

FINAL
SUNSET REPORT

*JOINT LEGISLATIVE COMMITTEE
FOR THE ARIZONA HEALTH CARE
COST CONTAINMENT SYSTEM*

1996

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*Senate Health Committee of Reference &
House Health Committee of Reference*

**REPORT ON THE JOINT LEGISLATIVE COMMITTEE
FOR THE ARIZONA HEALTH CARE COST
CONTAINMENT SYSTEM**

Date: October 23, 1996

To: *JOINT LEGISLATIVE AUDIT COMMITTEE*
Patricia Noland, Co-Chair
Sue Grace, Co-Chair

Pursuant to Title 41, Chapter 27, Arizona Revised Statutes, the Committee of Reference, after performing a sunset review and conducting a public hearing, recommends the following:

The Joint Legislative Committee for the Arizona Health Care Cost Containment System be terminated and the Joint Health Committee of Reference absorb its functions.

HEALTH COMMITTEE OF REFERENCE



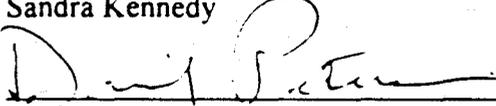
Ann Day, Co-Chair



Janice Brewer

James Henderson

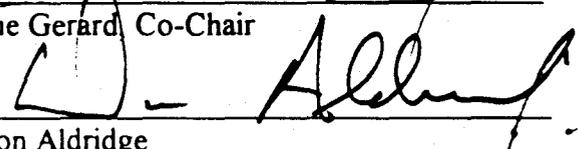
Sandra Kennedy



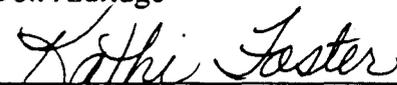
David Petersen



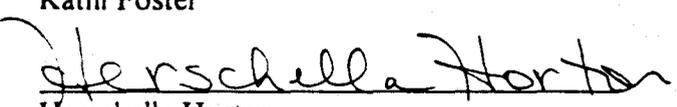
Sue Gerard, Co-Chair



Don Aldridge



Kathi Foster



Herschella Horton

Lou-Ann Preble

COMMITTEE OF REFERENCE REPORT
ON THE
JOINT LEGISLATIVE COMMITTEE FOR
THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

I. BACKGROUND

Pursuant to section 41-1292, Arizona Revised Statutes, the Joint Legislative Audit Committee (JLAC) assigned the sunset review of the Joint Legislative Oversight Committee for the Arizona Health Care Cost Containment System to the Joint Legislative Health Committees of Reference.

II. COMMITTEE SUNSET REVIEW PROCEDURE

The Committee of Reference held a public hearing on October 23, 1996, to consider the sunset report and receive public testimony regarding the Joint Legislative Oversight Committee for the Arizona Health Care Cost Containment System. The Committee heard testimony from the Senate Research Analyst, who explained the charge of the Joint Legislative Oversight Committee for the Arizona Health Care Cost Containment System and explained the ongoing legislative programs that may require the Oversight Committee's review. She also noted that the Oversight Committee is required to meet four times a year, but has only met one or two times a year.

Minutes of the public hearing held on October 23, 1996 are attached. (Attachment)

III. COMMITTEE RECOMMENDATIONS

The Committee of Reference recommends that the Joint Legislative Oversight Committee for the Arizona Health Care Cost Containment System be terminated, and that the scope of the Joint Legislative Health Committees of Reference be expanded to include questions concerning AHCCCS

IV. STATUTORY REPORT PURSUANT TO SECTION 41-1292, A.R.S.

1. Identification of the Problem or the Needs that the Agency is Intended to Address

The Joint Legislative Oversight Committee of the Arizona Health Care Cost Containment System was established in 1984 to conduct negotiations with the federal government relating to all agreements between the federal government and the state concerning Title XIX programs in the State under Title XIX of the Social Security Act. The Committee must also review and make recommendations concerning all proposals for additions or

modifications to populations covered or services provided by the AHCCCS Administration or any other state agency providing services to populations eligible under Title XIX of the Social Security Act. The Committee is further required to monitor the implementation of these additions or modifications. Additionally, the Committee is required to review the implementation of the AHCCCS hospital payment methodology established pursuant to § 36-2903.01.

The Oversight Committee consists of five members of the senate appointed by the president of the senate and five members of the house of representatives appointed by the speaker of the house of representatives.

2. A Statement to the Extent Practicable in Quantitative and Qualitative Terms, of the Objectives of Such Agency and Its Anticipated Accomplishments

The objectives of the Joint Legislative Oversight Committee on the Arizona Health Care Cost Containment System are to review and make recommendations concerning any additions or modifications to populations covered or services provided by the Arizona Health Care Cost Containment System Administration or any other state agency providing services to populations eligible under Title XIX of the Social Security Act. The Oversight Committee also monitors the implementation of these additions or modifications.

3. Identification of Any Other Agencies Having Similar, Conflicting or Duplicating Objectives

The Joint Legislative Health Committees of Reference, created by section 41-2954, Arizona Revised Statutes, are also involved in overseeing health-related issues, and therefore, it was recommended that they assume the responsibilities of the Oversight Committee should it be terminated.

4. Assessment of the Consequences of Eliminating the Agency or of Consolidating it with Another Agency

The Joint Legislative Oversight Committee has been active in overseeing AHCCCS and issues related to it. However, the Joint Legislative Health Committees of Reference are capable of assuming the Oversight Committee's functions and maintaining effective oversight of the AHCCCS.

V. ATTACHMENTS

- A. Statutory Authority
- B. Executive Summary
- C. Cover Letter
- D. Performance Audit
- E. Summary of Activities
- F. Meeting Notice
- G. Minutes
- H. Attendance List

STATUTORY AUTHORITY

(Section A)

41-1292. Joint legislative committee for the Arizona health care cost containment system

A. The joint legislative committee for the Arizona health care cost containment system is established.

B. The committee shall be comprised of five members of the senate appointed by the president of the senate and five members of the house of representatives appointed by the speaker of the house of representatives. No more than three members appointed from the house of representatives and no more than three members appointed from the senate may be members of the same political party.

C. The committee may use the expertise and services of legislative staff and, as necessary, may employ and contract for the advice and services of experts in the fields as well as other necessary professional and clerical services.

D. The committee shall be convened at least four times each year.

E. The committee, in conjunction with the Arizona health care cost containment system administration, shall conduct negotiations with the federal government relating to all agreements between the federal government and the state concerning title XIX programs in this state under title XIX of the social security act (P.L. 89-97; 79 Stat. 344, 42 United States Code section 1396, and sections 1396a through 1396u).

F. The committee shall review and make recommendations concerning all proposals for additions or modifications to populations covered or services provided by the Arizona health care cost containment system administration or any other state agency providing services to populations eligible under title XIX of the social security act (P.L. 89-97; 79 Stat. 344, 42 United States Code section 1396, and sections 1396a through 1396u). The committee shall also monitor the implementation of these additions or modifications, including the review of the preadmission screening instrument, the eligibility and enrollment system and the service delivery system.

G. The committee shall review the implementation of the Arizona health care cost containment system hospital payment methodology established pursuant to section 36-2903.01. Before the implementation of changes in payment made to a hospital within the first thirty days after receipt of a bill as authorized by law beginning March 1, 1996, the committee shall review and approve those rate changes in order to ensure the state's continued compliance with federal laws regarding reasonable and adequate rates that meet the costs incurred by efficiently and economically operated hospitals in this state.

H. The committee has the powers conferred by law on legislative committees including the authority to issue subpoenas.

41-2997.14. Joint legislative committee for the Arizona health care cost containment system: termination July 1,

A. The joint legislative committee for the Arizona health care cost containment system terminates on July 1, 1997.

B. Section 41-1292 is repealed on January 1, 1998.

EXECUTIVE SUMMARY

The Joint Legislative Oversight Committee for the Arizona Health Care Cost Containment System is comprised of 5 members of the Senate and 5 members of the House of Representatives.

Pursuant to § 41-1292, Arizona Revised Statutes, the Committee is required to conduct negotiations with the federal government relating to all agreements between the federal government and the State concerning Title XIX programs in the State under Title XIX of the Social Security Act. The Committee must also review and make recommendations concerning all proposals for additions or modifications to populations covered or services provided by the AHCCCS Administration or any other state agency providing services to populations eligible under Title XIX of the Social Security Act. The Committee is further required to monitor the implementation of these additions or modifications. Additionally, the Committee is required to review the implementation of the AHCCCS hospital payment methodology established pursuant to § 36-2903.01.

The Committee's responsibilities were increased during the Forty-second Legislature, Second Regular Session, (Laws 1996, Chapter 288) to include the review of the implementation and adoption of rules for the Inpatient Hospital Reimbursement Pilot Program. Other areas where the Committee could play a role include (1) reviewing the per diem hospital reimbursement rates methodology established by the Administration in conjunction with the Arizona Hospital Trade Association and prepaid capitated providers who contract with AHCCCS; (2) ensuring that the quick pay discount is appropriately phased out; and (3) reviewing the Administration's calculation of Disproportionate Share payments methodology.

