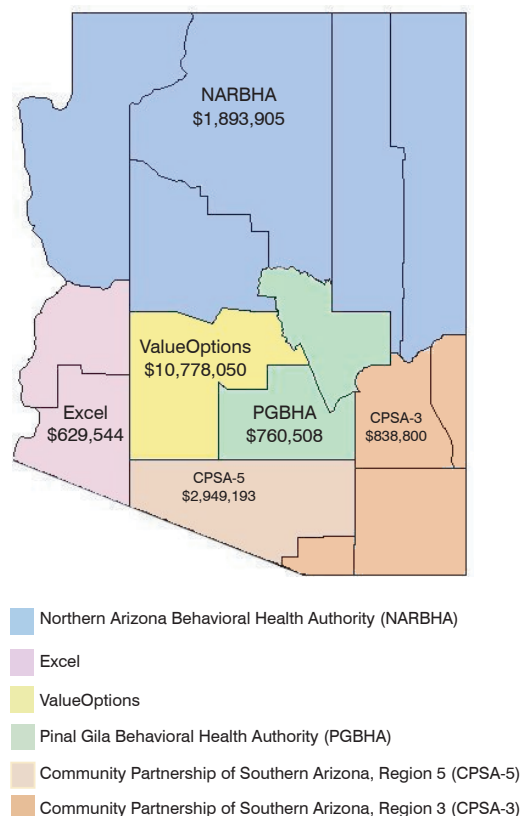
The Division is distributing most of the funding to the State's five Regional Behavioral Health Authorities (RBHAs) to provide services across the State. The Division does not directly provide behavioral health services. Instead, it contracts with the five RBHAs, which function in a fashion similar to health maintenance organizations by subcontracting with behavioral health providers in their geographic service areas to provide services to clients.² In all, the Division allocated \$17.85 million of the \$20 million to the RBHAs based on population. Figure 1 shows the five RBHAs, the six geographic areas they serve, and their HB2003 funding allocations.

Following passage of the legislation, the Division issued HB2003 Plan Specifications to the five RBHAs. To obtain HB2003 monies, each RBHA had to develop a plan consistent with the specifications, addressing three general areas:

- **Non-Medicaid Eligible Children**—Provision of behavioral health services to non-Medicaid eligible children and family members. Within this area, the RBHAs

Figure 1

Regional Behavioral Health Authorities Allocations Through June 30, 2003



Source: Auditor General staff analysis of Division of Behavioral Health Services House Bill 2003 Regional Behavioral Health Authorities Plan Specification, September 2002.

¹ Medically underserved areas are defined in state statute at A.R.S. §36-2352. They include areas that the federal government has designated as a Health Professional Shortage Area (HPSA), and other areas that meet state criteria set forth in statute.

² Four of the five RBHAs follow this model. The fifth, the Excel Group in Yuma, provides most services directly instead of through subcontractors.

were directed to make Department of Economic Security children and their families the first priority.

- **Juvenile Justice Children**—Provision of behavioral health services to children referred by the Administrative Office of the Courts and the Arizona Department of Juvenile Corrections. The Division required that 30 percent of the monies allocated to each RBHA be used for non-Medicaid eligible children involved in the juvenile justice system.
- **Telemedicine**—RBHAs could propose using a portion of the HB2003 monies to expand telemedicine services in Arizona’s medically underserved areas.

The Arizona Vision and the 12 Principles

The Arizona Vision

In collaboration with the child, family, and others, Arizona will provide accessible behavioral health services designed to aid children to achieve success in school, live with their families, avoid delinquency, and become stable and productive adults. Services will be tailored to the child and family and provided in the most appropriate setting, in a timely fashion, and in accordance with best practices, while respecting the child’s and family’s cultural heritage.

The 12 Principles

1. Collaboration with the child and family
2. Functional outcomes
3. Collaboration with others
4. Accessible services
5. Best practices
6. Most appropriate setting
7. Timeliness
8. Services tailored to the child and family
9. Stability
10. Respect for the child and family’s unique cultural heritage
11. Independence
12. Connection to natural supports

Source: *J.K. v. Eden* settlement agreement, March 20, 2001.

Program monies support system reform

The Department also designated \$2 million of the HB2003 monies to design, develop, and deliver a state-wide training program aimed at implementing state-wide system reform in children’s behavioral healthcare. Much of this reform has been in response to the *J.K. v. Eden* lawsuit, certified as a class action in 1993 on behalf of Medicaid-eligible children, and the resulting settlement agreement executed on March 20, 2001, and approved on June 26, 2001.¹ The settlement agreement sets out a vision statement and a set of 12 principles (see text box) known as “The Arizona Vision” and “The 12 Principles,” which provide the foundation for system reform. Among other things, the settlement agreement:

- Emphasizes partnering with families and children, collaborating with other state agencies, and providing individualized services aimed at achieving meaningful outcomes for families and children.
- Emphasizes that services should be accessible, timely, reflect best practices, and be tailored and appropriate for the particular child and family.
- Commits the State to a series of concrete steps, including state-wide training on a new child- and family-centered system of care, and improvements in the structure of the managed care arrangement.

¹ *J.K. v. Eden*, Arizona Federal District Court Case, No. CIV91-261, has provided the impetus for much of the system reform activities. Plaintiffs contended that the State was not providing Medicaid-eligible children timely and adequate mental health services to which they were entitled.

- Requires the defendants to develop and implement a pilot program in Maricopa County and another Arizona region, known as the 300 Kids Project, to try out new practices that can then be implemented state-wide.

Audit scope and methodology

This audit report focused on three areas related to the Division's use of the HB2003 funding and contains findings in all three:

- First, the audit reviewed the Division's efforts to provide services to children and families consistent with the legislation and the Division's Plan Specifications. Review of program plans indicates that the RBHAs have used the HB2003 monies to develop programs that are consistent with legislative intent, and the Division's Plan Specifications. In addition, some RBHAs have developed programs consistent with preliminary efforts to implement court-ordered system reform. However, auditors found that the program had a slow start. Enrollment was lower than expected during the program's early months until November 2001. Enrollment has since increased, and the RBHAs are on track to meet the enrollment targets.
- Second, the audit reviewed the Division's efforts to provide training required by the *J.K. v. Eden* settlement agreement, and its plans to expand training state-wide. Auditors found that the Division is using HB2003 monies to provide best practices-based training on the new system of care. Because the training represents a significant effort, the Division should take measures to ensure its sustainability.
- Third, the audit reviewed the Division's and the RBHAs' efforts to improve collaboration with the other state agencies identified in legislation. The audit found that the funding fostered interagency collaboration in program planning. Because interagency collaboration is important to reduce behavioral health costs and improve outcomes, the Division should continue its efforts to foster collaboration and take additional steps to further enhance it.

