DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Douglas A. Ducey
Governor

Timothy Jeffries
Director

SEP 29 2016

Mr. Lorenzo Romero, Director
Governor's Office of Strategic Planning and Budgeting
1700 West Washington
Phoenix, Arizona 85007

Dear Director Romero:

Please find the enclosed Department of Economic Security's Annual Title XIX Reimbursement Rate Study reporting the adequacy and appropriateness of Title XIX reimbursement rates to the Division of Developmental Disabilities service providers, in accordance with A.R.S. § 36-2959:

> The department shall contract with an independent consulting firm for an annual study of the adequacy and appropriateness of title XIX reimbursement rates to service providers for the developmental disabled program of both the Arizona long-term care system and the state only program. The consultant shall also include a recommendation for annual inflationary costs. Unless modified in response to federal or state law, the independent consulting firm shall include, in its recommendation, costs arising from amendments to existing contracts. The department may require, and the department's contracted providers shall provide, financial data to the department in the format prescribed by the department to assist in the study. A complete study of reimbursement rates shall be completed no less than once every five years.

If you have any questions, please contact Dr. Laura L. Love, Assistant Director, Division of Developmental Disabilities, at (602) 542-0419.

Sincerely,

Timothy Jeffries
Director

Enclosure

cc: Members of the Joint Legislative Budget Committee
Richard Stavneak, Director, Joint Legislative Budget Committee
Thomas Betlach, AHCCCS Director
Beth Kohler, AHCCCS Deputy Director
Christina Quast, AHCCCS ALTCS Manager

1789 W. Jefferson, Mail Drop 1111, Phoenix, AZ 85007 • P.O. Box 6123, Phoenix, AZ 85005
Telephone (602) 542-5757 • Fax (602) 542-5339 • https://des.az.gov/

Burns & Associates, Inc.

Health Policy Consultants

3030 North Third Street
Suite 200
Phoenix, AZ 85012

Phone (602) 241-8520
Fax (602) 241-8529

September 15, 2016

Mr. Timothy Jeffries, Director
Department of Economic Security
1789 West Jefferson
Phoenix, AZ 85005

Dear Mr. Jeffries:

The Division of Developmental Disabilities (Division) is required under A.R.S. 36-2959[1] to conduct an annual analysis of the rates it pays to its home and community based service providers. The Division has asked Burns & Associates, Inc. (B&A) to examine the "adequacy and appropriateness" of the reimbursement rates for SFY 2017.[2] The intent of this letter is to satisfy that request.

Based on the criteria we have used in our annual evaluations since 2010, i.e. that the rates will allow the Division to maintain a sufficient number, mix, and geographic distribution of providers and services to serve the Division's enrolled members, we believe the rates for SFY 2017 are *generally* adequate and appropriate. We have found that in SFY 2016 the Division served more users and provided more units of service compared to both SFY 2009 and to SFY 2015. However, in SFY2016, as with the review last year, the units of service per user has not increased, but has experienced a minor decrease (-1.1%) when comparing SFY 2015 to SFY 2016. We also note that the overall decline in the number of providers that has been observed since SFY 2009 has continued in SFY 2016, but once again, this decline does not appear to have impacted services to enrolled members.

We indicate that the rates are only *generally* adequate and appropriate based on this sufficiency criterion because we have some concerns relating to the metrics associated with our evaluation of the adopted to benchmark ratios for some service rates. Specifically, the three largest In-Home

[1] Section 36-2959 subsection A reads in part: The department shall contract with an independent consulting firm for an annual study of the adequacy and appropriateness of title XIX reimbursement rates to service providers for the developmentally disabled program of both the Arizona long-term care system and the state only program. The consultant shall also include a recommendation for annual inflationary costs. Unless modified in response to federal or state law, the independent consulting firm shall include, in its recommendation, costs arising from amendments to existing contracts.

[2] Burns & Associates has also assisted the Division in the development of reimbursement rates for selected home and community based services, both as a separate firm and as part of the Consultant Work Group.

services; Habilitation, Support; Respite, Hourly; and Attendant Care continue to have ratios less than 80%.

Since the rates paid to providers were recently rebased (i.e., in SFY 2014) according to another provision of A.R.S. 36-2959, we also examined the rates based on the criteria we had applied in our evaluations prior to 2010, i.e., the ratio of the Division's "adopted rates" to the "benchmark rates". The result of this examination leads us to conclude that there are serious deficiencies in the rates for some services.

In reviewing the adopted rate ratios for SFY 2017 based upon the recently rebased benchmark rates, we find, as we did last year, that five of the top ten services have ratios below 80%. These ratios incorporate the provider increase included in the Division's rate schedules effective in October 2015 and in July 2016. These relatively low adopted rate ratios raise obvious concerns about the quality of services providers are capable of delivering, and therefore indicate that the SFY 2017 rates for these services may not be adequate and appropriate. We again strongly recommend that any monies that may be available for rate increases be prioritized for those services with adopted to benchmark ratios of less than 80%.

We present our analysis of the Division's rates in the following seven discussions: criteria used in the examination; introduction to the network analysis; users analysis; payment analysis; provider analysis; a special examination of therapy and nursing services; and the adopted rate ratio analysis. Following the discussions is our summary, and accompanying this letter is an Analysis Package that contains additional data from both a Total Funds and a Title XIX perspective.

Criteria Used in the Examination

The Arizona statute that directs the Division to perform the annual examination of the rates paid to community service providers contains the standard of *adequate and appropriate* but offers no definition of the phrase.

Since 2010 we have used the federal criteria contained in Section 1932 of the Social Security Act and its associated regulation in 42 CFR 438.206 to test the "adequacy and appropriateness" of the service network, and thereby test the sufficiency of the Division's reimbursement rates. We believe this criteria is appropriate because the Division is a Medicaid Managed Care Organization (MCO) and these two federal standards contain the requirements for Medicaid MCOs to maintain a sufficient number, mix, and geographic distribution of providers and services to serve their enrolled members.

To measure the adequacy and appropriateness of the Division's rates under the Section 1932 standard, we examine the number of clients receiving services, the units of services delivered, and the number of providers delivering services. These metrics are compared to both the previous year and to a base year of 2009, the year before the Division started reducing its rates because of the Great Recession.

Prior to 2010, and in fulfillment of the Arizona five year rebasing requirement, we were guided by different federal criteria, those contained in Section 1902(a)(30)(a). These federal requirements – which are applicable to Medicaid state plan services – specify that “payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area”.

When the Section 1902 standards were employed for the annual adequate and appropriate examination, we examined the ratio of the Division’s adopted rates (the rates actually paid to providers) to the Division’s benchmark rates (the rates established by the Division through the rate setting process). To a large extent this approach to measuring adequacy and appropriateness was guided by the then prevailing direction of the Ninth Circuit Court of Appeals that required Medicaid agencies to rely on cost studies to determine whether reimbursement rates “bear a reasonable relationship to efficient and economical [providers’] costs of providing quality services”.

We abandoned the Section 1902 requirement as the criteria for the annual evaluation in 2010 for at least three reasons: 1) inasmuch as the Division is a Medicaid MCO, the Section 1932 criteria is the applicable criteria; 2) the direction from the Ninth Circuit regarding the use of cost studies was overturned by the U.S. Supreme Court, and; 3) the benchmark rates as they existed in 2009 were derived prior to the onset of the Great Recession.

With respect to this latter point, we observed in our 2009 report:

> The [then current] benchmark rates are not appropriate during these economic times, and therefore the relatively low ratios observed are not prima facie indicators of inadequacy or inappropriateness. The benchmark rates were not developed in the context of the worst economic downturn in eighty years and the rates should not serve as an inoculation for the Division’s providers against the effects of the current recession. It is not unreasonable to assume that the benchmark rates are constructed based on both policy aspirations and cost structures that are currently inappropriate.

In our 2010 letter we stated:

> We believe that in order to restore the adopted rate ratio to a valid metric for the evaluation of the appropriateness and adequacy of the rates, a new set of rate models and benchmark rates would have to be established by the Division.

While maintaining our position that the Section 1932 standard is the appropriate standard to evaluate the adequacy and appropriateness of the Division’s rates, we also believe that the results of an examination of the Division’s rates according to the Section 1902 standard is informative in reaching a conclusion for the annual evaluation. The Section 1902 evaluation (the adopted rate ratio) is particularly informative for this year’s examination since the Division adopted the results from its statutorily mandated rebasing project to reset the benchmark rates in SFY 2015.

The rate rebasing project is performed once every five years and is a more comprehensive examination of the provider rates than is the annual examination. The rebasing project reviews the definitions of the services the Division wishes to purchase, examines the likely cost to providers to deliver those services, and reviews alignment of the Division's (and the State's) policy goals associated with the definition, the cost, and the desired outcomes of those services.

This letter therefore contains evaluations of the Division's rates under both the Section 1932 standard – the network adequacy standard, which we regard as the primary evaluation standard – and the Section 1902 standard – the adopted rate ratio standard. The preponderance of the letter addresses evaluation of the Division's network and then presents a brief discussion of our findings under the adopted rate ratio evaluation.

Introduction to the Network Analysis

In evaluating the Division's provider network we compared the SFY 2016 user, payment, and provider data to both a baseline year (SFY 2009) and to the previous year (SFY 2015). SFY 2009 was selected as the baseline year because it largely preceded the first of the two rate reductions that the Division implemented: in May of 2009 the Division reduced rates by 10% and in October of 2011 an additional 5% reduction was put into place. More recently, the Division received an appropriation that allowed it to raise rates by 2% beginning April 2013 and again by 3% beginning July 2013. An additional 2% rate increase was appropriated for services delivered beginning July 2014. A 1.5% increase was implemented in October 2015 by the Division, and the Division 'targeted' increases to services with lower Adopted to Benchmark ratios. An additional 1.0% increase was appropriated to the Division for services delivered beginning in July 2016.