The Joint Legislative Oversight Committee for the Arizona Health Care Cost Containment System is required by statute to meet at least four times each year.



Arizona State Legislature

1700 West Washington

Phoenix, Arizona 85007

July 11, 1996

Senator Ann Day
Representative Sue Gerard
Arizona State Capitol
1700 West Washington
Phoenix, AZ 85007

Dear Senator Day and Representative Sue Gerard:

The sunset review process prescribed in Title 41, Chapter 27, Arizona Revised Statutes, provides a system for the Legislature to evaluate the need to continue the existence of state agencies. Under the sunset review process, an agency is reviewed by a legislative committee of reference. Upon completion of the sunset review, the committee of reference recommends to continue, revise, consolidate or terminate the agency.

The Joint Legislative Audit Committee (JLAC) has assigned the sunset review of Joint Legislative Committee for the Arizona Health Care Cost Containment System (AHCCCS) to the committee of reference comprised of members of the Senate **Health** Committee and the House of Representatives **Health** Committee.

ARS section 41-2954 requires the committee of reference to consider certain factors in deciding whether to recommend continuance or termination of an agency. Please provide your response to those factors as provided below:

- 1 The objective and purpose in establishing the Committee
- 2 The effectiveness with which the Committee has met its objective and purpose and the efficiency with which it has operated
- 3 The extent to which the Committee has operated within the public interest.
- 4 The extent to which rules adopted by the Committee are consistent with the legislative mandate
- 5 The extent to which the Committee has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public

Senator Ann Day
Representative Sue Gerard
July 11, 1996
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6. The extent to which the Committee has been able to investigate and resolve complaints that are within its jurisdiction.
7. The extent to which the Attorney General or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.
8. The extent to which the Committee has addressed deficiencies in its enabling statutes which prevent it from fulfilling their statutory mandate.
9. The extent to which changes are necessary in the laws of the Committee to adequately comply with the factors listed in this subsection.
10. The extent to which the termination of the Committee would significantly harm the public health, safety or welfare.
11. The extent to which the level of regulation exercised by the Committee is appropriate and whether less or more stringent levels of regulation would be appropriate.
12. The extent to which the Committee has used private contractors in the performances of its duties and how effective use of private contractors could be accomplished.

In addition to responding to the factors in ARS section 41-2954, please provide the committee of reference with copies of minutes from your meetings during fiscal year(s) 1995 through 1996, and an annual report, and respond to the attached questionnaire by **August 30, 1996** so that we may proceed with the sunset review and schedule the required public hearing.

Thank you for your cooperation. Please contact Senate or House health research staff if you have any questions.

Sincerely,



Senator Ann Day
Co-Chair, Health Committee of Reference



Representative Sue Gerard
Co-Chair, Health Committee of Reference

AD/SG/cmh

cc. Senator Kennedy
Senator Peña
Senator Huppenthal

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Senator Springer
Senator Brewer
Senator Henderson
Senator Petersen
Representative Garcia
Representative Horton
Representative Preble
Representative Weiers
Representative Aldridge
Representative Foster
Lisa Block, House Staff
Kitty Boots, Senate Staff

THE JOINT LEGISLATIVE COMMITTEE FOR
THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

I. PURPOSE

II. EFFECTIVENESS AND EFFICIENCY OF COMMITTEE

III. PUBLIC INTEREST SERVED

IV. COMMITTEE RULES

V. PUBLIC INPUT AND PARTICIPATION IN THE RULE MAKING PROCESS

VI. INVESTIGATION AND RESOLUTION OF COMPLAINTS

VII. PROSECUTION AND IMMUNITY

VIII. DEFICIENCIES IN ENABLING STATUTE

IX. NECESSARY CHANGES IN CURRENT STATUTES

X. TERMINATION OF THE COMMITTEE AND THE RAMIFICATIONS

XI. LEVEL OF COMMITTEE REGULATION

XII. THE USE OF PRIVATE CONTRACTORS

XIII. ONGOING PROJECTS

I. PURPOSE

The Committee was created by the Thirty-sixth Legislature, Second Regular Session, 1984 (A.R.S. §41-1292). The Committee's purpose is explained in the statute as follows:

A. Committee Charge (§ 41-1292)

1. Conduct negotiations with the federal government relating to all agreements between the federal government and the state concerning Title XIX programs in this state under Title XIX of the Social Security Act.
2. Review and make recommendations concerning all proposals for additions or modifications to populations covered or services provided by the Arizona Health Care Cost Containment System Administration or any other state agency providing services to populations eligible under Title XIX of the Social Security Act.
3. Monitor the implementation of these additions or modifications, including the review of the pre-admission screening instrument, the eligibility and enrollment system and the service delivery system.
4. Review the implementation of the Arizona Health Care Cost Containment System hospital payment methodology. The Committee must also review and approve all hospital rate changes before implementation of changes in hospital payments, as authorized by law beginning March 1, 1996.

II. EFFECTIVENESS AND EFFICIENCY OF COMMITTEE

A. Committee Meetings & Actions Taken (See Minutes)

The Committee has been achieving its objectives of conducting negotiations with AHCCCS and the federal government relating to Title XIX programs in the state. The Committee has also been actively involved in reviewing and making recommendations for additions or modifications to AHCCCS populations served under Title XIX. Additionally, over the last six years the Committee has convened to discuss and review a variety of related issues, including the following:

1. Payor-of-last resort lawsuit for state-funded groups on reservations.
2. On-reservation demonstration project regarding the coordination of tribal, state, and federal services and resources.
3. Continuation of the Committee
4. Implementation of Adult Title XIX Mental Health Services
5. Implementation of Arnold v. Sarn criteria.
6. Consultation with the Governor's staff regarding program implementation delays for mental health services for ALTCS members 65 years and over.

7. County responsibility for providing mental health care services for the ALTCS population.
8. County eligibility determinations
9. Defining "emergency services" for the fee-for-service program.
10. Collection of \$5 co-payments for state-only members' office visits.
11. Third Party Recovery.
12. The Department of Health Services request for proposal process for general mental health and substance abuse for Title XIX coverage.
13. The regional behavioral health authority bidding process and financial solvency.
14. Capitation rates for children.
15. ComCare crisis intervention system.
16. Southern Arizona Mental Health Care Privatization
17. Child Protective Services and Behavioral Health Services

III. PUBLIC INTEREST SERVED

A. Who is Served?

The Committee has made a concerted effort to involve the public in discussions related to the AHCCCS and the programs and services it provides. This public input has enabled changes to be implemented and new programs, such as The Supportive Residential Living Centers pilot program, to be created. As a result, the Committee's oversight and inquiries have furthered the interests of both the AHCCCS population and the general public.

IV. COMMITTEE RULES

N/A

V. PUBLIC INPUT AND PARTICIPATION IN THE RULE MAKING PROCESS

A. Public Input

The Committee meetings are open to the public, enabling the public to address its concerns to the Committee and the agencies that are responsible for enacting the Legislature's mandates.

VI. INVESTIGATION AND RESOLUTION OF COMPLAINTS

The purpose of the Committee is to hold the relevant agencies accountable for their actions and inactions. Although its role is not to conduct its own investigations into constituent complaints, the Committee has addressed several concerns generated from constituents, including such issues as child capitation rates, agency administrative expenses, and lack of adequate services.

VII. PROSECUTION AND IMMUNITY

The Committee has the powers conferred by law on legislative committees, including the authority to issue subpoenas.

VIII. DEFICIENCIES IN ENABLING STATUTE

See IX

IX. NECESSARY CHANGES IN CURRENT STATUTES

A. Changes

1. The Committee is required to meet four times a year. Over the last six years, the Committee has only met one or two times each year. Thus, it may be advisable to decrease the number of annual meetings from four to two or, in the alternative, change "shall" to "may" and leave it up to the chairmen to decide how often the Committee should meet.
2. Change the Committee's charge to reflect changes that have already been implemented, such as the review of the new hospital payment methodology. (See SB 1283, 1996; Chapter 288)

X. TERMINATION OF THE COMMITTEE AND THE RAMIFICATIONS

A. Termination

As long as the Arizona Health Care Cost Containment System is active, the Committee should also remain in effect as an overseer and link between the AHCCCS and the Legislature that created it. The Committee also provides a good forum for public discussion.

Also, with the possible advent of federal block grants, there is a great likelihood that the AHCCCS will need to be revamped accordingly. This Committee is the proper body to help review and implement any necessary changes.

XI. LEVEL OF COMMITTEE REGULATION

N/A

XII. THE USE OF PRIVATE CONTRACTORS

A. Legislative staff

The Committee may use the expertise and services of legislative staff, and as necessary, may employ and contract for the advise and services of experts in the fields as well as other necessary professional and clerical services.