Auditors used a number of research methods to study the issues addressed in this report. Specifically:

- To determine which children and their families have received services from HB2003 funding and how the monies have been used to provide behavioral health services, auditors analyzed the Division's enrollment, assessment, and encounter databases. To ensure accuracy, auditors compared this data to a random sample of provider enrollment and assessment records for 47 children on the RBHAs' rosters for the HB2003 program. Additionally, auditors reviewed the Division's HB2003 spending plan requirements, the RBHAs' spending plans,

the HB2003 expenditure reports, the RBHAs' quarterly financial statements, and HB2003 progress reports. To determine services covered by Medicaid, auditors interviewed AHCCCS management and reviewed state and federal rules and guidelines related to Medicaid and KidsCare behavioral health coverage, including statutes pertaining to expansion of Medicaid eligibility under Arizona's Proposition 204.¹ To understand the various system reform efforts taking place in the State, auditors reviewed documentation related to the *J.K vs. Eden* class action lawsuit, and the Covered Services Project undertaken by the Department of Health Services and the AHCCCS administration, which expanded Arizona's list of services eligible for Medicaid or KidsCare reimbursement.

- To determine if training paid for with HB2003 monies was consistent with best practices, and to determine the sustainability of the training program, auditors reviewed training materials and attendance records, observed a training session, and interviewed division staff who oversee the training program. Further, auditors interviewed RBHA staff who facilitated the training and who are responsible for internal training on the system of care, provider-level staff and staff from other child-serving agencies who received the training to gain their perspective on its effectiveness. Auditors also interviewed the Division's and ValueOptions' training contractors to obtain information on training development and focus.² Further, auditors reviewed pertinent literature and nationally recognized program models in systems of care for information on best practices in system-of-care training. Finally, auditors contacted other states that have implemented system changes for additional comparative information.³
- To assess the effectiveness of the Division's effort to collaborate in HB2003 service planning, auditors reviewed the Division's HB2003 Plan Specifications and approved RBHA plans. In addition, auditors reviewed HB2003 progress reports, documentation of interagency meetings, interagency agreements, and collaboratively developed protocols and procedures. Auditors also interviewed Division and RBHA program administrators and RBHA regional collaborating agencies, including representatives of the Department of Economic Security, the Administrative Office of the Courts, county juvenile probation offices, and the Arizona Department of Juvenile Corrections. Auditors also reviewed literature about best practices in interagency collaboration related to service delivery.

¹ Proposition 204, approved by voters in November 2000, authorized the use of the State's share of the multi-state tobacco litigation settlement to help pay for medical coverage in Arizona to all individuals who fall below the Federal Poverty Level.

² Contractors contacted during this audit: Child Welfare Policy and Practice Group, Kaleidoscope, and Vroon VanDenBerg, LLP.

³ Auditors contacted North Carolina for information on the Guilford County Family and Communities Equal Success grant site, Wisconsin for information on Wraparound Milwaukee, and Illinois for information on Kaleidoscope, all programs representing a change in care systems for children's behavioral health services.

Audit limitations

While this audit focused on how HB2003 monies were spent and services provided to children enrolled in the HB2003 program, it could not determine the exact number and nature of services provided with HB2003 monies. The Division and the RBHAs designed a method to identify which services HB2003 paid for, but did not consistently use the method. In addition, because the RBHAs have up to a year to submit accurate service data, the Division's computer system has relatively complete service information for only the first few months of program implementation. As a result, auditors relied on the RBHAs' financial statements and HB2003 progress reports to identify total spending from HB2003 monies. To characterize the kinds of services actually provided to children enrolled in the HB2003 program, auditors relied on analysis of January 2002 service data, the latest month with relatively complete information.

This audit was conducted in accordance with government auditing standards.

The Auditor General and staff express appreciation to the director of the Department of Health Services, and management and staff of the Division of Behavioral Health Services and its Regional Behavioral Health Authorities, for their cooperation and assistance throughout the audit.

FINDING 1

Enrollment and services increasing after slow start

Programs developed with HB2003 monies target the population specified by the Legislature and are consistent with court-ordered reform. While the legislation did not establish a deadline for spending the money, the programs had a slower start than originally planned. Consistent with legislation, the programs are designed to serve children involved with other agencies as well as the Division, and many of the services provided focus on families, not just children. The Division has also used the HB2003 funding to create new programs consistent with its efforts to implement state-wide system reform in children's behavioral health services. However, early enrollment did not meet expectations, although it has increased in recent months. As a result of the low early enrollment and statutes that allow up to a year for submitting service claims, total expenditures to date appear low.

Programs consistent with legislative requirements

To address the goals of the HB2003 legislation, the RBHAs developed programs to serve families and children targeted by the funding. The legislation directed the Department of Health Services to use the monies to serve families whose children received behavioral health services from the Department or other agencies—the Department of Economic Security(DES), the Administrative Office of the Courts, or the Arizona Department of Juvenile Corrections. It also allowed the use of HB2003 monies for telemedicine. The legislation did not establish a deadline for spending the monies. To reflect the other agencies' interests, the Division required the RBHAs to obtain the agencies' input into their plans for the HB2003 program, and focus on services for children and families who were not eligible for Medicaid or KidsCare, which are administered by AHCCCS. In their plans, the RBHAs proposed several programs and services tailored to the behavioral health needs of these children. For example:

Programs developed to serve families and children targeted by legislation.

- **Comprehensive Behavioral Health Services**—ValueOptions developed an enhanced benefits package that provides a full range of behavioral health services to children who are involved with Juvenile Corrections, the Administrative Office of the Courts, or DES and are not eligible for Medicaid or KidsCare. Such children typically receive very limited services. For example, they generally cannot receive medications, lab services, therapeutic day programs, and rehabilitation. The enhanced benefits package is designed to provide up to 404 of these children with all medically necessary outpatient services, including medication, treatment programs, and respite services.
- **Programs for Children in the Juvenile Justice System**—Medicaid will not reimburse services provided to incarcerated individuals, so these types of services must be funded through non-Medicaid sources. For such children, three RBHAs (PGBHA, CPSA, and the Excel Group) provide assessments to determine behavioral health needs, as well as the behavioral health services themselves, such as counseling and medications, to children detained in juvenile detention centers. Although PGBHA and CPSA provided some assessment and transitional services before the HB2003 funding was provided, the funding allowed them to provide these services to more children and to add new counseling and medication services for children who need them. For example, PGBHA's contractor reported that it had completed assessments for approximately 500 children in detention centers as of June 30, 2002.
- **Community Programs**—In Yuma, the Excel Group partnered with the Wellton School District to create an after-school program for children in the Wellton, Dateland, and Tacna area who are not enrolled in Medicaid. The program is intended to help children address problems in their family life, academic life, and peer relations.
- **Telemedicine**—Both PGBHA and the Excel Group have used a portion of their monies to increase telemedicine services in primarily rural service areas. Excel provided telemedicine to East Yuma County and to Quartzsite in La Paz County. PGBHA installed equipment in Eloy, Casa Grande, Payson, Globe, Apache Junction, Kearney, and Oracle.

One of the program's major objectives was to serve children involved with other state agencies. As Figure 2 shows (see page 11), slightly more than half of the 938 children enrolled were also involved with other state agencies. Another objective was to serve children who are not eligible for Medicaid or KidsCare. Altogether, 49 percent of the children had never been enrolled in Medicaid or KidsCare. The remaining children had at some time been enrolled, but according to AHCCCS officials, children frequently drop in and out of Medicaid eligibility due to changes in family income or living situation.