The objective of our network analysis is to measure changes in the number and amount of services delivered, as well as the number of providers delivering services. Having multiple years of data affords our analysis greater context when assessing the service delivery network's sufficiency. The evaluation is based on the Division's claims files for SFY 2009 through SFY 2016. These files include the claims of all contracted service providers. The particular files used in the analysis were generated in the month of August following each fiscal year and included all fiscal year claims except for a small number of "lagged" claims that had yet to be billed. However, for the SFY2016 review the Division has been tasked with having the review performed and delivered to AHCCCS earlier than in past years. Due to this change, the claims file extracted to analyze SFY 2016 was incomplete. In particular, June 2016 claims had not been fully submitted and/or paid when the extract was prepared. To allow for the best possible, and continued examination utilizing a 12-month period, B&A is substituting claims for the period beginning June 1, 2015 through May 31, 2016 for SFY 2016 (estimated) totals. Throughout this document, any accompanying analyses, any data identified as SFY 2016 will reflect this 'alternate' period. However, the 'alternate' period units, payments, member counts and/or provider counts displayed and discussed throughout this document and the accompanying Analysis Packet may have differences to the actual experience for the Division's network for SFY 2016.

This year we have processed the claims to present our findings according to the service groupings established by the Division in the past few years. The Division redefined service codes to better distinguish between qualified vendors and independent vendors, to accumulate similar services into more generic groupings, to separate institutional services from the previous miscellaneous service grouping, and to streamline the overall coding system. The redefinition allows us to account for the number of units delivered for which no "payment" was made by the Division, either because the cost of the services were covered by appropriation (services delivered by state personnel) or were offset through the third-party liability process.

As in past years the claims data was used to derive the following measures for each service for each fiscal year for comparison in this network analysis:

- The number of unique providers billing the service
- The number of unique users receiving the service
- The number of units
- The amount of payments
- The average rate paid by the Division
- The average units provided to each user receiving the service
- The average amount paid for each user receiving the service
- The average units billed by the providers supplying the service
- The average payment to providers supplying the service

We note that there are six in-home services that the Division permits "independent" providers to provide to its users. These independent providers have no employees and are employed by the individual receiving the services. These independent providers must submit claims through a fiscal agent that pays the claims, then the fiscal agent submits the claims to the Division. In our analysis we did not count nor track the number of independent providers, although we did count and track the number of users served, the units provided, and the amount of payments to these providers through the fiscal agent.

A summary of the data reviewed from the claims files is presented in Table 1 below:

Table 1
Summary Results – All Fund Sources

SFY	Service Providers	Users	Units	Payments	Average Rate	Average units per user	Average dollars per user	Average units per provider	Average dollars per provider
2016	635	30,810	35,674,646	$882,048,498	$24.72	1,158	$28,629	56,181	$1,389,053
2015	650	29,311	34,332,713	$828,820,128	$24.14	1,171	$28,277	52,820	$1,275,108
2014	667	27,787	32,734,689	$777,926,802	$23.76	1,178	$27,996	49,077	$1,166,307
2013	706	26,791	30,585,944	$696,681,386	$22.78	1,142	$26,004	43,323	$986,801
2012	735	26,414	29,865,130	$678,958,896	$22.73	1,131	$25,705	40,633	$923,754
2011	803	25,675	28,930,744	$681,780,001	$23.57	1,127	$26,554	36,028	$849,041
2010	951	25,436	27,822,468	$660,896,422	$23.75	1,094	$25,983	29,256	$694,949
2009	1,081	24,581	26,059,050	$691,171,563	$26.52	1,060	$28,118	24,106	$639,382

The themes revealed in this summary results Table are repeated throughout the analysis:

- There has been a steady decline from year to year in number of providers

- There has been an increase from year to year in:
    - The number of individuals receiving services

  - The number of units delivered
  - The average units per provider
  - The average dollars per provider

- The number of individuals utilizing services (users) experienced one of the largest growths (both absolute and relative percentage changes) in SFY 2016 as compared to the prior periods under review. The number of users increased by 1,499 or 5.1%.

- The average units per user has shown a steady increase from year to year except for the last two reporting periods (SFY 2015 and SFY 2016). In the past two years the metric remained relatively unchanged with declines of 0.6% and 1.1% for SFY 2105 and SFY 2016 respectively. These slight decreases are the result of a population growth in excess of 5% per year and a unit growth of 4.9% in SFY 2015 and 3.9% in SFY 2016..

- Payments overall increased $53.2 million or 6.4% from SFY 2015 to SFY 2016 reflecting the 3.9% unit growth and the 2.4% growth in the average rate per unit. This $53.2 million increase is second in magnitude only to the $81.2 million (11.7%) increase experienced in SFY 2014.

- Over the time period presented, overall average rates declined from year to year until bottoming out in SFY 2012 and then rising (slightly) in SFY 2013 (when the first of the recent rate increases were put into place), and more substantially in the most recent years under this review. Overall, the system-wide average rates are at their highest levels since the declines began in SFY 2010.

- Lastly, the metric of average dollars (payments) per user is, for SFY 2016, at the highest level for the eight-year review period.

The accompanying Analysis Package presents detailed tabular information for both total funds and Title XIX funds for all services and for the ten largest services in each of the eight years reviewed. The balance of the information presented in this letter concerning network adequacy concentrates on the Division's largest ten services measured in terms of SFY 2016 total funds payments.

Many of the following Tables identify services by the Division's service codes. A translation of the ten largest service codes is presented in the Table 2 below. A complete translation of all the Division's service codes is contained in the Analysis Package.

Table 2
Service Code Definitions

Service Code	Description	Unit Type
HABQV	Habilitation, Group Home, Qualified Vendor	Day
HAHQV	Habilitation, Support, Qualified Vendor	Hour
RSPQV	Respite, Hourly, Qualified Vendor	Hour
DTA	Day Treatment & Training, Adult	Hour
ATCQV	Attendant Care, Qualified Vendor	Hour
HBA	Habilitation, Vendor Supported Dev. Home, Adult	Day
NURC	Nursing, Continuous	Hour
DTI	Day Treatment & Training, Intense	Hour
RRBQV	Room/Board, Group Home	Day
GSE	Group Supported Employment	Hour

The top ten SFY 2015 services represent more than 80% of the units and more than 78% of the payments for the Division's services.

Table 3 presents the ten largest Division services ranked on the basis of SFY 2016 expenditures. The list contains one change from our last review, with the service Group Supported Employment (GSE) replacing Habilitation, Individually Designed Living Arrangement, Daily (HID) within the top ten services when comparing SFY 2016 to the prior period (SFY 2015).

The Top Ten Table highlights that the Group Home (HABQV) service is the largest service in the Division's service array, pays the highest average rate (of the top ten services), and generates the highest average dollar payment to providers. Group Home services, when combined with Room and Board (RRBQV) represents approximately 28% of all Division payments while serving approximately 10% of the Division's users.

Table 3
Top Ten Service Codes by Payments – Total Funds
SFY 2016

Service Code	Service Providers	Users	Units	Payments	Average Rate	Average Units per User	Average Dollars per User	Average Units per Provider	Average Dollars per Provider
HABQV	90	2,855	872,401	$225,427,342	$258.40	306	$78,959	9,693	$2,504,748
RSPQV	217	15,714	5,773,675	$83,033,125	$14.38	367	$5,284	26,607	$382,641
HAHQV	193	11,075	4,400,670	$82,951,279	$18.85	397	$7,490	22,801	$429,799
ATCQV	174	4,639	4,866,164	$72,438,743	$14.89	1,049	$15,615	27,966	$416,315
DTA	146	6,032	7,141,691	$70,031,917	$9.81	1,184	$11,610	48,916	$479,671
HBA	38	1,265	385,318	$41,732,662	$108.31	305	$32,990	10,140	$1,098,228
NURC	18	756	1,104,619	$41,060,053	$37.17	1,461	$54,312	61,368	$2,281,114
DTI	117	1,435	1,729,202	$29,169,949	$16.87	1,205	$20,327	14,780	$249,316
RRBQV	92	2,887	902,176	$21,692,100	$24.04	312	$7,514	9,806	$235,784
GSE	69	2,165	1,580,968	$21,581,744	$13.65	730	$9,968	22,913	$312,779
Sub-Total			28,756,884	$689,118,914	$23.96				
TOTAL	635	30,810	35,674,646	$882,048,498	$24.72	1,158	$28,629	56,181	$1,389,053

Of note within the table above is the following:

- Hourly Respite (RSPQV) is the most widely used service within the Division's network, with approximately 51% of the population receiving the service.

- Group Home (HABQV) and Nursing – Continuous (NURC) are the most expensive in terms of average dollars per user with annual amounts of $78,959 and $54,312 per user respectively. These figures are approximately twice the overall average dollars per user for the entire population served by the Division.

As we have done in our previous reviews, we present a series of Tables that compare the year in review to the previous fiscal years. The Tables are divided into user, payment, and finally, provider aspects of the data.

Users Analysis

The following series of Tables 4-6 present information relating to users: the number of users receiving each of the top ten services over the review period, the number of units delivered, and the average number of units per user that received services.

Table 4
Number of Users Receiving Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Users								% Change '15 to '16	% Change '09 to '16
	2009	2010	2011	2012	2013	2014	2015	2016		
HABQV	2,569	2,600	2,582	2,624	2,645	2,732	2,809	2,855	1.6%	11.1%*
RSPQV	9,650	10,920	12,015	12,944	13,616	14,581	15,328	15,714	2.5%	62.8%
HAHQV	7,363	7,958	8,461	9,030	9,671	10,205	10,913	11,075	1.5%	50.4%
ATCQV	2,724	2,833	3,000	3,215	3,503	3,917	4,288	4,639	8.2%	70.3%
DTA	4,037	4,368	4,611	4,963	5,300	5,599	5,953	6,032	1.3%	49.4%
HBA	586	739	844	968	1,078	1,162	1,230	1,265	2.8%	115.9%*
NURC	484	514	545	571	598	658	727	756	4.0%	56.2%
DTI	1,016	1,279	1,395	1,512	1,683	1,810	1,981	1,435	-27.6%	41.2%
RRBQV	2,529	2,562	2,533	2,587	2,613	2,727	2,816	2,887	2.5%	14.2%
GSE	1,026	1,189	1,204	1,370	1,599	1,836	2,084	2,165	3.9%	111.0%
TOTAL	24,581	25,436	25,675	26,414	26,791	27,787	29,311	30,810	5.1%	25.3%

In Table 4 the Total is an unduplicated count of users of all of the Division's services. The Table illustrates the increase over the period in the number of users receiving services from the Division's provider network: an overall growth of 25.3% since SFY 2009 and a 5.1% growth in just the past year. The most used service is respite with over half of the Division's service users using this service in SFY 2016.