XIII. ONGOING PROJECTS

A. 1996 Legislation

The Committee, pursuant to legislation passed during the Second Regular Session of the Forty-second Legislature (1996), may need to review the actions of the AHCCCS Premium Sharing Demonstration Project Implementation Committee (HB 2508), the Joint Legislative Study Committee on County Revenues and Responsibilities (SB 1283), and the Joint Interim Study Committee to Study the Privatization of the Arizona State Hospital (ad hoc).

In addition, the Committee may need to review changes in the AHCCCS due to the recent passage of the Federal Welfare Reform bill by Congress.

ARIZONA STATE LEGISLATURE
Forty-first Legislature - Second Regular Session

JOINT LEGISLATIVE COUNCIL COMMITTEE FOR THE
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)

Minutes of Meeting
Monday, December 12, 1994
House Hearing Room 2 - 1:00 p.m.

(Tape 1, Side A)

Cochairman Gerard called the meeting to order at 1:14 p.m. and attendance was noted by the secretary.

Members Present

Senator Huppenthal
Senator Resnick
Senator Springer
Senator Day, Cochairman

Representative Edens
Representative Garcia
Representative Horton
Representative Kyle
Representative Gerard, Cochairman

Members Absent

Senator Kennedy

Speakers Present

Jack Dillenberg, DDS, MPH, Director, Department of Health Services
Chip Carbone, Associate Director, Behavioral Health Services, Department of Health Services
Mabel Chen, MD, Director, Arizona Health Care Cost Containment System
Roger H. Austin, Deputy Director, Department of Health Services
Shirley Anderson, Research Analyst, House of Representatives

Guest List (Attachment 1)

* * *

Cochairman Gerard explained that during committee of reference hearings on behavioral health, questions began surfacing regarding the implementation of H.B. 2067 (hereinafter "Chapter 229," Attachment 2), general mental health, and the new request for proposal (RFP) from the Department of Health Services (DHS). A meeting of the Committee was therefore called to receive input from those with knowledge of these matters.

Jack Dillenberg, DDS, MPH, Director, Department of Health Services (DHS), expressed appreciation to DHS and the Arizona Health Care Cost Containment System (AHCCCS) for providing a forum to discuss matters of importance. He introduced Chip Carbone to address the issues of general mental health and substance abuse.

Chip Carbone, Associate Director, Behavioral Health Services, Department of Health Services (DHS), referred to a handout entitled "General Mental Health and Substance Abuse Implementation Plan for Title XIX Coverage" (Attachment 3) and said that for the past months he has worked closely with AHCCCS to design an implementation plan to extend Title XIX services for general mental health and substance abuse to the age 18 through 21 population currently served by AHCCCS. He emphasized that this group represents less than 200 individuals. With regard to program implementation, he said the existing system will be used with a few minor modifications to allow the Regional Behavioral Health Authorities (RBHA's) to deliver the services.

Mr. Carbone said DHS is working to expedite a process to essentially allow RBHA's to become certified if they are already delivering Title XIX services and meet the necessary requirements. Also, entities which do not meet the requirements but do specialize in substance abuse or general mental health will be identified and assisted through the licensing process. He noted that referrals will be received from acute care contractors, tribes, schools, self referrals, families and others. Clarifying revisions have been made to the service level checklist which will determine eligibility and problem levels ranging from severe to short term. He stated DHS's intent to run a pilot program during February to ensure the program is capturing the correct group.

Mr. Carbone said that the checklist will differentiate between serious mental illness (SMI) and behavioral health problems and recognize Arnold v. Sam categories. He explained that the most recent quality audit revealed that although SMI individuals are successfully determined, those with substance abuse problems may be inappropriately screened out.

Cochairman Gerard expressed her opinion that it seems a waste to perform such an in-depth screening across the board when an individual may only have a depression problem, for instance. Mr. Carbone submitted that the checklist scoring is done by an entrance evaluation.

Cochairman Gerard asked if there will be accountability to prevent billing for unnecessary services. Mr. Carbone said a system will be proposed to determine appropriate care while restricting unnecessary services.

In response to Cochairman Gerard, Mr. Carbone explained that RBHA's monitor the providers and that DHS monitors the RBHA's.

Mr. Carbone referred again to the handout (Attachment 3) and reviewed first-year enrollee population projections and touched upon state and federal funding needs. He reviewed a timetable (included in Attachment 3) and said DHS hopes to have a final proposed capitation rate by February 15, 1995.

In response to Mr. Edens, Mr. Carbone said DHS is working to determine what the outcome measures will be.

In response to Cochairman Gerard, Mr. Carbone clarified that approximately 200 individuals age 18 through 21 currently being served by AHCCCS will be extended Title XIX services for general mental health and substance abuse. He said an additional 8,000 individuals are expected to qualify for these services, broken down as follows:

- approximately fifty percent for substance abuse
 - sixty percent for alcohol abuse
 - forty percent for drug abuse

- approximately fifty percent for general mental health

Cochairman Gerard questioned the feasibility of an October 1, 1995 implementation date. Mr. Carbone expressed confidence that this date allows sufficient time for program implementation.

Mr. Edens opined that it is unrealistic to expect the Health Care Financing Administration (HCFA) to approve a waiver request in as little as four months. Mr. Carbone explained that HCFA anticipates that the waiver request will not pose much of a problem because it merely adds a new population.

Mabel Chen, MD, Director, Arizona Health Care Cost Containment System (AHCCCS), with regard to general mental health, speculated that once the State makes its decisions, a response from HCFA can be expected before October 1, 1995.

Cochairman Gerard questioned whether DHS requires legislative approval before proceeding with the project. Mr. Carbone replied that a bill has been drafted to provide legislative approval.

Cochairman Gerard asked whether Committee members have a copy of the service matrix. Mr. Carbone offered to provide this matrix to legislative research staff.

Roger H. Austin, Deputy Director, Department of Health Services (DHS), distributed three studies, as follow:

- Feasibility Report of Reinsurance Offering to Regional Behavioral Health Authorities (Attachment 4)

- Feasibility Report of Offering Varied Capitation Rates to Regional Behavioral Health Authorities (Attachment 5)

- Report on the Continued Use of a Third Party Payer for Behavioral Health Claims (Attachment 6). (Summary for this study included as Attachment 7.)

With regard to reinsurance, Mr. Austin said that after speaking with actuaries and several RBHA's, it was determined inappropriate to add a reinsurance program under the behavioral health area.

With regard to urban and rural areas, Mr. Austin explained that data studied with the actuaries did not give a clear indication that the capitation difference for urban and rural operations is a real factor.

Ms. Horton pointed out that in rural areas, transportation is an impediment to receiving treatment. She asked how the difference in transportation costs for urban and rural areas will be addressed. Mr. Austin replied that this will be considered when the capitation rate calculation sheets are analyzed. He added that because DHS has only three years worth of data from which to draw, the market in the RFP process will be allowed to drive this issue.

Ms. Horton said she participated in a rural health care study and found transportation costs to be a major concern in rural areas. Mr. Austin offered to provide Committee members with copies of the RFP.

Mr. Austin expressed his belief that continued use of the third party payer (TTP) system is prudent, given that approximately 36 Medicaid states throughout the nation use this system.

Cochairman Gerard clarified that private companies will be contracted to handle the paperwork. Mr. Austin concurred and said it would be inappropriate for DHS to assume this function internally because it can be performed less expensively by outside experts in the field.

Mr. Edens suggested that the behavioral health paperwork be handled by AHCCCS, provided the processing can be done less expensively in house.

Cochairman Gerard asked if AHCCCS is prevented by law from bidding on an RFP. Mr. Austin replied that this process could very well be done through AHCCCS, provided that AHCCCS wishes to accept the charge.

Cochairman Gerard opined that AHCCCS should assume the responsibility if it is capable of doing so.

Mr. Garcia asked if AHCCCS's computers have the capacity to do the job of Electronic Data Systems ("EDS," the claims processing company). Mr. Austin stated that AHCCCS has the capability but noted that the issue is whether or not AHCCCS has the *capacity*.

Dr. Chen stated that if AHCCCS is to process behavioral health claims, the system data base will have to be expanded to cover Title XIX and non-Title XIX claims. With regard to capacity, she said that with sufficient resources, the new system can process the claims.

Ms. Horton inquired as to the amount of additional resources. Dr. Chen said an exact figure is not available because she has not had an opportunity to discuss with DHS the changes in the claims process system.

Dr. Dillenberg mentioned that DHS staff released the RFP on December 1, 1994.

Mr. Carbone distributed an RFP fact sheet (Attachment 8). Cochairman Gerard asserted that it makes no difference that the Committee is meeting to discuss the RFP because the RFP has already been released.

Mr. Carbone explained that although the RFP has been issued, DHS does have the opportunity to modify it. Cochairman Gerard countered that the legislature has no authority to ensure that DHS modifies the RFP. Mr. Carbone concurred. Mr. Edens pointed out that the legislature can always rely on the appropriations process.

Mr. Carbone said DHS is not at liberty to discuss the details of the RFP because it has already gone out to bid.