Children enrolled in HB2003 have received a variety of services. Many of these services focused on families, not just children. For example, in January 2002, 64 children and their families received family psychotherapy. Table 1 (see page 12) illustrates the number of children receiving various services in January 2002.¹

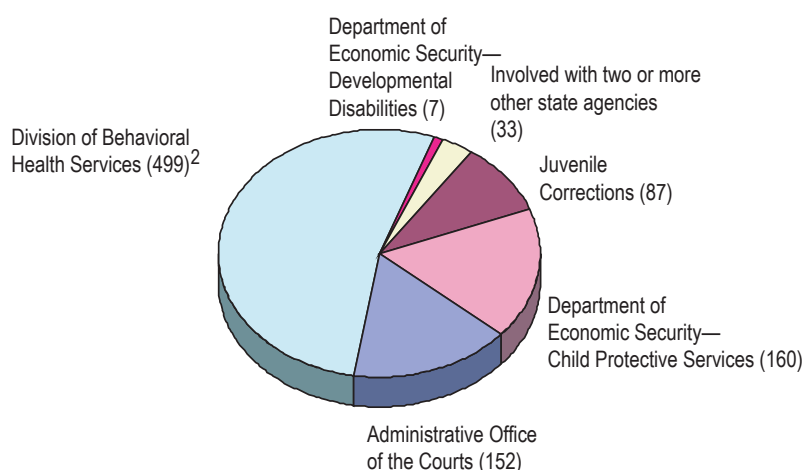
Programs consistent with new system of care

In addition to serving children mentioned in the HB2003 legislation, the Division has used the monies to create and staff new programs in keeping with the new system of care prescribed by the settlement agreement for the *J.K. v. Eden* class action lawsuit. Many of the programs in the RBHAs' plans for using the HB2003 funding reflect the principles enumerated in the settlement, such as collaboration, providing services in the most appropriate setting, and the new system's family-centered nature. For example:

- **Multi-Agency Teams**—NARBHA used HB2003 monies to establish a collaborative case-planning system for the Northern Arizona region. This system uses teams that include representatives from children's programs within the Department of Economic Security, the Administrative Office of the Courts, and the Department of Juvenile Corrections. Together, these representatives provide collaborative case planning for behavioral health needs for non-Medicaid children referred through these other agencies. Each team also receives treatment recommendations from a Child and Family Team composed of the child and family and any other individuals who are important in the child's life, such as teachers.
- **Intensive In-home Services**—The plan developed for the Southern Arizona region by CPSA includes an integrated family-focused program to provide

Figure 2

Children Served by State Agencies Named in HB2003 Legislation¹
As of July 1, 2002



¹ All children are served by the Division of Behavioral Health Services. Some are also served by other agencies.

² Assessment information is missing for 117 of these clients. Some may be involved with other agencies. In addition, auditors found approximately 10 percent of children may be misclassified in the Division's data.

Source: Auditor General staff analysis of assessment data provided by the Division of Behavioral Health Services.

Some programs focus on children and families.

¹ Because the Division had limited data (see page 7), the numbers reported here reflect only (a) children who were not eligible for Medicaid or KidsCare at the time the service was provided, and (b) services that are not on the Medicaid/KidsCare covered services list. Because some children are enrolled in Medicaid or KidsCare as well as HB2003, the numbers reported here may understate the services provided with HB2003 monies.

Table 1 **Types of Services Provided To HB2003 Children¹**
Month Ended January 31, 2002²

Service	Number of Children Receiving Services
Behavioral health day program	103
Counseling and psychotherapy	
Family psychotherapy	64
Family counseling in the office	48
Family counseling in the home	17
Family support	48
Individual counseling in the office	33
Individual counseling in the home	30
Individual psychotherapy	2
Group counseling	8
Case management, assessment, and screening	
Case management	113
Screening	88
Consultation and assessment	76
Comprehensive assessment	31
Assessment	6
Psychiatric evaluation	2
Other	101

¹ This table represents children enrolled in HB2003 who received services not covered by Medicaid or KidsCare because either the child or the service was ineligible. For January 2002, there were 302 such children.

² Data may be incomplete because Regional Behavioral Health Authorities and their contracted providers have 1 year to submit accurate data. However, auditor analysis indicates this data should be nearly complete.

Source: Auditor General staff analysis of data obtained from the Division of Behavioral Health Services' Client Information System for January 2002. The children identified through matches with the Division's Client Enrollment, Disenrollment and Assessment report database and HB2003 enrollment rosters obtained from the Regional Behavioral Health Authorities.

behavioral health services to non-Medicaid eligible families and their children. These services include in-home family counseling, respite care, medication, transportation, and other services. Prior to the HB2003 program, family members who were not eligible for Medicaid services received little or no services outside of traditional family therapy. The HB2003 funding allows treatment programs to address the whole family as a functional unit.

- **300 Kids Project**—Value Options used HB2003 monies to support staffing for its portion of the 300 Kids Project. This project is intended to test approaches that might be used state-wide in implementing the new system-of-care approach to delivering behavioral health services. The *J.K. v. Eden* settlement agreement requires the pilot program to be implemented for 200 children in Maricopa County and 100 children in another Arizona region. ValueOptions used the HB2003 monies to hire a project manager and administrative assistant; one liaison each for Juvenile Courts, Juvenile Corrections, and Child Protective Services; a family liaison and an educational liaison; and an outcomes analyst.

Programs had slower start than anticipated start

Although designed to address legislative goals and support creating a new system of care, the HB2003 programs had a slower start than anticipated. Early enrollment did not meet projections, but has increased since the RBHAs made program adjustments and worked with other agencies to obtain more referrals. Changes in Medicaid coverage and other factors help to explain the low initial enrollment. Still, as a result of the slow start, complete service data is unavailable and state-wide expenditures to date appear low.

Programs had low early enrollment—Enrollment in the first few months of the program did not meet the RBHAs' original expectations. The Division began making monthly distributions of monies to the RBHAs in December 2000. It required the RBHAs to begin their programs on July 1, 2001, and continue them at least through June 30, 2003. By October 31, 2001, however, the RBHAs had not enrolled as many children as expected. For example:

- **NARBHA** started its program early in May 2001. It planned to enroll children through multi-agency teams, which could provide a broad spectrum of services to maintain or improve family stability. It identified nine criteria for enrollment eligibility, such as involvement with Child Protective Services or juvenile probation. Despite the early start, NARBHA had enrolled only 15 children by October 31, 2001. By comparison, NARBHA had projected the teams could serve 150 children when fully implemented.

Altogether, by the end of the first 4 months after the Division's target start date of July 1, 2001, only 111 children and families had been enrolled in the HB2003 programs (see Figure 3, page 14). This was 9 percent of the total projected enrollment for the programs. Between July and October 2001, average new enrollments were only 15 per month, less than one-third of the rate required to reach the projected enrollment of over 1,200 by June 2003.

Two RBHAs started program after the target start date.