We note the services of HABQV and HBA with an asterisk (*) to highlight two areas where a particular strategy of the Division is focused. For Group Home (HABQV), the Division has instituted an intensive utilization management process for this service, the Division's most expensive. As a result, the long term growth of placements in the service has been constrained. For Vendor Supported Developmental Homes (HBA), the Division has employed a strategy to emphasize the use of qualified vendors as opposed to its own resources to manage these placements. We highlight the change over time in these two services as observable evidence of these management efforts.

For the 2009 to 2016 time period, all of the top ten services experienced increases in users served, ranging from 11.1% in Group Home (HABQV) to 115.9% in Vendor Supported Developmental Homes (HBA).

The most striking phenomena illustrated in the ’09 to ’16 percentage change column of the Table is the number of services that have added users at a substantially greater rate than the overall user population growth – eight of the ten services are growing at a rate faster than the overall population of users. However, when comparing the change between SFY 2015 to SFY 2016, only one of the ten services is not increasing the number of users served from year to year. The Division has a process in place to review placements and the appropriateness of Day Treatment, Intense (DTI), the only service to experience a decrease in users among the top ten.

Table 5 illustrates the total number of units provided through the Division’s network. As was the case with the user Table above, the number of units delivered through the provider network has increased each year, with an overall 36.9% more units being delivered in SFY 2016 than in SFY 2009.

Table 5
Number of Units Provided for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Units								% Change	% Change
	2009	2010	2011	2012	2013	2014	2015	2016	'15 to '16	'09 to '16
HABQV	848,497	857,671	865,989	869,110	877,108	891,519	911,710	872,401	-4.3%	2.8%
RSPQV	4,043,865	4,857,846	5,422,190	5,403,100	4,979,264	5,320,492	5,643,793	5,773,675	2.3%	42.8%
HAHQV	3,243,619	3,488,826	3,606,332	3,756,419	3,902,427	4,121,621	4,327,729	4,400,670	1.7%	35.7%
ATCQV	2,720,623	2,797,685	2,928,078	3,125,468	3,394,795	3,920,700	4,462,875	4,866,164	9.0%	78.9%
DTA	4,699,678	5,127,189	5,500,563	5,860,164	6,273,138	6,765,168	6,995,474	7,141,691	2.1%	52.0%
HBA	176,377	222,112	267,411	301,059	341,915	378,638	397,692	385,318	-3.1%	118.5%
NURC	688,850	765,528	821,353	819,476	863,892	956,266	1,047,588	1,104,619	5.4%	60.4%
DTI	1,162,250	1,181,463	1,251,131	1,391,581	1,547,419	1,697,241	1,812,180	1,729,202	-4.6%	48.8%
RRBQV	860,483	868,231	875,103	882,581	896,683	914,472	941,175	902,176	-4.1%	4.8%
GSE	912,266	1,024,240	1,039,812	1,120,142	1,247,238	1,398,260	1,492,057	1,580,968	6.0%	73.3%
TOTAL	26,059,050	27,822,468	28,930,744	29,865,130	30,585,944	32,734,689	34,332,713	35,674,646	3.9%	36.9%

For Table 5 we note that although the 118.5% increase over the period in Developmental Home – Adult (HBA) is dramatic, it parallels the rise in users and is in accordance with the Division’s strategy for higher utilization of Vendor Supported Developmental Home services.

As was the case with Users, most (eight of ten) services had growth from SFY 2009 to SFY 2016 that was higher than the overall population. However, four of ten experienced a decrease when comparing ’15 to ’16, of which Group Home (HABQV) and Room and Board (RRBQV) had similar, as expected, decreases due to the drop in the average units per user. Day Treatment, Intense (DTI) experienced a decrease paralleling the drop in users, while Vendor Supported Developmental Home (HBA), like Group Home, had a decrease primarily due to a drop in the average units per user.

Having examined the history of both users and units delivered, the following Table combines these indicators in a presentation of Average Units per User.

Table 6
Average Units per User for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Avearge Units per User								% Change '15 to '16	% Change '09 to '16
	2009	2010	2011	2012	2013	2014	2015	2016		
HABQV	330	330	335	331	332	326	325	306	-5.9%	-7.5%
RSPQV	419	445	451	417	366	365	368	367	-0.2%	-12.3%
HAHQV	441	438	426	416	404	404	397	397	0.2%	-9.8%
ATCQV	999	988	976	972	969	1,001	1,041	1,049	0.8%	5.0%
DTA	1,164	1,174	1,193	1,181	1,184	1,208	1,175	1,184	0.8%	1.7%
HBA	301	301	317	311	317	326	323	305	-5.8%	1.2%
NURC	1,423	1,489	1,507	1,435	1,445	1,453	1,441	1,461	1.4%	2.7%
DTI	1,144	924	897	920	919	938	915	1,205	31.7%	5.3%
RRBQV	340	339	345	341	343	335	334	312	-6.5%	-8.2%
GSE	889	861	864	818	780	762	716	730	2.0%	-17.9%
TOTAL	1,060	1,094	1,127	1,131	1,142	1,178	1,171	1,158	-1.1%	9.2%

Table 6 illustrates the ability of the provider network to respond to the 5.1% increase in the number of users and deliver approximately the same (or more) units of service per user. Overall, we see an increase in the average units per user in the longer term (9.2% from ’09 to’16) while there has been a minor decreases in the near term (-0.6% from ’14 to ’15 and -1.1% from ’15 to ‘16).

Although the long-term system performance saw a 9.2% overall increase in the number of units provided per user, there were five services with negative growth over the same period (SFY 2009 to SFY 2016). Of the top ten services, four experienced declines in this metric between SFY 2015 to SFY 2016 (HABQV, RSPQV, HBA and RRBQV). As HABQV, HBA and RRBQV are daily services and authorized for a full year, we don’t believe these variances translate to system impacting issues and reflect the changes in users’ situations from year to year for a variety of reasons, ranging from hospitalizations to family vacations..

As was noted last year, the long-term decline in the average amount of Respite (RSPQV) delivered is largely a function of an AHCCCS policy change that reduced the annual number of Respite hours available per member per year from 720 to 600, beginning in October of 2011. Of note for Respite (RSPQV) is that during the latest period (’15 to ’16) this metric remained relatively unchanged (-0.2%).

Lastly we note the marked increase in this metric for Day Treatment, Intense (DTI) of 31.7%. In spite of the reduction in overall users and units, the average units per user moved from 915 hours (17.5 hours per week) to 1,205 hours (23.2 hours per week).

Payment Analysis

Tables 7-9 contain information regarding the total payments for the top ten service categories.

Table 7
Total Payments for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Payments (and Rate Changes by Year)								% Change '15 to '16	% Change '09 to '16
	2009	2010	2011	2012	2013	2014	2015	2016		
	1/10 Yr (-10%)		3/4 Yr (-5%)		1/4 Yr (2%)	All Yr (3%)	All Yr (2%)	3/4 Yr (1.5%)		
HABQV	$195,879,599	$182,051,576	$185,645,384	$183,583,883	$189,636,819	$206,598,459	$216,599,539	$225,427,342	4.1%	15.1%
RSPQV	$61,643,020	$67,628,745	$75,530,969	$72,655,562	$66,362,664	$74,695,009	$80,823,120	$83,033,125	2.7%	34.7%
HAHQV	$65,486,998	$64,086,093	$66,301,086	$66,524,588	$68,586,489	$76,253,438	$81,720,269	$82,951,279	1.5%	26.7%
ATCQV	$42,936,289	$40,156,639	$42,073,144	$43,310,038	$46,752,349	$56,843,957	$66,043,331	$72,438,743	9.7%	68.7%
DTA	$49,283,277	$48,872,459	$52,326,448	$53,653,187	$56,919,789	$64,671,020	$68,260,961	$70,031,917	2.6%	42.1%
HBA	$19,248,478	$22,047,405	$26,560,238	$28,843,759	$32,517,514	$37,882,312	$40,627,308	$41,732,662	2.7%	116.8%
NURC	$26,334,359	$26,597,233	$28,579,641	$27,411,070	$28,915,719	$33,644,554	$37,547,741	$41,060,053	9.4%	55.9%
DTI	$19,076,629	$18,221,621	$19,588,625	$21,287,990	$23,711,560	$27,655,896	$30,463,299	$29,169,949	-4.2%	52.9%
RRBQV	$20,005,436	$18,295,753	$18,349,781	$18,521,668	$18,994,976	$20,744,188	$21,239,521	$21,692,100	2.1%	8.4%
GSE	$10,601,330	$11,167,596	$11,803,749	$12,985,699	$14,984,650	$18,045,057	$19,853,677	$21,581,744	8.7%	103.6%
TOTAL	$691,171,563	$660,896,422	$681,780,001	$678,958,896	$696,681,386	$777,926,802	$828,820,128	$882,048,498	6.4%	27.6%

Table 7 above illustrates the payments made for the top ten services and total services for the last eight fiscal years. Overall, payments for SFY 2016 increased 6.4% from the previous year and payments over the eight-year review period increased 27.6%. The increase of more than $26 million in payments for SFY 2016 is partly due to a rate increases of 1.5% in October 2015.

Table 7 illustrates that most of the top ten services had payment growth that is faster than the overall average from ’09 to ‘16. However, when comparing SFY 2015 and SFY 2016 only three of the top ten services had payments growing faster than the overall average. We account for some of the near-term differential due to the fact that the rate increase implemented in October 2015 ‘targeted’ a larger portion of the funds available to services outside of the top ten. As we noted earlier, since approximately 80% of the Division’s payments are concentrated in these top ten services, the accelerated growth of these services appears to be pulling the total payments and, correspondingly, the rate of change higher. This situation also emphasizes the importance of the Division’s strategy of carefully reviewing Group Home placements; without this strategy the overall growth of the Division’s expenditures would be substantially higher. The fastest growing services, in terms of total payments, between SFY 2015 and SFY 2016 are ATCQV, NURC and GSE.

Table 8 presents the Average Rate by service over the time period.