In response to Mr. Edens, Mr. Carbone said Chapter 229 requires a performance bond, either in cash or through an irrevocable letter of credit.

Cochairman Gerard asked what percentage of the overall score is affected by meeting capitation. Mr. Carbone replied that the entire evaluation guide is neither finished nor for public release.

Mr. Edens read language from Chapter 229 (Attachment 2 - page 4, lines 27 through 39). He asked the location of language which states that the DHS director will consider a plan in the event that financial criteria are not met. He stated that the intent of the legislature was to ensure that RBHA's are financially sound. Cochairman Gerard also questioned where this authority is granted to the director.

Senator Resnick said that subsection A in Chapter 229 allows the director to choose an irrevocable letter of credit but does not require that that letter of credit be used. She read the following language from page 4, lines 35 through 37:

"... An irrevocable letter of credit may be used to meet part, but no more than fifty per cent of the minimum capitalization requirement established by the director."

(Tape 1, Side B)

Mr. Edens opined that DHS should not be allowed to circumvent the intent of the legislature by making allowances for RBHA's which are not able to fulfill fundamental capitalization priorities. Senator Resnick stated that if the legislature did not intend to allow leniency, it should have drafted the language to read: "An irrevocable letter of credit *shall* be used..."

Mr. Austin contended it was DHS's understanding that the language was drafted to be permissive and provide the director with flexibility. Mr. Edens submitted that DHS cannot cut a deal on the side without some oversight.

Senator Resnick remarked that DHS drafted the RFP specifically in response to committee discussions and language which appeared in Chapter 229. Ms. Horton viewed the permissive language as one of the many provisions intended to give flexibility to the DHS director.

Cochairman Gerard expressed her opinion that the permissive language is yet another wonder born of a one hundred day session. She expressed disappointment with the manner in which DHS chose to interpret Chapter 229.

Mr. Edens asked if it would be in order for DHS to privately inform Committee members of the special arrangements to be made for two RBHA's in particular. Ms. Horton stated that RFP's follow a legal process and cautioned against interference.

Cochairman Gerard asked if actuaries will be used to determine whether a RBHA's financial plan is realistic. Mr. Carbone said the plan will be reviewed by a team of people qualified to review the RFP.

Cochairman Gerard asked if noncompliance will be grounds to void a contract. Mr. Carbone replied affirmatively but indicated that additional time can be granted at DHS's discretion.

Mr. Carbone mentioned that no special arrangements have been made with any potential bidders. He noted that the RFP provides that failure to meet the financial requirements will result in a lower score in one section of the RFP. Cochairman Gerard claimed it was the legislature's intent that financial responsibility be a *significant* requirement.

Mr. Carbone indicated that the specifics for scoring sections will be determined before the bids are received. Senator Resnick advised against this because it will alter the contracts.

Cochairman Day wondered in what other ways the RFP was drafted to interfere with competitive bidding. She questioned whether the RFP was structured in favor of the current RBHA's because two, in particular, are so far in debt. Mr. Carbone asserted that the RFP was not designed to provide an advantage for a specific or current bidder.

Senator Huppenthal said it may be the case that huge block grants will go to the states if the Congress and President cannot reach an agreement on federal legislation. The impact of this, he said, will be enormous and could mean the end of AHCCCS as we know it.

Cochairman Gerard questioned whether or not Arizona will be bound to its RBHA contract if the current federally funded programs no longer exist. Mr. Carbone stated that the contract will include a provision which addresses the availability of funds.

Senator Huppenthal advocated for studying in-depth analyses on the full implications of his theory. Cochairman Gerard stated that if federal funding is vastly changed, the legislature will at that time be forced into special session to address the matter. She expressed support for a repeal clause tied to funding changes on the federal front.

In response to Cochairman Gerard, Mr. Carbone explained that the size and membership requirements of boards of directors have been established for certain geographic areas. He said the move is toward smaller boards with advisory groups.

Cochairman Gerard said it is her understanding that problems arose in the past because large boards contained too many advocates and clients focused on providing services, as opposed to determining whether or not people actually qualify for services. Mr. Carbone gave assurances that both sides will be represented in a balanced manner.

Mr. Carbone encouraged any party with questions to submit their questions at the bidders' conference.

Mr. Carbone distributed a report entitled "ADHS/BHS Grievance and Appeals System" (Attachment 9) and noted that it is prefaced by a two-page summary. He stated that an office has been established to handle these appeals and that decisions on grievances are appealable. In addition, the office handles requests for investigations into various matters, including physical or sexual abuse.

Cochairman Gerard inquired as to the role of the Human Rights Office. Mr. Carbone replied that this office lies within the director's office at the Department of Health and assists clients in understanding use of the grievance and appeals process and in initiating filing.

In response to Mrs. Gerard, Mr. Carbone said DHS's grievance system for clients is approved by AHCCCS. He added that of the 1,005 grievances filed in 1994, only two proceeded to AHCCCS for a hearing.

Cochairman Gerard asked who the contact person is at DHS for a grievance problem. Mr. Carbone said that grievances enter the department at all levels and that he refers his to Linda Stiles for follow through. He further explained that an individual wishing to lodge a complaint should submit to the RBHA's formal or informal grievance process. If dissatisfied with the outcome, individuals can undergo the DHS process which will include mediation and, if necessary, a formal hearing.

Cochairman Day wondered how often, if ever, the RBHA's admit to being wrong. Mr. Carbone reviewed various case resolution statistics for 1994.

In response to Mr. Garcia, Mr. Carbone said the population of the Arizona State Hospital (ASH) totals from 800 to 1,000 individuals.

Mr. Garcia mentioned that ASH had nearly 200 complaints and asked why as much as twenty-five percent of this population has filed grievances. Mr. Carbone indicated that these grievances generally dealt with treatment plans, services received, facilities, treatment teams, and determinations of appropriate intervention. He pointed out that the program is court ordered and frequently deals with people who do not wish to participate in institutional living. He noted that roughly seventy percent of these grievances were resolved.

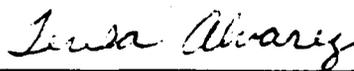
Senator Resnick inquired as to what portion of the seventy percent were resolved in favor of the client. Mr. Carbone indicated he does not have this information available.

Shirley Anderson, Research Analyst, House of Representatives, mentioned that a written statement from the six RBHA's (Attachment 10) is available and will be distributed to Committee members. She added that the executive directors of the RBHA's are available to answer questions.

Cochairman Gerard mentioned the names of those available to represent the various RBHA's. The Committee took several minutes to review the written statement (Attachment 10).

Cochairman Gerard expressed her belief that the Committee does not need to make any formal recommendation at the present time. She advised that she will make contact with DHS once the bids are received to determine whether the Committee can gather more information regarding the weighting of the different program components. In closing, she suggested that DHS draw upon AHCCCS's experience with regard to the RFP process.

Without objection, the meeting adjourned at 2:56 p.m.



Teresa Alvarez, Secretary

(Attachments and tape on file in the Office of the Chief Clerk. Copy of minutes with attachments on file with the Committee Cochairmen.)

ARIZONA STATE LEGISLATURE
Forty-second Legislature - First Regular Session

Joint Legislative Committee For AHCCCS

Minutes of Meeting
Wednesday, December 6, 1995
House Hearing Room 2 - 9:30 a.m. 4:00 p.m.

(Tape 1, Side A)

Cochair Gerard called the meeting to order at 9:38 a.m. and attendance was noted by the secretary.

Members Present

Senator Kennedy
Senator Peña
Senator Day, Cochair

Representative Garcia
Representative Horton
Representative Preble
Representative Weiers
Representative Gerard, Cochair

Members Absent

Senator Huppenthal
Senator Springer

Speakers Present

Mabel Chen, Director, Arizona Health Care Cost Containment System (AHCCCS)
Jack Dillenberg, Director, Arizona Department of Health Services (ADHS)
Rhonda Baldwin, Associate Director, Behavioral Health Services, Arizona Department of Health Services (ADHS)
John Foreman, Presiding Juvenile Court Judge, Maricopa County
Tom Smith, Chairman, Judiciary Committee, House of Representatives
Pam Hyde, President, ComCare, Maricopa County
Sandra Junck, representing the City of Phoenix
Dick Yost, Police Department, City of Phoenix
Todd B. Taylor, M.D., President, Arizona Chapter, American College of Emergency Physicians
Ron Adler, Director, Southern Arizona Mental Health Center (SAMHC)
Mary Ault, Program Administrator, Administration for Children, Youth & Families (ACYF), Department of Economic Security (DES)
Susan Newberry, Policy Specialist, Mental/Behavioral Health, Administration for Children, Youth & Families (ACYF), Department of Economic Security (DES)

Guest List (Attachment 1)

* * *

Cochair Gerard announced that the Committee will attempt to conclude its business earlier than scheduled so as not to interfere with a house democratic caucus scheduled for 2:00 p.m.