With the Division's approval, one RBHA—Value Options—waited to start its program until October 3, 2001, to coincide with changes in Medicaid coverage. Another RBHA—Excel in Yuma—did not enroll most of its children until December 2001. According to a division official, Excel modified its program in November 2001 by broadening the eligibility criteria because it had not received the number of referrals it had originally expected. The modified program accepted children who did not have multi-agency involvement. These delayed start dates contributed to the low overall early enrollment. However, ValueOptions continued to experience low enrollment in some programs during the first few months after they started. Specifically:

- **ValueOptions** planned to enroll children and families in six programs, two each for children involved with DES, Maricopa County Juvenile Probation, and the Department of Juvenile Corrections. One program for each group offered substance abuse services, and the other program offered an enhanced benefits package for non-Medicaid eligible children. ValueOptions estimated the capacity of each program; for example, 100 families and 210 children at a time could receive services in the programs for DES-involved children. These programs started on October 3, 2001. However, by December 31, 2001, Value Options reported that only 11 families and 5 children involved with DES had received services. In contrast, its programs for children in the juvenile justice system were closer to capacity at that date: 40 enrolled from Juvenile Probation (177 capacity) and 55 enrolled from Juvenile Corrections (90 capacity).

Medicaid changes contributed to slow program start—During the implementation of the HB2003 programs, Medicaid coverage increased, affecting the Division's and the RBHAs' ability to focus on planning and implementing the HB2003 programs. These changes were completed by October 2001, just 3 months after the Division planned to initiate the HB2003 programs. Specifically:

- **More people became eligible for Medicaid**—The State implemented Proposition 204, which revised the eligibility requirements for Medicaid participation and expanded the number of adults eligible for Medicaid. These revised eligibility requirements were in place by October 1, 2001. Although eligibility for children did not change, the number of Medicaid-eligible children who received division services grew by 4,684 to 19,504 from October 2001 to August 2002. By comparison, the number increased by only 723 from October 2000 to August 2001. The number of Medicaid children may have increased due to adults enrolling themselves and their children in AHCCCS.
- **Medicaid began covering more services**—The Division also changed the scope of services that were covered by Medicaid. RBHAs can use HB2003 money to pay for services Medicaid will not pay for, including some services for children who are eligible for Medicaid. The Covered Services Project, implemented in October 2001, increased the number of different types of behavioral health services covered by Medicaid. The new services include expanded respite care

and day treatment programs. The same project increased the number of providers authorized to provide Medicaid services.

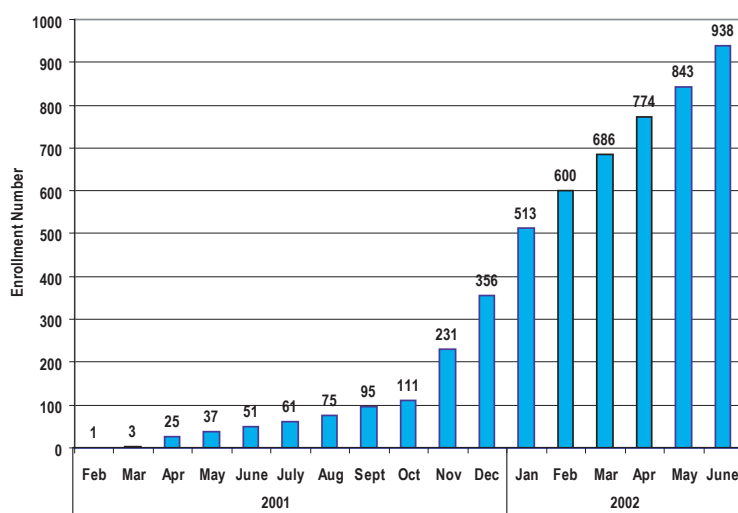
According to division officials, these system-wide changes required a great deal of coordination and education of service providers. Both the Division and the RBHAs needed to focus their attention on making these changes.

Division and RBHAs have worked to increase enrollment—In response to the low enrollment, the Division and the RBHAs made changes to the program plans and worked with other agencies to increase referrals. The Division needed to educate other agencies on the availability of new services. In the past, agencies did not always refer non-Medicaid clients because services were not always available. To increase enrollment, ValueOptions submitted a revised plan to the Division on November 1, 2001. The plan shifted some of ValueOptions' planned spending from programs for DES children to children referred by the probation offices and Juvenile Corrections. According to ValueOptions officials, most of the children DES referred were found to be eligible for Medicaid, in contrast to children referred by juvenile justice agencies. In addition, ValueOptions officials implemented a simpler, fax-based referral process for DES caseworkers, and asked DES officials for their assistance in increasing referrals.

After the slow start, enrollment in the HB2003 programs has increased in recent months. Figure 3 illustrates the total cumulative enrollment during each month of the program. Altogether, 938 children have been enrolled in the program since inception to July 1, 2002. Table 2 (see page 16) shows the clients' gender, age, race, and ethnicity as reported in their latest enrollment forms.

Participation rates in some programs may ultimately reach the RBHAs' estimates. New enrollments averaged 104 per month from November 2001 to June 2002. The ValueOptions program for DES-involved children has grown from 2 percent of capacity in December 2001

Figure 3 Number of Clients Enrolled in HB2003 Children's Program¹
February 1, 2001, Through June 30, 2002



¹ Each bar represents the cumulative number of children who have been enrolled since the program's inception, not the total current enrollment.

Source: Auditor General staff analysis of data provided by the Division of Behavioral Health Services and its Regional Behavioral Health Authorities.

Table 2

HB2003 Children's Program
Clients Served As of July 1, 2002

	CPSA-3	CPSA-5	Excel	NARBHA	PGBHA	ValueOptions	Statewide Total
Number of children served with HB2003 monies	43	135	197	62	33	469	939 ¹
Gender							
Female	10	57	94	21	13	124	319
Male	33	78	102	40	17	331	601
No data							19
Age groups							
Under 13 years	4	54	123	24	8	107	320
13 to 17 years	38	72	71	36	21	329	567
18 years and over	1	9	2	1	1	19	33
No data							19
Ethnicity and Race							
Non-Hispanic							
White	42	125	52	50	11	268	548
Black	1	7		2	2	34	46
Native American			1	5	1	6	13
Asian						2	2
Other		2	1			5	8
Total Non-Hispanic	<u>42</u>	<u>134</u>	<u>54</u>	<u>57</u>	<u>14</u>	<u>315</u>	<u>617</u>
Hispanic							
White			4	2	15	56	77
Black						1	1
Native American				1		7	8
Asian							0
Other			138	1	1	76	216
Total Hispanic	<u>0</u>	<u>0</u>	<u>142</u>	<u>4</u>	<u>16</u>	<u>140</u>	<u>302</u>
No data						19	19

¹ Count includes one girl who transferred from CPSA-3 to CPSA-5 and is counted in both regions.

CPSA-3 = Community Partnership of Southern Arizona — Cochise, Graham, Greenlee, and Santa Cruz Counties

CPSA-5 = Community Partnership of Southern Arizona — Pima County

NARBHA = Northern Arizona Regional Behavioral Health Authority

PGBHA = Pinal Gila Behavioral Health Authority

Source: Auditor General staff analysis of enrollment data provided by the Division of Behavioral Health Services and its Regional Behavioral Health Authorities.

to 50 percent as of October 2002. Similarly, PGBHA, which had enrolled only 5 children in all its programs by October 2001, reported it had served 23 families, or nearly 60 percent of the number it had expected to serve in its Functional Family Therapy Program for parole violators by June 30, 2002.