Table 8
Average Rate for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Average Rate per Unit								% Change '15 to '16	% Change '09 to '16
	2009	2010	2011	2012	2013	2014	2015	2016		
HABQV	$230.85	$212.26	$214.37	$211.23	$216.21	$231.74	$237.58	$258.40	8.8%	11.9%
RSPQV	$15.24	$13.92	$13.93	$13.45	$13.33	$14.04	$14.32	$14.38	0.4%	-5.7%
HAHQV	$20.19	$18.37	$18.38	$17.71	$17.58	$18.50	$18.88	$18.85	-0.2%	-6.6%
ATCQV	$15.78	$14.35	$14.37	$13.86	$13.77	$14.50	$14.80	$14.89	0.6%	-5.7%
DTA	$10.49	$9.53	$9.51	$9.16	$9.07	$9.56	$9.76	$9.81	0.5%	-6.5%
HBA	$109.13	$99.26	$99.32	$95.81	$95.10	$100.05	$102.16	$108.31	6.0%	-0.8%
NURC	$38.23	$34.74	$34.80	$33.45	$33.47	$35.18	$35.84	$37.17	3.7%	-2.8%
DTI	$16.41	$15.42	$15.66	$15.30	$15.32	$16.29	$16.81	$16.87	0.3%	2.8%
RRBQV	$23.25	$21.07	$20.97	$20.99	$21.18	$22.68	$22.57	$24.04	6.5%	3.4%
GSE	$11.62	$10.90	$11.35	$11.59	$12.01	$12.91	$13.31	$13.65	2.6%	17.5%
TOTAL	$26.52	$23.75	$23.57	$22.73	$22.78	$23.76	$24.14	$24.72	2.4%	-6.8%

The service network saw rate increases of 2% beginning April 2013, 3% beginning July 2013, 2% beginning in July 2014 and 1.5% in October 2015. The service network earlier saw rate reductions in May 2009 and in October 2011 totaling a nominal 15%. The overall rate change between SFY 2009 and SFY 2016 was close to the expected negative 6.5%, with a net reduction of 6.8%.

However, Group Home (HABQV) with a rate *increase* of 11.9% bucked this downward trend, as did Adult Day – Intensive (DTI), Room and Board (RRBQV) and Group Supported Employment (GSE). The Group Home service accounts for almost 26% of all expenditures and the rates paid for this service are based on a staffing matrix, which has over time caused rates to generally inflate because of increasing staff intensity. With respect to Day Treatment, Intensive (DTI) and Group Supported Employment (GSE), the recent increase in rates also indicates an increase in staffing intensity for this service with greater relative growth in more the intensive staffing ratios.

Table 9
Average Dollars per User for SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Average Dollars per User								% Change '15 to '16	% Change '09 to '16
	2009	2010	2011	2012	2013	2014	2015	2016		
HABQV	$76,247	$70,020	$71,900	$69,963	$71,696	$75,622	$77,109	$78,959	2.4%	3.6%
RSPQV	$6,388	$6,193	$6,286	$5,613	$4,874	$5,123	$5,273	$5,284	0.2%	-17.3%
HAHQV	$8,894	$8,053	$7,836	$7,367	$7,092	$7,472	$7,488	$7,490	0.0%	-15.8%
ATCQV	$15,762	$14,175	$14,024	$13,471	$13,346	$14,512	$15,402	$15,615	1.4%	-0.9%
DTA	$12,208	$11,189	$11,348	$10,811	$10,740	$11,550	$11,467	$11,610	1.3%	-4.9%
HBA	$32,847	$29,834	$31,469	$29,797	$30,165	$32,601	$33,030	$32,990	-0.1%	0.4%
NURC	$54,410	$51,746	$52,440	$48,005	$48,354	$51,132	$51,648	$54,312	5.2%	-0.2%
DTI	$18,776	$14,247	$14,042	$14,079	$14,089	$15,280	$15,378	$20,327	32.2%	8.3%
RRBQV	$7,910	$7,141	$7,244	$7,160	$7,269	$7,607	$7,542	$7,514	-0.4%	-5.0%
GSE	$10,333	$9,392	$9,804	$9,479	$9,371	$9,828	$9,527	$9,968	4.6%	-3.5%
TOTAL	$28,118	$25,983	$26,554	$25,705	$26,004	$27,996	$28,277	$28,629	1.2%	1.8%

Table 9 illustrates the impacts of both the changes in the rates paid for the services and the changes in the average number of units a user receives. Although the rates have risen since SFY 2013, they are still on average below the rates paid in SFY 2009. While the average units per user has climbed since SFY 2009 the overall depressed rates have resulted in only a slight net increase in expenditure per user compared to SFY 2009, and is 1.2% higher than SFY 2015.

We once again draw attention to the Day Treatment, Intense (DTI) service – the increase of approximately 8% in average dollars per user between SFY 2009 and SFY 2016 is primarily due to the (recent) significant increase in the units per user, 31.7% in the past year and approximately 6% since SFY 2009. Of the top ten services, besides Day Treatment, Intense (DTI), only Nursing, Continuous (NURC) and Group Supported Employment (GSE) have increase more than triple the overall average of 1.2% (5.2% and 4.6% respectively).

Provider Analysis

This area of our analysis focuses on the providers for each of the top ten services: how many there are, the average number of units delivered and the payments received, how the number of providers have changed based on size, and the recent history of the top twenty providers ranked by SFY 2016 payments received.

The first, Table 10, below presents the number of providers by service for each year of the review period.

Table 10
Number of Service Providers for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Service Providers 2009	2010	2011	2012	2013	2014	2015	2016	% Change '15 to '16	% Change '09 to '16
HABQV	88	90	88	88	92	89	95	90	-5.3%	2.3%
RSPQV	173	201	208	214	215	211	216	217	0.5%	25.4%
HAHQV	166	180	185	186	193	190	194	193	-0.5%	16.3%
ATCQV	138	148	156	165	164	168	172	174	1.2%	26.1%
DTA	116	123	137	140	148	143	147	146	-0.7%	25.9%
HBA	24	27	29	31	32	35	36	38	5.6%	58.3%
NURC	12	14	14	14	16	17	17	18	5.9%	50.0%
DTI	94	112	118	122	126	125	130	117	-10.0%	24.5%
RRBQV	89	89	87	88	92	89	96	92	-4.2%	3.4%
GSE	47	51	55	57	63	64	69	69	0.0%	46.8%
TOTAL	1,081	951	803	735	706	667	650	635	-2.3%	-41.3%

Table 10 highlights that there has been an overall decrease of 446 providers over the review period, and a decrease of 15 providers from ’15 to ‘16. However, five of the top ten services lost providers between SFY 2015 and SFY 2016. Also, over the historical review period, all of the top ten service gained providers.

As we have in the past we reviewed the provider data to determine that the overall loss of providers for SFY 2016 was spread across multiple services with the largest decreases in Day Treatment, Intense (DTI) and Individual Supported Employment (ISE) (decrease of 13 and 10 respectively). This change across these varied services indicates the providers that exited the network provided multiple services.

Additionally, Table 11 below highlights the change in the Division’s provider network with respect to services that are contracted for, and reimbursed through the non-published rate system. These providers are reported in the Other/Miscellaneous category (OTH) including (but not limited to) the services: Fiscal Intermediary Management (FIM), Home/Vehicle Modifications (MOD), Guardianship (GUM) and Assisted Living Services (ALH/ALC). This category has experienced a reduction of 334 providers over the eight year period, which accounts for almost 75% of the reduction in service providers over this period. This reduction is due to the elimination of the Division’s responsibility for payments to providers for certain services, e.g., Community Living Stipend; Client Trust Fund and Foster Care Stipends and Allowances, and/or the transition of some services into the published rate system.

Table 11
Service Providers Total & Other
SFY 2009 through SFY 2016

Service Code	Service Providers								% Change '15 to '16	% Change '09 to '16
	2009	2010	2011	2012	2013	2014	2015	2016		
OTH	401	273	136	69	54	59	71	67	13.6%	-83.3%
TOTAL	1,081	951	803	735	706	667	650	635	-4.8%	-41.3%

We also examined the change in the number of providers stratified into two groups – above and below annual payments of $100,000 per year. The results are presented in the following Table.

Table 12
Number of Providers Receiving Payment Above and Below $100,000 per Year
SFY 2009 through SFY 2016

Provider Size	Units	Payments	Providers
FY 2016			
Providers Greater Than $100,000 in Payments	35,463,359	$874,121,900	397
Providers Less Than $100,000	211,287	$7,926,597	238
Total	**35,674,646**	**$882,048,498**	**635**
FY 2015			
Providers Greater Than $100,000 in Payments	34,104,285	$820,578,411	385
Providers Less Than $100,000	228,428	$8,241,717	265
Total	**34,332,713**	**$828,820,128**	**650**
FY 2014			
Providers Greater Than $100,000 in Payments	32,492,558	$769,103,260	373
Providers Less Than $100,000	242,131	$8,853,543	294
Total	**32,734,689**	**$777,956,803**	**667**
FY 2013			
Providers Greater Than $100,000 in Payments	30,134,079	$685,762,726	363
Providers Less Than $100,000	336,154	$10,918,948	343
Total	**30,470,233**	**$696,681,674**	**706**
FY 2012			
Providers Greater Than $100,000 in Payments	29,454,472	$668,346,938	363
Providers Less Than $100,000	283,085	$10,553,052	372
Total	**29,737,557**	**$678,899,990**	**735**
FY 2011			
Providers Greater Than $100,000 in Payments	28,582,290	$672,779,127	354
Providers Less Than $100,000	380,831	$12,613,291	449
Total	**28,963,121**	**$685,392,418**	**803**
FY 2010			
Providers Greater Than $100,000 in Payments	27,287,928	$646,628,028	352
Providers Less Than $100,000	414,544	$14,266,375	599
Total	**27,702,472**	**$660,894,403**	**951**
FY 2009			
Providers Greater Than $100,000 in Payments	25,546,768	$674,213,102	342
Providers Less Than $100,000	428,497	$16,958,451	739
Total	**25,975,265**	**$691,171,553**	**1,081**

As has been the case for the last eight fiscal years, the Division's services are being provided primarily by organizations that receive payments of more than $100,000 per year. Table 12 illustrates a loss of 501 providers from those with less than $100,000 in annual payments from SFY 2009 to SFY 2016, a change that is greater than the overall loss of 446 providers.