UPDATE ON IMPLEMENTATION OF BEHAVIORAL HEALTH AND SUBSTANCE ABUSE SERVICES

Mabel Chen, Director, Arizona Health Care Cost Containment System (AHCCCS), referred to a document entitled Title XIX General Behavioral Health Implementation (Attachment 2) and reviewed information pertaining to acute care, the Arizona Long-term Care System (ALTCS), new coverages, client estimates and covered services.

In response to Cochairs Day and Gerard, Dr. Chen explained that included in the capitation rate for children is an amount which the Regional Behavioral Health Authorities (RBHA) and Arizona Department of Health Services (ADHS) use to cover administrative costs.

Senator Peña asked how AHCCCS followed up to see that new coverages were explained to members. Dr. Chen replied that AHCCCS conducts an operational review each year.

Mr. Garcia asked whether the capitation rate for children was based on an actuarial study or on projections. Dr. Chen replied that an actuarial firm experienced in mental health matters was enlisted to help reset the children's capitation rate.

Cochair Day mentioned that she has heard complaints that once ADHS and the RBHA's skim their administrative fees from the capitation rate, there are significantly less monies left for the service level.

Ms. Horton inquired as to the capitation rates. Dr. Chen reported that the children's rate is \$15.49 per month per child based on the total number of eligible persons, as opposed to the total number of users. She reported the capitation rate for general mental health and substance abuse as \$7.55 per month per person.

In response to Cochair Gerard, Dr. Chen indicated that for general mental health, AHCCCS calculates that there are approximately 120,000 eligible persons. She noted, however, that only 3,000 to 4,700 eligible persons use services each month.

Cochair Gerard inquired as to the amount of funding available for general mental health and children. Dr. Chen replied that the funding can be calculated by multiplying the children's rate of \$15.49 by the 263,000 children qualified for mental health. She returned attention to the handout (Attachment 2) and reviewed FY96 budgetary figures.

PRESENTATION ON MENTAL HEALTH AND SUBSTANCE ABUSE

Jack Dillenberg, Director, Arizona Department of Health Services (ADHS), introduced Rhonda Baldwin, the former *Assistant* Director for Behavioral Health Services and current *Associate* Director for Behavioral Health Services.

Rhonda Baldwin, Associate Director, Behavioral Health Services, Arizona Department of Health Services (ADHS), referred to a document entitled Implementation of Title XIX Coverage for General Mental Health and Substance Abuse (Attachment 3) and recapped information on system readiness meetings, member notification and program implementation. In addition, she noted that the handout contains some key information on Title XIX.

Cochair Gerard inquired as to the existence of major implementation problems. Ms. Baldwin replied that based on information available to her, she is unaware of any system problems.

Cochair Gerard asked how many individuals have taken advantage of the new coverage? Ms. Baldwin indicated that ADHS is working with AHCCCS to determine a figure. She mentioned that the additional services did not result in a flood of new people.

In response to Mr. Garcia, Ms. Baldwin reported that ADHS estimated that 3,000 people would already be in the system and that growth could reach 8,000 by the time the program is fully operational. She predicted that between 3,000 and 4,700 people will be served on a monthly basis.

Senator Day asked whether there are written eligibility guidelines for general mental health. Ms. Baldwin explained that once an individual becomes Title XIX eligible, with the aid of a diagnostic service manual, the clinical staff will determine whether or not the person has an illness that fits into the category of mental health or substance abuse.

JUVENILE JUSTICE AND ACCESS TO BEHAVIORAL HEALTH SERVICES

John Foreman, Presiding Juvenile Court Judge, Maricopa County, said he shares the frustration of those who provide services for people and mentioned that he has occasion to see the torturous path which resources follow in trickling down to the service level. He stated that the funding pipeline needs to be shortened and widened, and suggested that a step toward more sensible and consistent provision of services is represented by the Interagency Case Management Project (ICMP) utilized by the Department of Economic Security (DES).

Cochair Day requested an example of a case which would be better served by less duplication and social workers. Judge Foreman recalled the case of a young lady who was involved with ComCare for mental health problems, Child Protective Services and the juvenile courts. He said that observing the perspectives of the young lady's trio of social workers recalled to mind a story about three blind men each encountering a different part of an elephant and not believing that they each had a hold of the same animal. Judge Foreman suggested that a better system would be to have a single social worker conduct a general case evaluation, and perhaps have a second social worker perform a mental health evaluation.

Mr. Garcia pointed out that the existing system is basically driven by medical necessity rather than social necessity. Judge Foreman concurred but noted that "medical necessity" seems to be in the eye of the beholder and that expert opinions tend to be driven solely by funding.

In response to Mr. Garcia, Judge Foreman indicated that he is unaware of the breakdown between Title XIX eligible and non-Title XIX eligible children who go through the juvenile courts.

Mr. Garcia suggested that the funding pipeline is narrow not because the system is clumsy and overridden with case managers, but because it was only intended to provide services for children on welfare or Aid to Families With Dependent Children (AFDC).

Cochair Gerard clarified that Judge Foreman is not requesting that all kids sent to ComCare be covered by Title XIX. Judge Foreman mentioned that the juvenile court's budget is over budget and that it is difficult to decide which children will or will not receive services. In addition, he said that the courts are not overwhelmed with affluent kids in need of services.

(Tape 1, Side B)

Mr. Garcia said that he will support any judge's attempts to use the power of the bench to force services from the RBHA's. However, he shared his belief that Judge Foreman's assessment of the number of children who are eligible for Title XIX services is completely skewed.

Ms. Horton agreed with Judge Foreman's suggestion to widen the funding pipeline but noted that eligibility for Title XIX is very tightly constrained to ensure that the state only helps the very poorest of the poor.

Cochair Gerard asked if "well-off" parents are required to pay for juvenile services. Judge Foreman answered affirmatively.

Cochair Gerard asked whether the juvenile courts contract with providers. Judge Foreman explained that the Administrative Office of the Courts contracts with a group of providers.

Dr. Dillenberg commented that ICMP is one of the more innovative steps in government to widen and shorten the funding pipe.

Tom Smith, Chairman, Judiciary Committee, House of Representatives, said that during the past summer he visited all of the juvenile detention centers in the state and asked the presiding judges about support received from the RBHA's since thirty percent of the kids are estimated to have mental or substance abuse problems. He said that the judges reported receiving no services while ComCare and other caregivers reported otherwise.

Representative Smith mentioned that he visited ComCare sites at Northern Avenue and Metrocenter and could not distinguish between the patients and staff members. In addition, he reported the following:

- ▶ At 8:05 a.m., most employees did not seem to be working;
- ▶ Facility visitors (e.g., police officers) complained about having to spend three to four hours per visit and fill out a seven-page report;
- ▶ The physician log reflected that the physician saw five or six patients per day;
- ▶ An idle doctor was observed reading a trashy paperback; and
- ▶ Groups of employees were sitting around discussing patients.

Representative Smith questioned whether the state can afford to continue using such a system and pointed out that it would not be workable for his personal physician to consult with five or six other people before making any type of diagnosis. In addition, he mentioned that the employee turn-over rate is high, averaging from three to eight months.

Mr. Weiers asked what became of the surplus funding after ComCare consolidated three or four of its locations. Cochair Gerard shared her understanding that ComCare used the extra funding to contract with the Maricopa County emergency room psychiatric unit which, in the past, had not always been reimbursed for services.

Mr. Garcia commented that client staffings represent quality assurance and are important for maintaining accreditation. He explained that because emergency room psychiatric centers must be staffed to handle the maximum number of people who can come in, there will be times such as 8:00 in the morning when staff seems to have little work. He suggested that an emergency room site visit on a Friday or Saturday will find the staff completely inundated.

Cochair Gerard announced that the presentation of exit criteria on Arnold v. Sam, item number four on the agenda, will be skipped.

PRESENTATION ON COMCARE

Pam Hyde, President, ComCare, Maricopa County, distributed a folder entitled *ComCare and the Maricopa County Behavioral Health Crisis Response Network* (Attachment 4) containing responses to frequently asked questions (Section A) and information about the crisis system (Section B). Referring to Section B, she reviewed information concerning services, urgent care center beds, inpatient beds, transportation, in-home services and extra crisis stabilization unit beds.

In response to Ms. Horton, Ms. Hyde reiterated that ComCare provides immediate crisis intervention for any person who walks through the door and addresses financial information later.

With regard to wait times, Ms. Hyde said that callers speak to a live person and that those in need of a crisis phone specialist will be transferred immediately. She added that mobile team response time depends on the location of the caller and the location of the team.

Ms. Hyde mentioned that the urgent care center is occasionally forced to call the police for the involuntary transport of patients. She said that in these instances, officers are required to fill out certain paperwork required by law which may delay them for over thirty minutes.

Ms. Hyde continued her review of section B (Attachment 4).

Cochair Day asked why the juvenile courts have nothing positive to say about the RBHA system. Ms. Hyde agreed with many of the previous comments about the difficulty of working through several bureaucratic systems. However, she pointed out that a distinction must be made between bureaucracy handed down from the Health Care Finance Administration (HCFA) and other funding sources, and things over which the RBHA's have direct control.