Total expenditures appear low—Analysis of program expenditures indicates that spending appears low, which may be due, in part, to service data reporting policies that give the RBHAs up to 1 year to submit accurate claims. Most HB2003

program services occurred less than 1 year ago, so complete service data is unavailable. However, the RBHAs submit quarterly progress reports showing expenditures for hiring staff, purchasing equipment, and the value of services reported by their providers. These progress reports for fiscal years 2001 and 2002 show that of the \$17.85 million the Division allocated to the RBHAs for children's programs, approximately 18 percent had been spent for services, programs, and capital expenditures as of June 30, 2002 (see Table 3 for details). Most of the unspent monies are allocated for ValueOptions. Specifically:

ValueOptions reports low expenditures as of June 30, 2002.

- Total spending reported by ValueOptions was only 9 percent of the total \$10.5 million budgeted by June 30, 2002. ValueOptions had spent nearly 50 percent of its \$1 million budget for its portion of the 300 Kids Project. However, expenditures in the program to give DES-involved children a full range of services were only 5 percent of the budgeted \$2.7 million. Similarly, ValueOptions had spent only 2 percent of the \$1 million budget for its substance abuse program for children involved with Juvenile Probation. ValueOptions did not begin spending on the latter program until May 2002.

Total spending by the other RBHAs comes closer to the total budgeted. For example:

- Total spending reported by PGBHA as of June 30, 2002, was approximately 50 percent of its \$760,000 budget. PGBHA had spent nearly 90 percent of its \$230,000 budget to purchase telemedicine equipment. It had also spent 43

Table 3 HB2003 Children's Program Expenditures
from Program Inception Through June 30, 2002
(Unaudited)

Regional Behavioral Health Authority	Allocation	Program Expenditures ¹	Percentage Spent
ValueOptions	\$10,778,050	\$ 982,889	9.1%
CPSA Region 3	838,800	71,806	8.6
CPSA Region 5	2,949,193	818,971	27.8
NARBHA	1,893,905	528,243	27.9
PGBHA	760,508	378,589	49.8
Excel	<u>629,544</u>	<u>417,340</u>	66.3
Total	<u>\$17,850,000</u>	<u>\$3,197,838</u>	17.9%

¹ Program expenditures include expenditures on programs, services, and capital equipment such as telemedicine equipment.

Source: Auditor General staff analysis of Division of Behavioral Health Services recap of HB2003 children's program as of June 30, 2002.

Service reporting policies result in understated expenditures.

percent of its \$235,613 budget to provide assessments, counseling, and other services to children in detention centers. PGBHA also reported it had spent about 25 percent of its \$156,248 budget for providing multi-agency team services to children involved with DES and other agencies.

- Total spending by Excel, which provides services directly instead of through contracted providers, is closest to the budgeted total, about 66 percent of its nearly \$630,000 allocation. As of June 30, 2002, Excel reported that it had spent 71 percent of its \$392,138 budgeted to provide a full continuum of services to children involved with DES and the juvenile justice agencies, as well as 51 percent of the \$186,206 it had budgeted for constructing and operating a team challenge course in Yuma. Excel's reported expenditures may reflect more complete information than the other RBHAs because Excel does not have to wait for providers to report services.

Delays in reporting services to the Division may result in understating actual program expenditures and services provided to date. Although they are encouraged to submit service data as quickly as possible, the RBHAs are allowed to take almost a year to submit accurate service data to the Division. This timetable, outlined in A.R.S. §36-3411, gives them enough time to obtain data from service providers and reconcile any discrepancies, such as Medicaid enrollment dates that disagree with data provided by AHCCCS. Since reported expenditures are based on reported services, program expenditures on the progress reports may appear artificially low. Because of this lag in reporting, it is difficult to accurately determine what services have been provided to date.

Recommendation

This finding provides information only. Therefore, no recommendations are presented.

FINDING 2

The Division should continue efforts to ensure state-wide training on its new system

The Division has used some HB2003 monies to train staff on a new system for delivering behavioral healthcare, and it should continue to take steps to ensure the training is provided state-wide. The training, required by the *J.K. v. Eden* settlement agreement, is consistent with best practices identified in federal studies and in interviews with officials from similar programs in other states. Training has been provided in several regions of the State, but an ongoing effort will be needed to carry it to other agencies and locations and to continue to offer it to new staff. The Division's efforts to sustain training would be enhanced by ensuring that the RBHAs' future training plans include key factors such as detailed tasks, time frames, and other necessary elements to expand training state-wide.

Training helps implement new system of care

In accordance with the *J.K. v. Eden* settlement agreement, the Division is using \$2 million to provide extensive classroom training and one-on-one coaching on its new system for providing children's behavioral healthcare. This new system of care represents a significant philosophical shift from the traditional system. The traditional system of care views families as the cause of their children's problems and focuses on families' deficits. In contrast, the new system of care emphasizes outcome-focused, strengths-based services centered on the child and family. The new system of care treats parents and children as partners, respects the child and family's unique cultural heritage, and tailors services to the child and family. Individuals trained on the new system of care include division staff and the RBHAs, as well as service providers, family members, and personnel from other child-serving state agencies.

To design and facilitate the state-wide training and coaching program, the Division contracted with Vroon VanDenBerg LLP (VanDenBerg), an international expert in developing systems of care. VanDenBerg has provided training in all 50 states and

J.K. v. Eden settlement and RBHA plan specifications require training.

has worked with states and communities to develop, implement, finance, and sustain systems of care. According to the VanDenBerg contract, Arizona's training and coaching program will be accomplished in three phases:

- **Assessment**—The first phase of the contract focused on assessment activities to identify system-of-care elements that need to be in place and what type of training would need to be provided. These activities included meeting with stakeholders, observing service providers, and identifying barriers to system implementation. The assessment activities occurred over a 6-month period and were completed in October 2001.
- **Curriculum Development and Initial Training**—This phase consists of curriculum development, training, and coaching on the new system of care. The training includes several different modules that address the new system-of-care and its core values. For example, one module provides an overview of the new system, while another provides skills-based training on how to lead a child's service team. According to a division official, this phase will be complete in January 2003.
- **Project Management**—The project management phase focuses on transitioning from delivery of the training program to staff in a portion of the State to a state-wide training program. This includes an assessment of future training needs at all the RBHAs and the tracking of state-wide training implementation through a database. This phase began in November 2001 and is expected to be complete by May 2003.

Training is consistent with best practices

Several elements of Arizona's training are consistent with "best practices" identified in a federal Center for Mental Health Services (CMHS) report and in interviews with officials from similar programs in other states.¹ Specifically:

- **Focus on values and skills**—Because the new system of care represents a significantly different approach to providing services, training is important to facilitate system change. According to the CMHS training report, programs such as California's Santa Clara County program and Illinois' La Grange Network trained staff on core values and specific skills integral to the system of care. Additionally, an official from North Carolina's Guilford County program indicated that training focused on these same elements. Similarly, the Division of Behavioral Health Services' training focuses on the values and skills necessary for implementing the new system of care.