Information regarding average units per provider is presented in Table 13 below.

Table 13
Average Units per Provider for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Average Units per Provider								% Change	% Change
	2009	2010	2011	2012	2013	2014	2015	2016	'15 to '16	'09 to '16
HABQV	9,642	9,530	9,841	9,876	9,534	10,017	9,597	9,693	1.0%	0.5%
RSPQV	23,375	24,168	26,068	25,248	23,159	25,216	26,129	26,607	1.8%	13.8%
HAHQV	19,540	19,382	19,494	20,196	20,220	21,693	22,308	22,801	2.2%	16.7%
ATCQV	19,715	18,903	18,770	18,942	20,700	23,338	25,947	27,966	7.8%	41.9%
DTA	40,514	41,684	40,150	41,858	42,386	47,309	47,588	48,916	2.8%	20.7%
HBA	7,349	8,226	9,221	9,712	10,685	10,818	11,047	10,140	-8.2%	38.0%
NURC	57,404	54,681	58,668	58,534	53,993	56,251	61,623	61,368	-0.4%	6.9%
DTI	12,364	10,549	10,603	11,406	12,281	13,578	13,940	14,780	6.0%	19.5%
RRBQV	9,668	9,755	10,059	10,029	9,747	10,275	9,804	9,806	0.0%	1.4%
GSE	19,410	20,083	18,906	19,652	19,797	21,848	21,624	22,913	6.0%	18.0%
TOTAL	24,106	29,256	36,028	40,633	43,323	49,077	52,820	56,181	6.4%	133.1%

This Table clearly displays that as the units of top ten services delivered has increased, there has also been an increase in the number of units delivered per provider. This phenomenon reflects the ability of the provider network to deliver the required number of services.

Similar to the connection between total units and average units by provider in the preceding Table, the following average payments per provider Table indicates the strong linkage between the total payments and the number of service providers.

Table 14
Average Payments per Provider for Each of SFY 2016 Top Ten Services
SFY 2009 through SFY 2016

Service Code	Average Payment per Provider								% Change	% Change
	2009	2010	2011	2012	2013	2014	2015	2016	'15 to '16	'09 to '16
HABQV	$2,225,905	$2,022,795	$2,109,607	$2,086,180	$2,061,270	$2,321,331	$2,279,995	$2,504,748	9.9%	12.5%
RSPQV	$356,318	$336,461	$363,130	$339,512	$308,664	$354,005	$374,181	$382,641	2.3%	7.4%
HAHQV	$394,500	$356,034	$358,384	$357,659	$355,370	$401,334	$421,239	$429,799	2.0%	8.9%
ATCQV	$311,133	$271,329	$269,700	$262,485	$285,075	$338,357	$383,973	$416,315	8.4%	33.8%
DTA	$424,856	$397,337	$381,945	$383,237	$384,593	$452,245	$464,360	$479,671	3.3%	12.9%
HBA	$802,020	$816,571	$915,870	$930,444	$1,016,172	$1,082,352	$1,128,536	$1,098,228	-2.7%	36.9%
NURC	$2,194,530	$1,899,802	$2,041,403	$1,957,934	$1,807,232	$1,979,091	$2,208,691	$2,281,114	3.3%	3.9%
DTI	$202,943	$162,693	$166,005	$174,492	$188,187	$221,247	$234,333	$249,316	6.4%	22.9%
RRBQV	$224,780	$205,570	$210,917	$210,474	$206,467	$233,081	$221,245	$235,784	6.6%	4.9%
GSE	$225,560	$218,972	$214,614	$227,819	$237,852	$281,954	$287,734	$312,779	8.7%	38.7%
TOTAL	$639,382	$694,949	$849,041	$923,754	$986,801	$1,166,307	$1,275,108	$1,389,053	8.9%	117.2%

Table 14 shows that the overall decline in providers and the growth of total payments has combined to result in a 117.2% growth in average payments per provider.

The final examination of providers performed was a compilation of the top twenty providers based on total payments from SFY 2014 though SFY 2016. The results are presented in the following Table.

Table 15
Top Twenty Providers Determined by Total Funds Payments
Displayed by SFY 2016 Ranking
SFY 2014 through SFY 2016

	2014			2015			2016		
Provider	Users	Units	Payments	Users	Units	Payments	Users	Units	Payments
A	1,080	1,115,311	$46,759,576	1,186	1,234,138	$49,676,490	1,126	1,139,643	$48,437,896
C	2,268	1,995,056	$32,384,380	2,541	2,209,475	$36,474,860	2,653	2,360,623	$39,363,607
B	500	650,798	$33,713,244	496	659,286	$34,076,423	484	669,493	$35,623,335
D	880	572,121	$28,150,886	883	572,369	$28,205,314	899	535,789	$27,522,776
E	424	497,092	$18,475,176	439	511,551	$19,211,142	416	488,965	$19,253,538
F	110	96,557	$18,264,355	121	128,743	$18,102,783	131	139,149	$18,804,354
Various	1,545	1,312,869	$16,672,065	1,252	1,173,422	$14,756,426	1,200	1,299,978	$16,238,359
H	727	568,649	$13,436,549	773	633,058	$15,223,389	749	622,565	$15,524,135
M	500	354,408	$10,860,226	590	437,417	$11,780,632	660	496,526	$13,418,779
J	663	664,365	$12,322,124	668	670,725	$12,925,123	633	629,083	$12,529,756
K	973	759,300	$12,144,014	989	775,052	$12,548,062	968	769,325	$12,516,982
L	164	223,945	$12,028,549	160	227,758	$12,345,660	161	213,176	$12,026,405
I	286	419,502	$12,443,035	284	407,021	$12,351,480	278	382,121	$11,988,227
N	489	666,969	$10,630,860	524	699,854	$11,166,415	529	702,083	$11,269,370
P	259	439,765	$9,898,796	275	454,169	$10,421,640	283	446,051	$10,537,001
O	314	451,907	$10,215,207	319	452,260	$10,546,505	320	435,664	$10,310,435
V	157	215,564	$7,037,589	179	251,491	$8,688,952	200	282,111	$10,060,911
U	131	123,165	$7,732,050	138	112,324	$8,558,171	151	113,966	$10,055,864
Q	157	215,564	$7,037,589	758	288,377	$9,246,427	544	286,291	$9,745,390
S	131	123,165	$7,732,050	692	551,448	$8,905,871	718	575,255	$9,275,007

	2014 Units	2014 Payments	2015 Units	2015 Payments	2016 Units	2016 Payments
Top Twenty Share	11,466,070	$327,938,321	12,449,938	$345,211,765	12,587,857	$354,502,128
Grand Total	32,734,689	$777,926,802	34,332,713	$828,820,128	35,674,646	$882,048,498
Top Twenty Share	35.0%	42.2%	36.3%	41.7%	35.3%	40.2%

The important highlights from Table 15 include:

- The top twenty providers account for more than 35% of the annual units delivered and received approximately 40% of all payments for SFY 2016.

- Although there are shifts in the relative position among the individual providers, there is relative stability within the group over time: eighteen of the providers have consistently remained among the top twenty during the three years displayed (see the Analysis Packet for details).

- The provider labeled "Various" is the fiscal agent for independent providers and is not an actual provider. This value represents the summation of the numerous independent providers that bill through the fiscal agent. Also, this provider is one of only three providers among the SFY 2016 Top Twenty with a 1.0% (or higher) decrease in payments over the three year period. The other two providers (D & I) experienced minor decreases (2.2% and 3.7% respectively).

An Examination of Therapy and Nursing Services

For the past two years we have reviewed the utilization (overall and geographically) for the three "base" therapy services (OTA, PTA, and STA) and Nursing – Continuous (NURC). Generally, these services are not included in the analysis of the top ten services. Therapy evaluations and Nursing Intermittent and Visit services are excluded from our therapy and nursing services analysis.

These services have always been of particular concern to the Division in terms of the adequacy of the provider network. Additionally, the rates established during the rebase project indicated that these services would have an adopted to benchmark ratio of approximately 80% for therapies and between 70% and 90% for Nursing (see following the following discussion on the adopted rate ratio). The intent of this examination – which includes a look at these services by geographic service area (GSA) – is to determine if the concerns about network adequacy are warranted.

The first, Table 16, presents the number of providers of these services.

Table 16
Number of Therapy & Nursing Service Providers by Service
SFY 2009 through SFY 2016

Service Code	Service Providers								% Change	% Change
	2009	2010	2011	2012	2013	2014	2015	2016	'15 to '16	'09 to '16
STA	164	162	156	148	148	146	144	144	0.0%	-12.2%
OTA	125	121	119	105	106	100	99	100	1.0%	-20.0%
PTA	99	97	95	94	88	83	81	77	-4.9%	-22.2%
NURC	12	14	14	14	16	17	17	18	5.9%	50.0%

Each of the therapy services experienced provider loss over the eight years of the review period. Occupational Therapy (OTA) lost 25 providers or 20.0%, Physical Therapy (PTA) lost 22 providers or 22.2%, and Speech Therapy (STA) lost 22 providers or 12.2%. In the most recent period ('15 to '16) only PTA lost providers (net of 4, or 4.9%) while the other two therapy services remained stable. However, during the eight-year period, Nursing - Continuous (NURC) experienced a 50.0% increase in the number of providers, with the addition of one provider from SFY 2015 to SFY 2016.

The next, Table 17, presents the number of users receiving these services.

Table 17
Number of Therapy & Nursing Users by Service
SFY 2009 through SFY 2016

Service Code	Users								% Change	% Change
	2009	2010	2011	2012	2013	2014	2015	2016	'15 to '16	'09 to '16
STA	7,653	8,234	9,023	9,565	9,381	10,780	12,668	13,587	7.3%	77.5%
OTA	6,604	6,551	6,810	6,928	6,838	8,910	9,532	10,269	7.7%	55.5%
PTA	4,667	4,605	4,640	4,550	4,041	5,851	5,784	5,880	1.7%	26.0%
NURC	484	514	545	571	598	658	727	756	4.0%	56.2%

The number of all users served has grown significantly over the review period, with increases between SFY 2009 and SFY 2016 ranging from 26.0% and 77.5%. After a long period of general decline in Physical Therapy users, the number of users increased beginning in SFY 2014 and has a 26.0% increase in users between SFYs 2009 and 2016, with a slight increase (1.7%) between SFY 2015 and SFY 2016. This overall increase in users of Physical Therapy services is particularly notable because adult Physical Therapy services have been the responsibility of the health plans since SFY 2011 when the Legislature placed a limit on the number of units of Physical Therapy services for adults over 21.