(Tape 2, Side A)

With regard to Representative Smith's comments, Cochair Day asked how ComCare has streamlined its staff. Ms. Hyde said that in the time since she joined ComCare, several positions have been cut and others consolidated. She emphasized that in addition to handling administration, the RBHA's also function as direct service providers. With regard to administrative cost, she referred attention to section A-7 of the ComCare handout (Attachment 4).

In response to Cochair Day, Ms. Hyde noted that all of ComCare's forms are required by outside entities.

After discussion among Committee members, Dr. Chen clarified that managed care programs must be not for profit.

Sandra Junck, representing the City of Phoenix, stated that the City of Phoenix has no funding or responsibility for the behavioral health issue. However, she explained that as the system changes, the Phoenix fire and police departments receive increasing numbers of time-consuming emergency calls related to behavioral health.

Ms. Junck stated that needs exist for a second urgent care center within Maricopa County, mobile team areas, and transportation services for urgent care.

In response to Mrs. Preble, Ms. Junck emphasized that police are not trained to provide behavioral health crisis services and should not have to triage or work with clients.

Ms. Junck explained that police dispatchers would sometimes be unable to reach a ComCare operator and that, by policy, could not hang up on the distressed caller until comfortable that the person's needs were met.

Cochair Gerard surmised that the police still require access to a company such as Terros.

Ms. Junck said that neither Collin DeWitt nor Michael Frazier was able to attend and mentioned that Lt. Dick Yost is available to speak in Mr. Frazier's absence.

Dick Yost, Police Department, City of Phoenix, read a statement (Attachment 5) which indicated that police and fire departments were abruptly advised in February of 1995 of the closure of the county hospital psychiatric annex for screening of behavioral health patients -- a move which left

police and fire departments scrambling to learn as much as possible about ComCare services. He explained that the urgent care center is considerably smaller than what had been available at the county hospital. Further, he said that security did not initially exist, which allowed patients to wreak havoc on the surrounding neighborhoods. In addition, he said that police and fire departments found themselves functioning as a transportation service for behavioral health clients.

Lieutenant Yost read a letter (Attachment 6) that the City of Phoenix received from the President of ComCare in November of 1995 in which ComCare agreed to implement various measures in order to improve services to police and fire departments.

Cochair Gerard asked if the improvements have gone into effect. Lieutenant Yost replied that although he has noticed some improvement, there remains much to be done. He added that the police department cannot handle any more calls for service and, unlike ambulance services, is simply not qualified to train its employees in the transporting of individuals with intravenous hookups, etc.

Cochair Gerard requested that Lieutenant Yost provide a status update during the upcoming few months.

Cochair Gerard asked whether the increased volume of calls is due to changes in the behavioral health system or to an increase in the number of people who need help. Lieutenant Yost speculated that the impact on law enforcement occurred as the result of system changes because instead of being able to call Terros directly, callers must now work through ComCare which often responds by contacting fire or police departments.

Ms. Hyde stated that calls for service are up significantly and shared her belief that changing the system tapped a nerve of need that did not previously exist.

PRESENTATION BY AMERICAN COLLEGE OF EMERGENCY PHYSICIANS

Todd B. Taylor, M.D., President, Arizona Chapter, American College of Emergency Physicians, distributed a handout (Attachment 7) containing his organization's perspective on the provision of behavioral health care services throughout Maricopa County under the current state contract administered by ComCare.

Dr. Taylor shared his personal belief that the number of people who require help has not risen and that it is simply a case of ComCare not dealing with change very well.

Dr. Taylor reviewed several suggestions, as contained in the handout (Attachment 7).

(Tape 2, Side B)

Ms. Hyde mentioned that she, Dr. Taylor, Ms. Junck and Lieutenant Yost are working together in an attempt to eliminate obstacles that have developed more by practice than by law.

PRESENTATION BY SOUTHERN ARIZONA MENTAL HEALTH CENTER

Ron Adler, Director, Southern Arizona Mental Health Center (SAMHC), distributed a handout (Attachment 8) containing the ADHS SAMHC privatization workplan and the options paper for the privatization of SAMHC which was submitted to legislators in February of 1995. He also distributed a second handout (Attachment 9) entitled Privatization: Status Report and reviewed its contents. He noted that the goal is to privatize SAMHC by July 1, 1996.

Cochair Day requested illumination on the concerns and needs of transitioning from a state mental health facility to a privatized facility. Mr. Adler reported that at the present time there is no vehicle for a non-reverting fund to move from a state agency to a new company. As a state agency, he said that SAMHC has the ability to retain any surplus revenue over contract cost for investment into additional services for clients. He said that as of June 30, 1996, the "public" SAMHC will sunset and there will be no provision to retain the surplus dollars.

Cochair Day surmised that SAMHC will not have the funding to start up as a private agency because it will have to return all of its state dollars. Mr. Adler concurred and added that a second obstacle revolves around the transitional dollars for FY96.

Mr. Adler mentioned that three to six months of operating money is typical for start-up costs, which translates into a need of \$750,000 to \$1 million for SAMHC.

In response to Cochair Day, Mr. Adler explained that SAMHC typically serves indigent and notch-group clients. He indicated that unless the state provides money for operating costs, SAMHC will not be capable of succeeding as a private provider. He suggested the establishment of a non-reverting fund which would allow any non-general-fund-appropriated dollars to revert to the new company as opposed to the general fund.

Ms. Horton shared her belief that RBHA contracts are not required to revert money to the state. She suggested that the legislature address allowing the new SAMHC to retain funds which would otherwise revert to the state general fund.

Ms. Horton questioned whether federal grants or private monies would also revert. Mr. Adler indicated that these and any other residual dollars left at the end of the fiscal year will automatically revert.

Cochair Day asked whether a state subsidy will be necessary. Mr. Adler shared his belief that there will be a need for additional transitional funding for FY96.

Cochair Gerard remarked that after June 30, 1996, SAMHC will be no different than any other private provider, and that competing providers will offer replacement services should SAMHC cease to exist. Mr. Adler agreed somewhat but noted that SAMHC has always provided services which the other traditional providers have avoided offering.

Cochair Gerard concluded that SAMHC will require the ability to retain monies slated to revert in addition to a permanent or transitional supplement. Mr. Adler explained that supplements will

be necessary for one year. He mentioned that discussions centered around a two-year transition plan which includes setting up a system in FY96 that will allow SAMHC to receive state-appropriated dollars through the RBHA's as a safety net for one year. He said that if there is a residual fund balance, those dollars would revert to the RHBA in FY97 for the purpose of enhancing services in Pima County. Ms. Horton advised that the aforementioned information was merely a discussion, as opposed to an agreement, entertained by she, Representative Weiers and the Joint Legislative Budget Committee.

Cochair Gerard mentioned that statutory authority can easily be given for funds to not revert to the state. Dr. Dillenberg indicated that ADHS staff is working on this.

PRESENTATION ON CHILD PROTECTIVE SERVICES AND ACCESS TO BEHAVIORAL HEALTH SERVICES

Mary Ault, Program Administrator, Administration for Children, Youth & Families (ACYF), Department of Economic Security (DES), indicated that there are increasingly more complex and difficult youths in the system and that everyone is stretching to meet their needs. She noted that some of the problems taxing the system are treatment-resistant children, a lack of substance abuse treatment, the availability of psychiatric appointments, the availability of residential beds, and the placement of sexually aggressive girls.

Cochair Gerard mentioned that she continues to hear complaints about the duplication of testing. Ms. Ault replied that a child psychiatrist has been retained on the committee addressing problem issues in an attempt to solve the question of who provides the best testing and results. She submitted that there seems to be a commitment to share test results in an effort to avoid duplication. She added that legal barriers should not pose a problem because confidentiality is part of each agency's mandate.

In response to Cochair Gerard, Ms. Ault indicated that seventy-five percent of Child Protective Services (CPS) children are Title XIX. She noted that the remaining children receive services through the Comprehensive Medical and Dental Program (CMDP).

Mr. Garcia said it is completely unacceptable to him that an agency, rather than provide needed services, can claim that children are at fault. Ms. Ault stated that it certainly is the agency's responsibility to respond to needs and find treatment for the children. She clarified that she simply knows of no profession dealing with families and children which is not stressed by the gamut of social issues.

Cochair Gerard said that there must be information confirming that there is a problem with obtaining CPS services. Mr. Garcia remarked that ACYF administration is obviously unable to answer certain questions and simply chooses to blame the kids.

Susan Newberry, Policy Specialist, Mental/Behavioral Health, Administration for Children, Youth & Families (ACYF), Department of Economic Security (DES), in response to Mr. Garcia, indicated that she read a portion of the Auditor General's report on CPS.

With regard to behavioral health services for children in foster care, Mr. Garcia asked what types of problems the report may have been identifying. Ms. Newberry expressed her belief that some of the issues were those mentioned by Ms. Ault.