¹ Auditors examined the following programs included in a CMHS report entitled *Systems of Care: Promising Practices in Children's Mental Health*, 1998 series, volume IV: Wisconsin's Wraparound Milwaukee program, Illinois' La Grange Area Department of Special Education Emotional and Behavioral Disorders Network, and California's Santa Clara County Program: Uniting Partners to Link and Invest in Families Today. Auditors interviewed officials from Wraparound Milwaukee, Illinois' Kaleidoscope Program in Bloomfield and Chicago, and the Guilford County site of North Carolina's Families and Communities Equal Success grant.

- **Facilitator role**—Similar to programs in other states, Arizona is providing training on the role of “facilitator.” Facilitators, who work directly with family members and persons on the child’s service team to plan and implement services, are integral to Arizona’s new system of care. According to the CMHS report, Wraparound Milwaukee has developed a comprehensive training and certification program for its version of the facilitator. The La Grange Illinois Network also provides training for facilitators. Arizona’s intensive course includes role playing and coaching on the specific skills related to facilitation. In interviews with auditors, six of six facilitator trainees indicated that the training was helpful in teaching hands-on skills such as how to plan for family crises.¹
- **Involvement of other agencies**—A core value of the new system of care is collaboration between behavioral health and other child-serving agencies. This means other child-serving agency employees also need training on the new system of care. According to the CMHS report, Wraparound Milwaukee and the La Grange Illinois Network developed and provided training for other agencies involved in the system of care. Similarly, representatives from other Arizona child-serving agencies, including the Administrative Office of the Courts and the Departments of Juvenile Corrections, Economic Security, and Education, were invited to attend training sessions on the new system of care. In interviews with auditors, four of six trainees from other agencies indicated that the training was good, and two trainees indicated that it was excellent.² However, five of the six trainees also commented that additional training, such as how the model works with delinquent youth, would be helpful.

Facilitators work with family members on the child’s service team to plan services.

Extent of training provided varies by region

Regions of the State vary widely in the degree of VanDenBerg training received to date. As of August 8, 2002, VanDenBerg had provided 38 training sessions ranging from several hours to several days in length. According to VanDenBerg’s rosters, attendance at those sessions totaled 2,300 including representatives from the Division, the RBHAs, service providers, and other child-serving agencies. Consistent with the *J.K. v. Eden* settlement agreement, most of the initial training targeted provider staff from the ValueOptions and NARBHA regions that work with a small group of children known as the 300 Kids Project.³ The CPSA region has also received some similar training and coaching. So far, PGBHA and Excel have each received only one training

Initial training targeted staff involved in the 300 Kids Project.

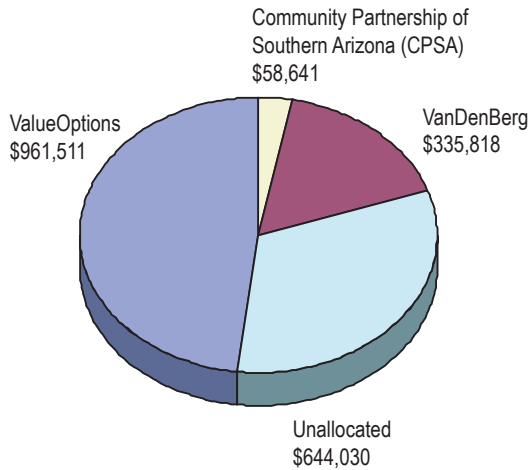
¹ Auditors interviewed six provider staff from the ValueOptions, NARBHA, and CPSA regions. Each of the interviewees received the facilitator training from VanDenBerg.

² Auditors interviewed six staff from other child-serving agencies in Arizona, including the Administrative Office of the Courts and the Departments of Education, Juvenile Corrections, and Economic Security.

³ In accordance with the settlement agreement, the 300 Kids Project is a pilot project for 200 children in Maricopa County and 100 children in Northern Arizona. The project was used to demonstrate the efficacy of the system-of-care approach, to work out the details of how to best provide services and supports, and to develop strategies and materials to support system change for the entire State.

session, paid for by a CMHS block grant. The RBHAs are currently developing plans for future training in all parts of the State.

Figure 4 HB2003 Children's Program
\$2 Million Training Allocation



Source: Auditor General staff analysis of House Bill 2003 Children's Set-aside, July 31, 2002, and additional information provided by a division official.

The Division plans to use \$2 million of the HB2003 monies to provide training and coaching on the new system of care. As of October 30, 2002, and as illustrated in Figure 4, the Division reports that it has already allocated more than \$1.3 million of these monies for training. The Division has allocated \$335,818 of this amount for VanDenBerg training and coaching services.¹ The total allocated also includes \$961,511 for ValueOptions to conduct additional training and coaching for behavioral health staff, parents, and other agency staff, because ValueOptions was furthest ahead in adopting the new system of care. Further, CPSA has received more than \$58,600 to contract independently for training and coaching from VanDenBerg and another training organization.² The Division plans to allocate the remaining \$644,030 to the RBHAs based on population once the phase three assessments are complete and the RBHAs have submitted a plan to use the remaining monies.

Plans to train staff can be enhanced

While the Division has taken steps to continue to provide training once its contract with VanDenBerg expires, it can take additional steps to ensure all appropriate personnel receive the training in a timely manner. Specifically, the Division should work with the RBHAs to develop regional plans to ensure that state-wide training continues.

The Division has taken steps to provide ongoing training—The Division has taken steps to continue to provide training after the current contract ends in order to help ensure the new system is successfully implemented. The settlement agreement requires state-wide training for front-line staff and supervisors. Also, because employee turnover is a common challenge for systems of care, it is important to make sure that training continues as new employees enter the system. To ensure training continuity, the Division is taking the following measures:

- **Training Kits**—The Division's contract requires VanDenBerg to develop training kits for use with trainees. These kits will be used in addition to classroom training and one-on-one coaching. The kits consist of videotaped vignettes illustrating

Videotaped vignettes will help trainees learn specific skills.

¹ This amount includes \$25,000 reserved for the development of training kits, \$25,000 reserved for the provision of a "train the trainer" program, and approximately \$285,817 for ValueOptions and NARBHA as they implemented the 300 Kids Project.

² CPSA's training and coaching was funded by a combination of HB2003 and federal match grant monies.

the key elements of the new system of care, such as how to develop a plan for addressing family crises. VanDenBerg anticipates that the kits will facilitate the transfer of skills taught during the formal training and coaching.

- **Internal Training**—The development of internal training capacity will allow the RBHAs to facilitate future training. The Division and ValueOptions are acquiring the training curriculum and materials VanDenBerg and others developed for Arizona. This will allow the Division and the RBHAs to reproduce the training and coaching once the contracted trainers are no longer available. All RBHAs indicate that they are identifying and training staff to facilitate future training on the new system of care. Further, according to the Division, it is developing a train-the-trainer program for internal trainers.
- **Supervisory Training**—In order to obtain management support for the new system of care, VanDenBerg and other trainers have trained some service providers' supervisors. According to a division representative, VanDenBerg, and other system-of-care experts, supervisors are critical to ensuring the training's success, as they provide support and encouragement for their staff.