Table 18 below summarizes the number of units delivered over the evaluation period.

Table 18
Number of Therapy & Nursing Units by Service
SFY 2009 through SFY 2016

Service Code	Units								% Change	% Change
	2009	2010	2011	2012	2013	2014	2015	2016	'15 to '16	'09 to '16
STA	193,856	216,095	227,419	246,706	250,728	250,989	332,550	361,833	8.8%	86.7%
OTA	149,778	159,539	163,772	168,069	168,525	181,154	198,663	216,424	8.9%	44.5%
PTA	102,893	106,850	106,299	105,678	97,182	93,924	98,557	95,477	-3.1%	-7.2%
NURC	688,850	765,528	821,353	819,476	863,892	956,266	1,047,588	1,104,619	5.4%	60.4%

While the number of nursing units delivered over the review period more than kept pace with the growth of users, therapy services have experienced mixed results. STA service units have outpaced the user growth in both review periods, 8.8% growth in units versus 7.3% growth in users from ’15 to ’16 and 86.7% growth in units versus 77.5% growth in users during ’09 to ’16. OTA has had similar growth in the long term (’15 to ’16) with 44.5% growth in units as compared to 55.5% growth in users, while in the near-term (’15 to ’16) the unit growth (8.8%) is out pacing the user growth (7.3%). However, during the period of ’15 to ’16, PTA has seen a growth in users (26.0%) while there has been a decline in the overall units (-7.2%). This phenomena can also be observed in the near term (’15 to ’16) with a 1.7% growth in users and a 3.1% decline in the units delivered. Additionally, it is of note that overall for therapy services during SFY 2016, approximately 24% of units performed were delivered by Therapy Assistants exhibiting a positive management development for the Division’s policies and an associated cost savings since there is a rate differential between Therapists and Therapy Assistants. However, we believe that since the prevailing SFY 2017 Adopted to Benchmark ratio for Therapy services of 85.85% (resulting rate of $59.38) is lower than the Therapy Assistant ratio of 100.0% (resulting rate of $53.24), the Division should continue to ‘target’ future available funding increases to the Therapy services performed by Therapists to better align the ratios.

On the other hand, Nursing service units have outpaced the user growth in both the SFY 2015 to SFY 2016 period (4.0% growth in users versus 5.4% growth in units) and over the eight-year period (56.2% growth in users versus 60.4% growth in units).

We believe that some of the decline in PTA is attributable to the shifting of payment responsibility from HCBS services to the Division’s Health Plans, but the Division may want to investigate any other possible causes

The final, Table 19, displays the average therapy and nursing units per user.

Table 19
Average Therapy & Nursing Units per User by Service
SFY 2009 through SFY 2016

Service Code	Units per User 2009	2010	2011	2012	2013	2014	2015	2016	% Change '15 to '16	% Change '09 to '16
STA	25	26	25	26	27	23	26	27	1.4%	5.1%
OTA	23	24	24	24	25	20	21	21	1.1%	-7.1%
PTA	22	23	23	23	24	16	17	16	-4.7%	-26.3%
NURC	1,423	1,489	1,507	1,435	1,445	1,453	1,441	1,461	1.4%	2.7%

As expected, given the increase in users and decrease in units for PTA, the average units per user fell over the eight-year review period. Although OTA has seen an overall decline over the eight-year period (-7.1%), the trend in the past few years has been stable with a minor (1.1%) increase from ’15 to ’16. In contrast, OTA and NURC (Nursing - Continuous) services have minor increases in both measurement periods, 1.4% for each from ’15 to ’16 and 5.1% and 2.7% from ’09 to ’16 respectively.

As was the case last year, we have incorporated a geographic component to our review of these services. Under its contract with AHCCCS, the Division’s statewide service network is subdivided into Geographic Service Areas (GSA) for monitoring and reporting. We have allocated the SFY 2016 claims information among these seven GSAs and include the following Tables, 20 and 21, depicting the number of service providers, the percent of the Division’s clients in each GSA utilizing the service, the units per user by GSA, and the average rate by GSA for SFY 2016. Additional GSA specific data is included in the accompanying Analysis Package.

Table 20
Therapy & Nursing Service Highlights by GSA
SFY 2016

Statistic	Speech Therapy SW 02	Northern 04	Yavapai 06	Pinal/Gila 08	Pima/South 10	Maricopa 12	Southeast 14
Providers	20	43	32	51	67	131	15
Utilization %	37%	31%	42%	46%	24%	45%	27%
Units/User	33	25	29	28	22	33	25
Average Rate	$88.11	$86.44	$72.72	$86.52	$63.88	$65.03	$89.26

Statistic	Physical Therapy SW 02	Northern 04	Yavapai 06	Pinal/Gila 08	Pima/South 10	Maricopa 12	Southeast 14
Providers	9	26	14	24	27	62	6
Utilization %	7%	14%	14%	17%	6%	16%	8%
Units/User	12	20	20	18	10	23	16
Average Rate	$79.01	$91.05	$74.45	$89.75	$69.71	$64.82	$106.09

Statistic	Occupational Therapy						
	SW 02	Northern 04	Yavapai 06	Pinal/Gila 08	Pima/South 10	Maricopa 12	Southeast 14
Providers	17	39	24	44	56	87	14
Utilization %	18%	21%	33%	31%	20%	32%	18%
Units/User	24	20	27	21	21	26	15
Average Rate	$107.68	$89.20	$69.76	$88.86	$68.29	$63.93	$110.65

Statistic	Nursing - Continuous						
	SW 02	Northern 04	Yavapai 06	Pinal/Gila 08	Pima/South 10	Maricopa 12	Southeast 14
Providers	3	6	4	9	8	13	
Utilization %	2%	2%	1%	2%	2%	3%	
Units/User	1,169	1,184	923	1,607	2,023	1,498	
Average Rate	$33.81	$42.03	$41.18	$39.08	$37.13	$37.00	

For each of the services we use the Maricopa GSA as the benchmark to compare the network performance among the GSAs. With this metric, we observe:

Similar to last year, we continue to observe that:

- The southern portion of the state – GSAs 10, and 14 – have lower utilization of therapy services – both in terms of the percentage of clients using the service and the number of units per user, and in one of the GSAs (Southeast), the Division seems to be countering this low utilization with increased provider rates
- It is unknown why the Pima and Santa Cruz GSA (number 10) has such relatively low therapy utilization percentages and units per user given it's generally urbanized character
- The therapy units per user showed the widest variance in physical therapy, while occupational therapy appeared the most consistent - except for GSA 14, the Southeast area
- In nursing services there is a wide variance between the GSAs in terms of units per user: on average GSA 06 is receiving roughly 40% - 80% less nursing units per user compared to the other GSAs. However, there is a consistent percentage of the population that utilizes the service

To further compare the two periods (SFY 2014 and SFY 2015), we have included Table 21 below highlighting Utilization % (penetration of the services) and Units/User (delivery of the services).

Table 21
Therapy & Nursing Service Highlights by GSA
SFY 2015 & SFY 2016

	Speech Therapy													
	SW 02		Northern 04		Yavapai 06		Pinal/Gila 08		Pima/South 10		Maricopa 12		Southeast 14	
Statistic	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*
Utilization %	34%	37%	29%	31%	43%	42%	45%	46%	24%	24%	46%	45%	21%	27%
Units/User	25	33	25	25	28	29	29	28	21	22	32	33	23	25

	Physical Therapy													
	SW 02		Northern 04		Yavapai 06		Pinal/Gila 08		Pima/South 10		Maricopa 12		Southeast 14	
Statistic	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*
Utilization %	6%	7%	14%	14%	14%	14%	19%	17%	7%	6%	18%	16%	8%	8%
Units/User	11	12	19	20	23	20	19	18	8	10	24	23	15	16

	Occupational Therapy													
	SW 02		Northern 04		Yavapai 06		Pinal/Gila 08		Pima/South 10		Maricopa 12		Southeast 14	
Statistic	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*
Utilization %	17%	18%	19%	21%	35%	33%	33%	31%	20%	20%	32%	32%	22%	18%
Units/User	16	24	20	20	26	27	23	21	20	21	26	26	15	15

	Nursing - Continuous													
	SW 02		Northern 04		Yavapai 06		Pinal/Gila 08		Pima/South 10		Maricopa 12		Southeast 14	
Statistic	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*	*2016*
Utilization %	2%	2%	2%	2%	2%	1%	2%	2%	2%	2%	3%	3%		
Units/User	988	1,169	1,104	1,184	555	923	1,441	1,607	2,038	2,023	1,475	1,498		

- Speech Therapy – has generally experienced increases in all GSAs for both Utilization % and Units/User.
- Physical Therapy – as one might expect from some of the indicators previously noted above, this service has remained relatively unchanged in all GSAs for both Utilization % and Units/User.
- Occupational Therapy – has, like Physical Therapy, generally remained unchanged by GSA for both Utilization % and Units/User.
- Nursing Continuous – like occupational therapy has remained relatively unchanged throughout the GSAs for both Utilization %. The service has seen increases in the Units/User through most GSAs, with a significant increase in GSA 06 (Yavapai) of approximately 66%.

The disparities between geographic areas were noted during the rebase project and resulted in an expansion of the geographic areas slated to receive incentive rates for therapies – to include the Pima/Santa Cruz GSA – and to institute geographic based incentive rates for nursing services. Together with the increase of 20% to 30% scheduled for the benchmark therapy services and the 12% to 40% increases targeted for the benchmark Nursing - Continuous services, the expansion of the geographic incentive rates are anticipated to reduce some of the disparities across GSAs for these services. Unfortunately, the expansion of the geographic incentive rates were not funded for SFY 2016 or SFY 2017. However, in October 2015, the Division 'targeted' portions of both Nursing and Therapy services for increase greater than the available 1.5%, a decision to more appropriately align the Adopted to Benchmark ratios for these services with other HCBS services.