Mr. Garcia questioned why services cannot be provided for children in need of substance abuse treatment. Ms. Newberry replied that across the state there is a lack of available resources for substance abuse in children.

(Tape 3, Side A)

Cochair Gerard asked if funding is available to purchase services. Ms. Ault replied that monies are available for children within the system who are identified as needing such services and have access to a provider.

Cochair Gerard questioned whether children are waiting for services. Ms. Newberry said that a waiting list for services is not maintained.

After failed attempts at extracting information, Cochair Gerard surmised that the legislature does not appropriate enough funding for the purchase of services and that agency representatives are under orders not to reveal that they do not have sufficient funding.

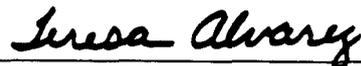
Senator Kennedy suggested that money can always be trimmed from administration and dedicated to services.

Cochair Gerard expressed disappointment that so few individuals are willing to come forward and testify at public hearings.

Cochair Day suggested that the ICMP should be pursued as a standard rather than looked upon as a model.

Cochair Gerard asked the Committee research analyst to contact Nancy Swetnam and request that the courts keep track of the number of kids who do and do not qualify for Title XIX. In addition, she requested a private meeting with Bob Gilligan of DES regarding CMDP and ComCare services.

Without objection, the meeting was adjourned at 1:50 p.m.



Teresa Alvarez, Secretary

(Original minutes, attachments and tapes on file in the Office of the Chief Clerk.)

ARIZONA STATE LEGISLATURE

MEETING NOTICE

OPEN TO THE PUBLIC

SENATE AND HOUSE HEALTH COMMITTEES OF REFERENCE

SUNSET REVIEWS OF THE

BOARD OF RESPIRATORY CARE EXAMINERS

ARIZONA COUNCIL ON ARTHRITIS & MUSCULOSKELETAL DISEASES

**JOINT LEGISLATIVE COMMITTEE FOR THE ARIZONA HEALTH
CARE COST CONTAINMENT SYSTEM (AHCCCS)**

DATE: Wednesday, October 23, 1996

TIME: 9:00 a.m. - Noon

PLACE: Senate Hearing Room 2

AGENDA

- I. Board of Respiratory Care Examiners
- II. AZ Council on Arthritis & Musculoskeletal Diseases
- III. Joint Legislative Committee for AHCCCS

MEMBERS:

Senator Day, Co-chair
Senator Brewer
Senator Petersen
Senator Henderson
Senator Kennedy

Representative Gerard, Co-chair
Representative Aldridge
Representative Preble
Representative Foster
Representative Horton

KB/ak

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Research

ARIZONA STATE LEGISLATURE

**SENATE AND HOUSE HEALTH COMMITTEES OF REFERENCE
SUNSET REVIEWS OF THE**

BOARD OF RESPIRATORY CARE EXAMINERS

**ARIZONA GOVERNOR'S COUNCIL ON ARTHRITIS
& MUSCULOSKELETAL DISEASES**

**JOINT LEGISLATIVE COMMITTEE FOR THE ARIZONA HEALTH CARE
COST CONTAINMENT SYSTEM**

Minutes of the Meeting
Wednesday, October 23, 1996
9:00 a.m., Senate Hearing Room 2

MEMBERS PRESENT

Senator Day, Co-chairman
Representative Gerard, Co-chairman
Senator Brewer
Senator Petersen
Representative Aldridge
Representative Horton
Representative Foster

MEMBERS EXCUSED

Senator Kennedy
Senator Henderson
Representative Preble

STAFF

Kitty Boots, Senate Analyst
Lisa Block, House Analyst

Co-chairman Day convened the meeting at 9:10 a.m. and the attendance was noted. Senator Day explained the purpose of the sunset hearings is to review the purpose and function of each entity to determine whether they should be continued, revised, consolidated or terminated.

BOARD OF RESPIRATORY CARE EXAMINERS

Mary Hauf Martin, Executive Director, Board of Respiratory Care Examiners, explained the Board was created in 1990 and oversees Respiratory Care Practitioners (RCPs) who provide services in hospital settings and increasingly in alternative settings such as skilled nursing facilities and private homes. She explained the Board must insure an RCP cares for patients safely and effectively. Ms. Martin explained RCPs work with health care teams to insure quality patient care and cost containment in a continually changing environment.

In response to Senator Day's request to hear examples of ways RCPs are adapting to a changing environment, Ms. Martin explained RCPs at St. Joseph's Hospital in Phoenix are now integrated into all departments, rather than being centralized in a department of their own, and are involved in total patient care, e.g. helping to move a patient as well as

performing respiratory care. She also indicated that since patients are leaving the hospital sooner after medical procedures, RCPs have gone into homes to train patients on the use of respiratory equipment.

Senator Day asked if Ms. Martin sees managed health care as supporting an adequate number of home visits and extended care by RCPs. Ms. Martin indicated that managed care has worked collaboratively to provide necessary services.

In response to Senator Day's request to know if Ms. Martin sees services being cut back by managed care, Ms. Martin indicated that she did not feel qualified to respond. She emphasized there is an effort on the part of the respiratory care industry to answer the need that exists.

Ms. Martin explained the Board is made up of three practitioners, one medical doctor, one hospital administrator and two members of the public, emphasizing that the majority of the Board is not made up of practitioners and takes its responsibility to protect the public health very seriously. She noted that Board meetings are very well attended by health care facility representatives and interested licensees.

Ms. Martin further explained disciplinary procedures are reviewed to assure that people are being treated fairly and equally. She indicated an independent study performed by the Auditor General reveals the Board compares favorably to similar boards. Ms. Martin indicated it has taken the Board about 60 days to process a complaint from beginning to resolution, that 26 percent of complaints have resulted in disciplinary action and that 34 percent have resulted in a warning letter of concern in the past year.

In response to Representative Aldridge's request to know what qualifies a person to be an RCP Ms. Martin explained an applicant for a license must be a high school graduate and graduate from an accredited respiratory therapy training program. Once training is completed, an application for a license may be filed and is granted within 24 hours at which time the applicant may seek on-the-job training under the supervision of a doctor or another licensee until he or she can pass a national exam called the CRTT. Ms. Martin indicated that once the applicant passes the CRTT, he or she is eligible for a permanent license

In response to Representative Aldridge's request to know how long the training program is, Ms. Martin explained it lasts approximately a year, which is longer now than in the recent past, due to enhanced education in using high-technology equipment.

Representative Horton referred to page five of the preliminary sunset report (filed with original minutes) and asked for the reason behind the fluctuation in the number of license denials and total number of complaints charted there. Ms. Martin explained a backlog in

**HEALTH COMMITTEES OF
REFERENCE SUNSET REVIEWS**

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processing complaints occurred last year, but was alleviated once a staff position was authorized by the Legislature.

In response to Senator Day's inquiry, Ms. Martin acknowledged that every year there has been a gradual increase in the number of complaints. She explained that the biggest problem behind complaints is substance abuse by practitioners.

Representative Horton asked if criteria used for foreign applicants are the same for citizens of the United States. She asked how the Board determines how the foreign applicants have the same standardized training.

Ms. Martin explained that Canada, where the majority of foreign applicants are from, has a very rigorous training program which is accepted as an equivalent by a national organization for respiratory care examiners.

In response to Representative Horton's wish to know what legislation the Board would be pursuing next session, Ms. Martin indicated it would be developing technical legislation to clarify language only.

In response to Senator Brewer's request to know if the Board certifies the respiratory care training facilities that applicants attend, Ms. Martin explained a national accreditation body, consisting of four groups of practitioners, determines what constitutes an approved program. She further explained the Board assures that applicants have attended an American Medical Association-approved program.

In response to Senator Brewer's further inquiry about where applicants go to school, Ms. Martin related the majority are attending community colleges to obtain their training.

Ms. Martin confirmed Senator Brewer's observation there are no independent, privately-owned respiratory therapy colleges in Arizona.

Representative Horton asked what the Board does to screen applicants for drug abuse. Ms. Martin explained this is a collaborative effort between the Board and care facilities that employ RCPs. She indicated the Board does not have the ability to perform criminal background checks on every applicant, however does ask them specific questions about their backgrounds and requires they submit a sworn statement that everything they have told the Board is true and factual. Ms. Martin additionally noted that facilities routinely perform preemployment drug screenings and also have the ability to perform "for cause" drug screenings when necessary.

David Feuerherd, Program Director, American Lung Association, expressed his support for continuing the Board in response to Senator Day's inquiry.

John Coleman, RCP and Member of the Board, explained the process whereby a patient is transferred from a hospital setting to home care using skilled, licensed RCPs.

In reference to Senator Day's concern about benefits being cut back in the managed health care environment, Mr. Coleman asserted the issue requires that home-care companies adapt their contracts with managed care health plans. He explained that typically, depending on the patient's level of acuity, they may be seen once a week, once every six weeks or more often in the case of ventilator patients.