The Division should continue its plans to use training kits and ensure that the RBHAs continue to develop internal training capacity and provide supervisory training. This will help ensure that the training becomes institutionalized.

Division should assist the RBHAs with plans for future training—As it expands training state-wide, the Division should continue to assist the RBHAs with future training plans. The Division is assessing the RBHAs' training needs and obtaining their training plans. The Division has already approved ValueOptions' plan, and expects all plans to be submitted by January 1, 2003. As the remaining plans are submitted, the Division needs to ensure they include key factors such as detailed tasks, time frames, and other elements necessary for achieving timely training and coaching in all areas of the State. The Division plans to intensify training efforts in areas that have not had the opportunity to participate fully in the training, particularly in the PGBHA, Excel, and CPSA-3 regions.¹

Additionally, because other child-serving agencies must be a partner in the system of care, the Division should continue to ensure the RBHAs include other state agency employees in future training. The Division should continue to work with the Administrative Office of the Courts and the Departments of Juvenile Corrections, Economic Security, and Education, while RBHAs work with local counterparts of those departments and county probation offices and continue to invite other agency representatives to training.

The Division's FY2003 Strategic Plan includes developing training plans for rural RBHAs.

¹ CPSA-3 serves Cochise, Graham, Greenlee, and Santa Cruz Counties.

Recommendations

1. The Division should continue its plans to use training kits and ensure that the RBHAs continue to develop internal training capacity and provide supervisory training.
2. The Division should ensure that RBHA training plans includes tasks, time frames, and other elements necessary for achieving timely training throughout the State.
3. The Division and the RBHAs should continue to invite other agency representatives to training. Specifically:
 - a. The Division should continue to work with the Administrative Office of the Courts and the Departments of Juvenile Corrections, Economic Security, and Education to encourage them to send representatives to the training.
 - b. The RBHAs should continue to work with counterparts of these agencies and county probation offices to encourage them to send representatives to the training.

FINDING 3

The Division can further foster interagency collaboration

The Division can take further action to promote interagency collaboration for multi-agency children. Collaboration is an integral part of the HB2003 program, and the Division required each RBHA to solicit input from other agencies in developing its spending plans for HB2003 monies. Overall, the RBHAs solicited input from all the collaborating agencies and incorporated their priorities in planning, but some local administrators of these agencies reported that their input was not considered or that they disagreed with the final decisions. To continue its focus on collaboration, the Division should work with the other state agencies to strengthen local commitment to the new system of care within the specific geographic service areas that each of the RBHAs serve.

Collaboration a central goal

Collaboration is central to the HB2003 Children's Services programs, because the Legislature specifically directed that the HB2003 funding be used for families whose children are served by various agencies. Collaborative efforts are important because without effective interagency service planning, the state agencies that serve any one child can sometimes have conflicting service and treatment goals. In addition to being costly, such conflicts do not lead to effective behavioral health outcomes.

Increased collaboration is not only a goal for the HB2003 Children's Services program, but has been identified several times in the past two decades as a state-wide goal for children's behavioral health services. For example, in 1999, six state agencies signed a Visioning Agreement that committed them to improve interagency service planning in children's services.¹ The settlement agreement in the *J.K. v. Eden* lawsuit focused additional attention on collaboration. Under the settlement agreement, collaboration is one of the 12 Arizona Principles that the Division must support.

Collaboration is one of the 12 Arizona Principles.

¹ The six agencies were the Departments of Education, Economic Security, Health Services, Juvenile Corrections, the Administrative Office of the Courts, and the Arizona Health Care Cost Containment System.

The Division required the RBHAs to demonstrate collaboration in planning.

As it implemented the HB2003 program, the Division sought to improve regional interagency collaboration among the RBHAs and other state agencies. Specifically, the Division's HB2003 plan specifications required each RBHA to demonstrate that it had collaborated with other child-serving agencies to develop its plan.

Service plans developed collaboratively

The RBHAs made efforts to collaborate with the other agencies specified in the HB2003 legislation. They solicited input during the planning process and generally included other agencies' priorities in their program plans. Additionally, the Division established longer-term inroads to collaboration at both the agency leadership and client levels.

Views of other agencies solicited during planning—Consistent with the Division's plan specifications, the RBHAs solicited input from the agencies mentioned in the legislation prior to submitting their HB2003 program plans. Auditors' review of meeting minutes, sign-in logs, and interviews indicate that all the RBHAs solicited input from regional administrations within the Department of Economic Security, and three RBHAs solicited regional input from the Department of Juvenile Corrections' administrators, prior to developing their spending plans. Additionally, input from the Administrative Office of the Courts was obtained, although not all local probation offices were represented. For example, CPSA held meetings with regional agency representatives during the planning phases, and also scheduled regular meetings during implementation. In PGBHA's region, collaborating agencies submitted their service priorities in writing prior to plan development.

While overall perceptions of the RBHAs' planning efforts were more positive than negative, some state agency representatives reported that they were not included in the RBHAs' service planning activities. Officials in two of the seven county juvenile probation offices auditors contacted said that their county's service priorities were not solicited by the RBHA. In addition, a state Juvenile Corrections official reported that neither NARBHA nor the Excel Group discussed regional service priorities with Juvenile Corrections prior to submitting their initial spending plans.

Priorities of other agencies incorporated—A review of submitted plans indicates that in most cases, the RBHAs incorporated other agency priorities into the program plans they submitted to the Division. Specifically, juvenile justice agencies' priorities included psychological assessments, "bridging" medications to prevent a lapse in a child's medication between release from the justice system and entry into the behavioral health system, and in-home and family substance abuse services for youth on juvenile probation or juvenile parole. Five of the plans for the six geographic service areas included these types of services. The Department of Economic

Security priorities included family preservation services, meaning counseling and other types of support services that are designed to keep a family intact, and “wraparound” services, an individualized array of services decided upon by the child and family team. All of the six regional plans included one or both of these priorities.

In other cases, some RBHAs chose not to adopt all of the priorities and recommendations that other state agencies presented to them. For example,

- In Pima County, representatives of DES Child Protective Services disagreed with CPSA’s plan to use dollars targeted for DES to fund three court liaisons to perform behavioral health screenings and referrals. Instead, DES officials reported they would have preferred the funding go to direct services.
- Probation administrators working with PGBHA reported that, while probation office representatives were asked to identify service priorities, they disagreed with PGBHA’s funding allocation to telemedicine equipment.¹

These examples illustrate the challenges in maintaining collaborative relationships when agencies may have different priorities for how to spend limited monies. PGBHA’s decision to provide funding for telemedicine, for example, operated within legislative intent and division guidelines, and may have benefited the region. Nonetheless, the decision may have affected the other state agencies’ perception of collaboration.