To display the impact of the Division implementing the newly designed geographic incentive rate structure proposed during the SFY 2014 Rate Rebase Project, we have included the following tables:

Table 22
Therapy Service Rates by Tier
SFY 2017

Therapy Services w/ Current Tier Rates	SFY17 Adopted
Therapy Services, Clinical	
Base Rate	$59.38
Tier 1	$59.83
Tier 2	$67.99
Tier 3	$81.58
Therapy Services, Natural	
Base Rate	$78.82
Tier 1	$86.71
Tier 2	$98.53
Tier 3	$114.76

Table 23
Therapy Service Rates by Area
SFY 2017 – Not Implemented

Therapy Services w/ Geographic Adj. Rates	SFY17 Benchmark
Therapy Services, Clinical	
Base Rate	$69.17
Area 1	$76.08
Area 2	$86.46
Therapy Services, Natural	
Base Rate	$91.81
Area 1	$100.99
Area 2	$114.76

Converting from tiers (currently adopted system) to areas (proposed system) should increase the overall average rates for the relatively underserved GSAs and is anticipated to result in a more balanced distribution of users and units.

Adopted Rate Ratio Analysis

As we indicated at the beginning of this letter, up until 2010 we had used the adopted rate ratio analysis as the metric to assess the adequacy and appropriateness of the provider rates. In 2010 we dropped that metric for several reasons, including the onset of the Great Recession and our belief that the benchmark rates then in effect did not reflect the then current policy and economic realities.

In SFY 2014 the Division completed its rebasing project and therefore the resulting Benchmark rates now reflect more current policy and economic realities. While we still believe the appropriate metric for measuring the adequacy and appropriateness of the Division's rates is the preceding network analysis, the adopted rate ratio analysis (where the adopted rate is stated as a percentage of the current benchmark rate) does inform the evaluation.

Of particular concern is that the current rates for therapy and nursing services are significantly below the current benchmark rates. These are not the only services where the adopted rate ratios are below desired levels. The following Table presents the SFY 2016 benchmark and adopted rates, as well as the adopted rate ratio for the Division's top ten services and therapy services. We regard any ratio below 80% as indicative of rates that are not adequate and appropriate.

Table 24
SFY 17 Benchmark and Adopted Rates
Summary Comparison by Service

Service Code	Description	SFY17 Benchmark	SFY17 Adopted	Adopted to Benchmark Ratio
Top Ten Services				
HABQV	Habilitation, Group Home, Qualified Vendor	$20.61	$18.08	87.71%
HAHQV	Habilitation, Support, Qualified Vendor	$26.20	$19.33	73.79%
RSPQV	Respite, Hourly, Qualified Vendor	$20.29	$14.86	73.21%
DTA	Day Treatment & Training, Adult (1:3.5)	$9.98	$9.82	98.36%
ATCQV	Attendant Care, Qualified Vendor	$19.87	$15.15	76.23%
HBA	Habilitation, Vendor Supported Dev. Home, Adult	$108.71	$102.33	94.13%
NURC	Nursing, Continuous/Respite (RN)	$53.64	$43.34	80.80%
	Nursing, Continuous/Respite (LPN)	$41.40	$37.82	91.36%
DTI	Day Treatment & Training, Intense	$21.37	$19.14	89.56%
RRBQV	Room and Board, All Group Homes (Maricopa/Urban) 4BR	$26.79	$19.73	73.65%
	Room and Board, All Group Homes (Pima/Urban) 4BR	$26.79	$18.26	68.16%
	Room and Board, All Group Homes (Flagstaff/Rural) 4BR	$27.88	$20.14	72.24%
	Room and Board, All Group Homes (Yuma/Rural) 4BR	$27.88	$17.26	61.91%
GSE	Group Supported Employment (Urban) (1:2)	$17.25	$17.05	98.84%
	Group Supported Employment (Rural) (1:2)	$19.18	$19.18	100.00%
	Group Supported Employment (Urban) (1:3)	$12.69	$11.36	89.54%
	Group Supported Employment (Rural) (1:3)	$14.64	$13.04	89.06%
	Group Supported Employment (Urban) (1:4)	$10.43	$8.34	79.97%
	Group Supported Employment (Rural) (1:4)	$12.40	$9.60	77.43%
	Group Supported Employment (Urban) (1:5)	$9.09	$6.89	75.75%
	Group Supported Employment (Rural) (1:5)	$11.08	$8.39	75.75%
	Group Supported Employment (Urban) (1:6)	$8.21	$6.22	75.75%
	Group Supported Employment (Rural) (1:6)	$10.22	$7.74	75.75%
Therapy Services				
OTA	Occupational Therapy (Clinic, Base Rate)	$69.17	$59.38	85.85%
	Occupational Therapy (Natural, Base Rate)	$91.81	$78.82	85.85%
PTA	Physical Therapy (Clinic, Base Rate)	$69.17	$59.38	85.85%
	Physical Therapy (Natural, Base Rate)	$91.81	$78.82	85.85%
STA	Speech Therapy (Clinic, Base Rate)	$69.17	$59.38	85.85%
	Speech Therapy (Natural, Base Rate)	$91.81	$78.82	85.85%

The Table indicates that four of the top ten services (and some ratios of Group Supported Employment – GSE) have adopted rate ratios of less than 80%, including all three of the in-home services included on the list: Habilitation, Support; Respite, Hourly; and Attendant Care. These three services constitute the backbone of the Division's least expensive placement option (in the client's or family's home) and represent approximately 28% of the Division's service expenditures.

While the Division's provider network may be continuing to provide a sufficient number, mix and geographic distribution of providers and services (as required by the Section 1932 Medicaid standard), it is a dubious proposition that the services delivered are of the quality desired by the Division.

For reference purposes we have attached to this letter and separate from the Analysis Packet a complete listing of the Division's services with their corresponding SFY 2017 benchmark and adopted rates, and the resulting adopted rate ratios.

A quick look at the Attachment reveals that a number of services that are priorities for the Division have adopted to benchmark ratios below 80%. Among the more notable services with this characteristic are:

- All Home-Based services,
- Children's Day Treatment services with ratios above 1:3.5,
- Therapy Evaluation Services,
- A good number of Group Supported Employment services, and
- All Transportation services.

The few services that are comfortably above the 80% threshold include:

- Adult Day Treatment services,
- Intensive Day Treatment services,
- Vendor Supported Developmental Home services,
- Group Home services,
- Center-Based Employment services, and
- Specialized Habilitation services.

With the implementation of the rate increase in SFY 2016 (October 2015), virtually all services are now at (or above) 75% of their respective Benchmark rates so that while some rates still have lower ratios, the overall equity within the Division's rate structure is becoming more apparent.

Summary

Based on the evaluations, analyses, and reviews performed, we believe the Division's provider network continues to respond positively to the demands placed upon it. The services being provided continue to generally match the growth of enrollment with the benefit of delivering approximately the same units per user per year. The decline in the number of providers is occurring in a segment of the network that does not appear to jeopardize the delivery system's overall integrity.

We do, however, note some concerning indicators. As the network analyses have pointed out, there are some concerns associated with the delivery of therapy services. Also, as the adopted rate ratio analysis indicated, approximately half of the top ten Division services and many other priority services have ratios of less than 80%, including some of the Division's primary In-Home services.

We are aware of the recently adopted 1.0% rate increase that became effective in July 2016 and regard this as a positive development. We continue to believe the distribution of future rate increases could best serve the Division's population and network if the increase is directed to the priority services that have adopted rate ratios of less than 80% and to implement the revised geographic incentive rates for therapies and nursing services that were recommended by the rate rebasing project. Additionally, we look forward to incorporating additional measures into this analysis in future periods, as we expect the Division to adopt Adequacy and Appropriateness standards based upon recent changes to the Medicaid Managed Care regulations per 42 CFR part 438. We anticipate these measures to include (but not be limited to) time and distance standards to be developed and defined by the Division.

On balance, we conclude that the Division's rates are adequate and appropriate as measured by the network sufficiency standard and somewhat inadequate as measured by the adopted rate ratio metric.

For your added information, we examined the Global Insights forecast[3] for inflation for SFY 2017. According to that source, inflation for the Home Health Agency Market Basket of services is projected to increase by 2.9% for the period December of 2016 to December of 2017.

Also for your information, the Division has not issued any amendments to the RFQVA within the past year, and so there is no potential impact to the costs for providers arising from the contracting process.

If this letter or its attachments leave you with any questions, please feel free to contact us.

Sincerely,

Peter Burns

Attachment

c: Debra Peterson, DBF Assistant Director, DES
Clark Collier, Deputy Director, DES
Laura Love, Assistant Director, DDD
Lisa Cavazos-Barrett, Deputy Assistant Director, DDD
Joseph Tansill, Business Operations Administrator, DDD

---

[3] *IHS Global Insight,* 4th Quarter of 2015 as published by the Centers for Medicare & Medicaid Services (CMS)