Senator Day indicated that according to information she receives from constituents, managed care cuts back on benefits to home care facilities and is not always providing services that patients need.

Representative Gerard asked if complaints from patients received by the Board concern quality of care. Mr. Coleman indicated the Board does not receive these types of complaints, as these are directed to the home care company or the insurance provider.

Representative Gerard asked if employers of RCPs have an obligation to report unprofessional conduct or incompetency to the Board and Mr. Coleman responded affirmatively.

Representative Gerard indicated she has never received a complaint about the Board, acknowledged the need to license RCPs and recommended continuing the Board for ten years.

Senator Brewer asked if RCPs bill directly or through the organization they work for. Mr. Coleman explained this depends upon the environment in which the RCP is working, noting that at this point in time, there is no set fee the RCP charges to go into a home care setting. He explained that compensation for the RCPs is built into the charge for equipment that is reimbursed. In hospital settings, Mr. Coleman explained, payment is disbursed through the hospital, not billed to the patient directly.

In response to Senator Brewer's reference to oxygen suppliers' problem with needing to hire RCPs to deliver their product, Mr. Coleman stressed this is a way to protect the public. He emphasized that it is perfectly appropriate and desirable to have a licensed practitioner teaching patients about the use of prescription drugs and oxygen equipment in their homes.

Representative Gerard moved that the Committee of Reference recommend to the full body the continuation of the Board of Respiratory Care Examiners for ten years. The motion CARRIED by a voice vote.

**ARIZONA GOVERNOR'S COUNCIL ON ARTHRITIS AND MUSCULOSKELETAL
DISEASES**

Pami Kowal, Member, Governor's Council on Arthritis and Musculoskeletal Diseases, explained that Gail Riggs, Council Chairperson, was only notified of the meeting yesterday and could not attend with such short notice.

Senator Day acknowledged the notice was late due to a lag in communication.

In response to Senator Day's inquiry about Ms. Kowal's understanding of the Council budget matters, Ms. Kowal indicated the budget is small, has not changed and the Council does not anticipate the need to request an increase.

Bob Gilligan, Legislative Liaison, Arizona Department of Economic Security (DES), explained DES provides a staff person part-time to perform Council duties as well as many other duties for DES. He indicated DES provided a little more than \$600 this year to the Council to reimburse members for travel to four meetings, and approximately \$400 the year before for the same purpose.

After some discussion it was determined that per diem expenses were compensated at the rate of \$600 for an entire year, hotel and transportation expenses at \$1,200, and that 5 percent of DES clerical staff committed to the Council amounted to \$3,800, for a total cost of approximately \$6,000 per year.

Senator Day questioned the purpose of the Council in view of the fact that the Arthritis Foundation exists for much the same purpose.

Ms. Kowal acknowledged the Foundation serves its purpose very well, but explained the Council functions in addition to the Foundation in pursuing legislative activities and community outreach and education.

In response to Senator Day's request to know how the Council specifically serves an education function, Ms. Kowal indicated that the Council holds public forums in outlying areas to educate people about arthritis and the importance of early detection and treatment.

Senator Day asked if the educational activities are conducted by volunteers and Ms. Kowal confirmed that everything the Council does is conducted on a volunteer basis.

Representative Gerard read from the Executive Summary of the preliminary sunset report (filed with original minutes) that the Council's purpose is to "develop recommendations the

State may adopt to help victims of these diseases," and asked if anything specific has been done other than to call the congressional delegation, which is noted in the Council's response.

Ms. Kowal responded that the Council has been actively involved in assuring vocational rehabilitation is continually supported and has applied for funding for particular research grants.

In response to Senator Day's request to know how successful the Council has been in obtaining a research grant, Ms. Kowal expressed her understanding the Council has obtained one research grant but it has not moved forward for some reason.

In response to Representative Gerard's inquiry, Ms. Kowal acknowledged the Council would not be conducting research, only applying for grants and providing support. Representative Gerard suggested the University of Arizona Medical Center could apply for such a grant as well. Ms. Kowal acknowledged this and noted the Foundation also applies for grants.

Representative Gerard asked if the Council is a pass-through agency for receiving any type of federal monies and Ms. Kowal expressed her understanding it is not.

Representative Gerard asserted there is no need for the Council and that its function should be handled in the private sector.

Representative Aldridge suggested the work of the Council should be coordinated with the Arthritis Foundation.

Ms. Kowal emphasized that the Council is a group of close-knit professionals who want to provide additional support to the Foundation, especially in the legislative area to see that arthritis is eradicated and people educated about it. She emphasized that the Council members would want to continue in their efforts even without funding.

Representative Aldridge asserted he does not see any concrete results provided by the Council.

Ms. Kowal reviewed goals and objectives for the following year including setting up an informal arthritis registry as an outreach, especially to outlying areas, to get people properly channeled to see a specialist as soon as possible after diagnosis. She emphasized that the Council is composed of many committed people with outstanding ideas and has only had a chance to hold one meeting out of six planned so far this year.

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Senator Day acknowledged Ms. Kowal's dedication and that of Council members, and suggested they may enjoy the status of being appointed by the Governor. She suggested that if members are dedicated enough, they can pursue their goals independently.

Representative Horton read a recommendation from the preliminary sunset report stating the "Arizona legislature should increase funding" and read from goals and objectives, noting the Council asks for a "full match of State funding to pull down maximum federal funding for DES."

Senator Day related that in a recent conversation, Ms. Riggs indicated the Council expects no additional funding from DES and is working with the Foundation to obtain matching funds.

Ms. Kowal urged the Committee to allow the new Council members an opportunity to show the State what it can do.

In response to Representative Foster's inquiry about how much the Council collaborates with the Foundation, Ms. Kowal acknowledged it collaborates functions a great deal and noted some members of the Board are also members of the Foundation.

In response to Representative Horton's suggestion that the Council function as an advisory committee to the Foundation, Ms. Kowal explained the Foundation, based in Atlanta, Georgia, already has quite a few committees in place and questioned whether a particular state's Governor's Council could become an advisory committee, suggesting this would probably taking quite a bit of convincing.

Representative Gerard moved that the Committee of Reference recommend to the full body the termination of the Arizona Governor's Council on Arthritis and Musculoskeletal Diseases. The motion CARRIED by a voice vote.

Senator Brewer voted against the recommendation, asserting that not enough information was received to warrant termination and suggested the Council should be continued for one year so it could be clearly established whether money should come out of DES to fund it or not

Representative Horton voted against the recommendation because she had remaining questions and felt uncomfortable about terminating the Council when Ms. Riggs could not be present to respond.

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HEALTH COMMITTEES OF
REFERENCE SUNSET REVIEWS

JOINT LEGISLATIVE COMMITTEE FOR THE ARIZONA HEALTH CARE COST
CONTAINMENT SYSTEM (AHCCCS)

Kitty Boots, Senate Research Analyst, explained the Committee charge is to conduct negotiations relating to all agreements with the federal government and the State concerning Title XIX programs, to review and make recommendations concerning all proposals for additions or modifications to populations covered or services provided by AHCCCS or any state agency providing services to populations eligible under Title XIX. She additionally explained the Committee is charged with monitoring the implementation of additional fees and modifications including the review of preadmission screening instruments, the eligibility and enrollment system and the service delivery system. Ms. Boots indicated the Committee is also to review the implementation of the hospital payment methodology and must review and approve all hospital rate changes before the implementation of changes in hospital rates.

Ms. Boots indicated the Committee has met six to seven times over the past six years to address issues, including those listed on page two of the preliminary sunset report (filed with original minutes). She noted the Committee is required by statute to meet at least four times per year and this charge has not been met.

Ms. Boots noted there are ongoing projects the Committee may choose to review, including reviewing and holding public testimony on the rules proposals for the new AHCCCS reimbursement pilot project, reviewing the impact of the new federal welfare reform bill and reviewing the impact of pending initiatives should they pass in the November election.

Senator Day stressed the need to continue this Committee, recommended doing so for ten years and recommended changing the statutory requirement of meeting four times a year to "meeting at the discretion of the co-chairmen."

Representative Horton expressed her concern the Committee does not meet frequently enough as it is and needs to meet more often

Representative Gerard asserted the Committee is not necessary and recommended using the Joint Legislative Health Committees of Reference to treat AHCCCS issues. She acknowledged there was a need for the oversight when AHCCCS first started up and received its federal waiver, but the need has run its course.

Representative Aldridge agreed there is no longer a need for the Committee and Senator Day withdrew her previous recommendation

Representative Gerard moved the Committee of Reference recommend to the full body the termination of the Joint Legislative Oversight Committee on the Arizona Health Care Cost Containment System (AHCCCS), expanding the scope of the Joint Legislative Health Committees of Reference to encompass dealing with questions concerning AHCCCS. The motion CARRIED by a voice vote.

Without objection the meeting was adjourned at 10:30 a.m.

Respectfully submitted,



Alice Kloppel,
Committee Secretary

(Tape and attachments on file in the Office of the Senate Secretary)

