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July 27, 2009

Debra Davenport, Auditor General  
Arizona Office of the Auditor General  
2910 North 44<sup>th</sup> Street, #410  
Phoenix, AZ 85008

Dear Ms. Davenport:

The Arizona Department of Health Services would like to thank the Auditor General's Office for the opportunity to respond to the performance audit of the substance abuse treatment programs provided by the Department of Health Services, Division of Behavioral Health Services.

The Department agrees with all of the recommendations. Below are the Agency responses to each recommendation.

***Finding 1: Division should focus on strategies that improve outcomes***

1.1. To help improve retention, the Division should:

- a. Collect and monitor data on retention and completion, including length of stay and disenrollment reasons.
- b. Establish performance goals and financial and/or non-financial incentives and disincentives related to retention and treatment completion in its RBHA contracts, taking care to avoid encouraging providers to inappropriately retain consumers in treatment in order to meet the goals;
- c. Use existing oversight practices such as its quarterly case reviews to determine whether RBHAs are taking appropriate steps to retain and engage consumers in treatment; and
- d. Based on the review of these reviews, the Division should work with the RBHAs to address weaknesses through mechanisms such as technical assistance, training, contract requirements, and/or policy and procedural changes.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

1.2. To make better use of the continuum of care to improve treatment outcomes, the Division should:

- a. Establish standards for assessing the severity of consumers' substance abuse problems, and referring them to appropriate treatment.
- b. Using data, monitor implementation of these standards as part of its regular oversight of RBHA performance;
- c. Define appropriate expectations for case management of substance abuse consumers, taking into consideration costs of case management and the advantages of monitoring consumers with severe or complex cases;
- d. Collect and monitor data relevant to assessment and case management; and
- e. Work with the RBHAs to make improvements when its oversight identifies weaknesses.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

1.3. To better ensure the use of appropriate evidence-based practices, the Division should:

- a. Monitor compliance with its contractual requirements to use evidence-based practices;
- b. Work with RBHAs to provide technical assistance, training and guidelines as appropriate to ensure that providers have the guidance needed to implement specific evidence-based practice such as motivational interviewing, cognitive behavioral therapy, and community reinforcement therapy;
- c. Develop a method to track and monitor self-help group participation;
- d. Encourage RBHAs to offer a wider variety of self-help programs for consumers;
- e. Consider working with the RBHAs to develop procedures to engage consumers in community and peer support outlets that would reinforce progress made in treatment once consumers are disenrolled.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

***Finding 2: Division should improve oversight of substance abuse programs***

2.1. The Division should provide more guidance to the RBHAs on how to evaluate outcome information.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

2.2. To ensure that consumer treatment outcome information is collected uniformly, address providers' concerns about the Division's assessment form's length, and retain the Division's ability to monitor and easily validate outcome data as well as allowing it to comply with statute, the Division should continue its efforts to streamline outcome data collection.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

2.3. To improve treatment effectiveness, in addition to implementing related recommendations in Finding 1 (see pages 9 through 29), the Division should;

- a. Modify its contracts with the RBHAs to include minimum outcome-based benchmarks or performance goals, financial and/or non-financial incentives, and penalties related to consumer outcomes such as treatment retention, including length of stay benchmarks, continuation of care including transition from detoxification to further treatment, and abstinence;
- b. Continue its efforts to address data collection and analysis issues in order to develop accurate information regarding RBHA performance in relation to benchmarks; and
- c. Encourage the RBHAs to consider contractually implementing a method of financially or non-financially incentivizing substance abuse treatment providers who exceed the goals established in the RBHA contracts and penalizing those providers that continually fail to meet the standards related to consumer outcomes, treatment retention, and treatment completion.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

2.4. To better manage costs while maintaining quality of care, the Division should:

- a. Conduct reviews of high-and low-cost substance abuse treatment cases to identify consumers who could be treated more effectively or as effectively but at a lower cost; and

- b. Work with RBHAs to identify consumers with higher-than-usual costs for specific services to determine if alternative methods or treatments would provide the same quality of care at a reduced cost.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

2.5. To determine if services are necessary to improve outcomes and help identify other effective but less costly treatments, the Division should:

- a. Conduct cost-focused reviews of specific types of substance abuse treatments or services;
- b. Compare variation in treatment types and consumer outcomes among RBHAs to determine if adjustments are necessary; and
- c. Continue working with RBHAs to transition to alternative treatments, such as buprenorphine.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

2.6. Together with related recommendations in Finding 1 (see pages 9 through 29), the Division should:

- a. Better define the role of case managers so that they provide the most appropriate and cost effective care at each stage of the consumer's treatment; and
- b. Consider requiring RBHAs to ensure that consumers with severe or complex cases are assigned a case manager for their complete course of treatment.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

2.7. The Division should continue its efforts to fill key vacant positions in its data systems and analysis and quality management functions, and should perform follow-up work to ensure that the restructuring it initiated in April 2009 has resulted in improved oversight.

*Agency Response*

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Debra Davenport  
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Thank you again for the comprehensive review. We appreciate the hard work and professionalism shown by your staff. Implementing these recommendations will be a top priority for the Department.

Sincerely

Will Humble  
Interim Director

Cc: ADHS/DBHS Executive Team  
Janet Mullen, ADHS  
Sandy Percival, ADHS