Arizona Division of Developmental Disabilities

SFY 17 Benchmark and Adopted Rates

Summary Comparison by Service

			SFY17 Benchmark	**SFY17 Adopted**	**Adopted to Benchmark Ratio**
Home-Based Services					
S5125	ATC	Attendant Care	$19.87	$15.15	76.23%
H2017	HAH	Habilitation, Support	$26.20	$19.33	73.79%
S5130	HSK	Homemaker	$17.82	$13.95	78.30%
S5150	RSP	Respite, Hourly	$20.29	$14.86	73.21%
S5151	RSD	Respite, Daily	$269.77	$200.63	74.37%
Independent Living Services					
T2017	HAI	Habilitation, Individually Designed Living Arrangement, Hourly	$23.33	$19.53	83.73%
T2017	HID	Habilitation, Individually Designed Living Arrangement, Daily	$20.24	$19.34	95.56%
Day Treatment and Training Services					
T2021	DTA	Day Treatment and Training, Adult (1:3.5)	$9.98	$9.82	98.36%
		Day Treatment and Training, Adult (1:5.5)	$7.51	$7.14	95.09%
		Day Treatment and Training, Adult (1:7.5)	$6.38	$5.90	92.46%
T2021	DTT	Day Treatment and Training, Children (After-School) (1:3.5)	$11.51	$9.56	83.04%
		Day Treatment and Training, Children (After-School) (1:5.5)	$9.31	$7.38	79.24%
		Day Treatment and Training, Children (After-School) (1:7.5)	$8.38	$6.35	75.79%
T2021	DTS	Day Treatment and Training, Children (Summer) (1:3.5)	$11.51	$9.56	83.04%
		Day Treatment and Training, Children (Summer) (1:5.5)	$9.31	$7.38	79.24%
		Day Treatment and Training, Children (Summer) (1:7.5)	$8.38	$6.35	75.79%
T2021	DTA	Day Treatment and Training, Adult - Rural (1:3.5)	$11.36	$10.90	95.93%
		Day Treatment and Training, Adult - Rural (1:5.5)	$8.92	$8.21	92.05%
		Day Treatment and Training, Adult - Rural (1:7.5)	$7.82	$7.01	89.64%
T2021	DTT DTS	Day Treatment and Training, Children - Rural (1:3.5)	$13.63	$10.32	75.75%
		Day Treatment and Training, Children - Rural (1:5.5)	$11.49	$8.70	75.75%
		Day Treatment and Training, Children - Rural (1:7.5)	$10.62	$8.04	75.75%
T2021	DTI*	Day Treatment and Training, Intense	$21.37	$19.14	89.56%

** Day Treatment and Training, Intense applies to DTA, DTT or DTS codes.*

Developmental Home Services					
T2016	HBA	Habilitation, Vendor Supported Developmental Home (Adult)	$108.71	$102.33	94.13%
T2016	HBC	Habilitation, Vendor Supported Developmental Home (Child)	$108.71	$104.38	96.02%
DD031	RBD	Room and Board, Vendor Supported Developmental Home	$19.09	$12.85	67.31%
Group Home Services					
T2016	HPD	Habilitation, Community Protection and Treatment Group Home	$20.76	$18.08	87.08%
T2016	HAB	Habilitation, Group Home	$20.61	$18.08	87.71%
T2016	HAN	Habilitation, Nursing Supported Group Home, Level I	$392.10	$392.10	100.00%
		Habilitation, Nursing Supported Group Home, Level II	$459.96	$459.96	100.00%
		Habilitation, Nursing Supported Group Home, Level III	$517.12	$517.12	100.00%
DD030	RRB	Room and Board, All Group Homes (Maricopa/Urban) 3BR	$29.19	$22.14	75.85%
		Room and Board, All Group Homes (Maricopa/Urban) 4BR	$26.79	$19.73	73.65%
		Room and Board, All Group Homes (Pima/Urban) 3BR	$29.19	$20.40	69.89%
		Room and Board, All Group Homes (Pima/Urban) 4BR	$26.79	$18.26	68.16%
		Room and Board, All Group Homes (Flagstaff/Rural) 3BR	$29.08	$22.61	77.75%
		Room and Board, All Group Homes (Flagstaff/Rural) 4BR	$27.88	$20.14	72.24%
		Room and Board, All Group Homes (Yuma/Rural) 3BR	$29.08	$19.74	67.88%
		Room and Board, All Group Homes (Yuma/Rural) 4BR	$27.88	$17.26	61.91%
Professional Services					
T1021	HHA	Home Health Aide	$25.83	$19.57	75.75%
G0154	HNV	Nursing Visit (RN)	$67.97	$54.92	80.80%
		Nursing Visit (LPN)	$53.33	$43.09	80.80%
G0155	HN9	Nursing, Intermittent (RN)	$70.65	$57.09	80.80%
		Nursing, Intermittent (LPN)	$55.21	$44.61	80.80%
S9123	HN1	Nursing, Continuous/Respite (RN)	$53.64	$43.34	80.80%
	HNR	Nursing, Continuous/Respite (LPN)	$41.40	$37.82	91.36%
97535	OTA	Occupational Therapy (Clinic, Base Rate)	$69.17	$59.38	85.85%
		Occupational Therapy (Natural, Base Rate)	$91.81	$78.82	85.85%
97004	OEA	Occupational Therapy Evaluation (Clinic)	$207.50	$162.52	78.32%
		Occupational Therapy Evaluation (Natural)	$230.15	$181.70	78.95%
97535	OTA	Occupational Therapy Assistant (Clinic, Base Rate)	$53.24	$53.24	100.00%
		Occupational Therapy Assistant (Natural, Base Rate)	$70.99	$70.99	100.00%

Arizona Division of Developmental Disabilities

SFY 17 Benchmark and Adopted Rates

Summary Comparison by Service

			SFY17 Benchmark	SFY17 Adopted	Adopted to Benchmark Ratio
Professional Services (cont.)					
97530	PTA	Physical Therapy (Clinic, Base Rate)	$69.17	$59.38	85.85%
		Physical Therapy (Natural, Base Rate)	$91.81	$78.82	85.85%
97001	PEA	Physical Therapy Evaluation (Clinic)	$207.50	$162.52	78.32%
		Physical Therapy Evaluation (Natural)	$230.15	$181.70	78.95%
97530	PTA	Physical Therapy Assistant (Clinic, Base Rate)	$53.24	$53.24	100.00%
		Physical Therapy Assistant (Natural, Base Rate)	$70.99	$70.99	100.00%
92507	STA	Speech Therapy (Clinic, Base Rate)	$69.17	$59.38	85.85%
		Speech Therapy (Natural, Base Rate)	$91.81	$78.82	85.85%
92506	SEA	Speech Therapy Evaluation (Clinic)	$207.50	$162.52	78.32%
		Speech Therapy Evaluation (Natural)	$230.15	$181.70	78.95%
92507	STA	Speech Language Pathology Assistant (Clinic)	$53.24	$53.24	100.00%
		Speech Language Pathology Assistant (Natural)	$70.99	$70.99	100.00%
S5181	RP1	Respiratory Therapy (Clinic)	$44.73	$34.85	77.91%
		Respiratory Therapy (Natural)	$59.22	$44.86	75.75%
Employment Support Services					
T2019	CBE	Center-Based Employment (High Density) (1:6)	$6.16	$5.19	84.29%
		Center-Based Employment (Low Density) (1:6)	$6.54	$5.65	86.32%
T2019	GSE	Group Supported Employment (Urban) (1:2)	$17.25	$17.05	98.84%
		Group Supported Employment (Rural) (1:2)	$19.18	$19.18	100.00%
		Group Supported Employment (Urban) (1:3)	$12.69	$11.36	89.54%
		Group Supported Employment (Rural) (1:3)	$14.64	$13.04	89.06%
		Group Supported Employment (Urban) (1:4)	$10.43	$8.34	79.97%
		Group Supported Employment (Rural) (1:4)	$12.40	$9.60	77.43%
		Group Supported Employment (Urban) (1:5)	$9.09	$6.89	75.75%
		Group Supported Employment (Rural) (1:5)	$11.08	$8.39	75.75%
		Group Supported Employment (Urban) (1:6)	$8.21	$6.22	75.75%
		Group Supported Employment (Rural) (1:6)	$10.22	$7.74	75.75%
T2019	ISE	Individual Supported Employment, Job Coaching (Urban)	$41.76	$35.85	85.85%
		Individual Supported Employment, Job Coaching (Rural)	$57.51	$49.37	85.85%
		Individual Supported Employment, Job Development (Urban)	$40.63	$34.88	85.85%
		Individual Supported Employment, Job Development (Rural)	$43.24	$37.12	85.85%
T2019	TTE	Transition to Employment (1:4), Urban	$10.30	$10.30	100.00%
		Transition to Employment (1:4), Rural	$11.13	$11.13	100.00%
T2019	ESA	Employment Support Aide - GSE/ISE (Urban)	$19.87	$17.17	86.41%
		Employment Support Aide - GSE/ISE (Rural)	$21.32	$18.70	87.69%
T2019	CPR	Career Preparation & Readiness, Urban	$16.71	$15.04	90.00%
		Career Preparation & Readiness, Rural	$18.11	$16.30	90.00%
Specialized Habilitation Services					
T2017	HAM	Habilitation with Music Therapy	$39.66	$32.05	80.80%
T2017	HCM	Habilitation Consultation, Psychologist (Urban)	$124.77	$124.77	100.00%
		Habilitation Consultation, Psychologist (Rural)	$147.97	$144.23	97.47%
		Habilitation Consultation, Licensed Behavior Analyst	$59.45	$59.45	100.00%
		Habilitation Consultation, BCBA	$54.85	$54.85	100.00%
T2020	HCB	Habilitation Consultation, BCABA	$42.84	$37.29	87.04%
T2020	HCA	Habilitation Consultation, Assessment	$297.25	$297.25	100.00%
T2020	ECM	Habilitation, Early Childhood Autism Specialized (BCBA-D) (Urban)	$124.77	$124.77	100.00%
		Habilitation, Early Childhood Autism Specialized (BCBA-D) (Rural)	$147.97	$144.23	97.47%
T2020	ECM	Habilitation, Early Childhood Autism Specialized (Lic. Beh. Analyst)	$59.45	$59.45	100.00%
T2020	ECM	Habilitation, Early Childhood Autism Specialized (Masters)	$54.85	$54.85	100.00%
T2021	ECB	Habilitation, Early Childhood Autism Specialized (Bachelors)	$42.84	$37.29	87.04%
T2022	ECH	Habilitation, Early Childhood Autism Spec Hourly Habilitation	$25.38	$21.36	84.17%
Transportation Services					
A0120	TRA TRE	Regular Scheduled Daily Transportation (Day Program)	$13.31	$10.42	78.28%
		Regular Scheduled Daily Transportation (Employment Program)	$13.31	$10.42	78.28%
		Regular Scheduled Daily Transportation, Rural	$22.54	$17.64	78.28%
A0120	TRA TRE	Single Person Modified Rate, Urban	$23.83	$18.65	78.28%
		Single Person Modified Rate, Rural	$36.25	$28.38	78.28%
		Extensive Distance Modified Rate, Urban	$43.14	$33.77	78.28%
		Extensive Distance Modified Rate, Rural	$43.14	$33.77	78.28%