Collaborative inroads established at leadership and client levels—The Division and the RBHAs have made important inroads to accomplishing collaboration at the state agency leadership level and the client level. At the state level, the Division is working with the other child-serving agencies to develop agreed-upon clinical protocols for treating behavioral health problems that are common to multiple-agency children. The Division has a full-time, executive-level position dedicated to fostering collaboration, and is fostering client service level collaboration by encouraging the RBHAs and the other state agencies to provide services through the child and family team model, which is a major component of the new system of care under implementation state-wide.

Division should augment efforts

The Division may be able to achieve significant gains in collaboration by focusing on the county and regional leadership within the agencies of its child-serving partners. Most of the geographic service areas that the five RBHAs serve already have some mechanisms in place that are designed to foster and improve interagency collaboration on behalf of children. Most of the RBHAs have had multi-agency teams that predate the system-of-care reform effort and the HB2003 program. Similarly, the

Gains can be made at county and regional levels.

¹ PGBHA’s plan allocated \$230,000 of its \$760,508 total allotment to telemedicine.

Interagency agreement in Maricopa County is strong commitment to collaboration.

various regions also have different regional council or committee mechanisms in place to improve service planning for children. For example, in Northern Arizona, the Children's Behavioral Health Council of Northern Arizona includes a Collaborative Projects Steering Committee. In Maricopa County, an interagency steering committee has been formed to provide leadership and oversight to child and family teams, and to ensure services are aligned with the 12 Arizona Principles for all Maricopa County children. Division staff—and in particular, the full-time, executive-level position dedicated to fostering collaboration—should identify positive practices in each of the regions and encourage other regions to adopt such practices.

An interagency agreement recently developed by the Maricopa County Steering Committee provides an example of an approach that could be replicated elsewhere. Committee members have adopted a formal letter of agreement that, among other things, specifically commits each individual agency to:

- Support the service plan designed by the child and family team,
- Provide representation at team meetings,
- Incorporate the collaboratively designed service plan into the agency's service plan for the child/family, and
- Participate collaboratively with the team before changing the approved plan.

Such an agreement reflects recent best practices in building systems of care and could serve as a model for the Division to enhance collaboration in all of Arizona's 15 counties.

Recommendation

1. The Division, in partnership with the directors of other child-serving agencies, should assess the effectiveness of interagency teams and other mechanisms available for collaboration and encourage the adoption of county- or regional-level interagency agreements aimed at stronger collaboration.

AGENCY RESPONSE



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JANE DEE HULL, GOVERNOR
CATHERINE R. EDEN, DIRECTOR

Debra K. Davenport
Office of the Auditor General
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Phoenix, AZ 85018

Dear Ms. Davenport:

Thank you for giving us an opportunity to respond to your office's evaluation of the implementation of House Bill 2003. We agree with all of the report's findings. In addition, we plan to implement all of the report's recommendations.

We were quite pleased that the report found that the Department is implementing services consistent with the legislation. In addition, we appreciate your recognition of our extensive efforts training providers, staff, and clients on our new system of care, and the great strides we've made collaborating with other state agencies in providing services.

As noted in the report, the purpose of the House Bill 2003 funding was to provide needed flexibility in providing services to children needing behavioral health services. This funding is critical to serving such children, especially those not eligible to receive services through the Arizona Health Care Cost Containment System (AHCCCS) or KidsCare. There is very limited funding other than the House Bill 2003 Children's appropriation for this population. Moreover, House Bill 2003 monies support needed infrastructure enhancements, interagency liaison positions, and needed services that Medicaid does not cover.

While the implementation of Proposition 204 and the subsequent expansion of the federal poverty level have resulted in more children being enrolled in Medicaid, the need to provide services to children who are not enrolled in this federal program still exists. As of October 2002, there were 7,045 children not eligible for AHCCCS enrolled in the behavioral health system. These children are often uninsured or underinsured. Without House Bill 2003 monies, these children would otherwise receive limited services, if any services at all.

We agree that the many changes experienced by the behavioral health system at the time that House Bill 2003 began resulted in us expending such monies more slowly than we initially anticipated. These changes, including implementation of a new system of care spurred by settlement of the *Jason K v. Eden* lawsuit, the implementation of Proposition 204, and efforts to expand covered services available to the Medicaid population, required extensive system redesign and development. *However, several points need to be emphasized.*

- First, as the Auditor General's report notes, the Legislature did not establish a deadline for spending the House Bill 2003 allocation.

Leadership for a Healthy Arizona

- Second, House Bill 2003 monies *were intended* to be used over the long-term. The Department never expected that House Bill 2003 programs would be operating at full capacity at program implementation or by the time of the audit.

As the audit report indicates, the House Bill 2003 Children's appropriation has resulted in the implementation of many exemplary programs for children needing behavioral health services. For example:

- The Community Partnership of Southern Arizona (CPSA) is funding coordinators to be co-located at the juvenile courts, Child Protective Services (CPS) and state agency offices to better serve multi-agency children.
- A new Wellton satellite office operated by the Excel Group has been embraced by the communities of Dateland, Tacna and Wellton.
- The Northern Arizona Regional Behavioral Health Authority (NARBHA) and Pinal Gila Behavioral Health Association (PGBHA) respectively used House Bill 2003 funding to provide collaboratively based services to families.
- ValueOptions is able to offer an enhanced benefit package, including medications and psychiatric treatment, to children not eligible for services through the Arizona Health Care Cost Containment System (AHCCCS). These vital services would not be available for this children or families without House Bill 2003 funds.

Thank you for giving us an opportunity to respond to the report. We appreciate your staff's professionalism and responsiveness in conducting this evaluation.

Sincerely,

Catherine R.
Eden Director

CRE:ml

CC: Leslie Schwalbe
Michael Franczak,
Ph.D. Melissa Thomas

Performance Audit Division reports issued within the last 12 months

01-20	Department of Public Safety— Highway Patrol	02-01	Arizona Works
01-21	Board of Nursing	02-02	Arizona State Lottery Commission
01-22	Department of Public Safety— Criminal Investigations Division	02-03	Department of Economic Security—Kinship Foster Care and Kinship Care Pilot Program
01-23	Department of Building and Fire Safety	02-04	State Parks Board— Heritage Fund
01-24	Arizona Veterans' Service Advisory Commission	02-05	Arizona Health Care Cost Containment System— Member Services Division
01-25	Department of Corrections— Arizona Correctional Industries	02-06	Arizona Health Care Cost Containment System—Rate Setting Processes
01-26	Department of Corrections— Sunset Factors	02-07	Arizona Health Care Cost Containment System—Medical Services Contracting
01-27	Board of Regents	02-08	Arizona Health Care Cost Containment System— Quality of Care
01-28	Department of Public Safety— Criminal Information Services Bureau, Access Integrity Unit, and Fingerprint Identification Bureau	02-09	Arizona Health Care Cost Containment System— Sunset Factors
01-29	Department of Public Safety— Sunset Factors	02-10	Department of Economic Security—Division of Children, Youth and Families, Child Protective Services
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01-32	Homeless Youth Intervention Program		
01-33	Department of Health Services—Behavioral Health Services Reporting Requirements		

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Department of Health Services—Office of Long Term Care

Government Information Technology Agency