
HMA

HEALTH MANAGEMENT ASSOCIATES

*Examining the Adequacy and Appropriateness of
Reimbursement Rates to Providers
for Services Administered by the
Arizona Department of Economic Security
Division of Developmental Disabilities*

PREPARED FOR

ARIZONA DIVISION OF DEVELOPMENTAL DISABILITIES

****FINAL VERSION****

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Certification

The Division of Developmental Disabilities (Division) is required under A.R.S. § 36-2959 to conduct an annual analysis of the rates it pays to its home and community based service providers. Specifically,

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.

The Division asked Burns & Associates, a division of Health Management Associates (HMA-Burns) to examine the adequacy and appropriateness of the reimbursement rates for the most recent state fiscal year (SFY) ending June 30, 2022.

The HMA-Burns team analyzed paid claims for services rendered during the five-year period State Fiscal Years (SFYs) 2018 through 2022. There were 88 unique services identified which were grouped into eight service categories: (1) residential services, (2) in-home support services, (3) day program services, (4) supported employment services, (5) transportation, (6) nursing services, (7) therapy services, and (8) all other services. The specific rates under review are for services delivered by providers who participate in the Division's request for qualified vendor application (RFQVA). Services delivered through the RFQVA are paid using the Division's published fee schedule. Services that are not paid using the published fee schedule (those in category 8, all other services) and services paid through the state's independent provider program were excluded from the study.

In the examination of claims, the HMA-Burns team computed the average units per user in each service category in the study across the five-year period. A steady or increasing utilization pattern may be indicative that there is a sufficient provider base to deliver services to the Division's clients. The utilization for each service category was analyzed not only at the statewide level, but also at the regional level. The regions defined in the study include Maricopa County, Pima County, Northern Counties (Apache, Coconino, Mohave, Navajo, Yavapai), Central Counties other than Maricopa (Gina, Pinal), and Southern Counties other than Pima (Cochise, Greenlee, La Paz, Santa Cruz, Yuma).

HMA-Burns also computed the percentage of units that were paid within each service category using the rates published on the Division's fee schedule at the time that the service was rendered. A high rate of units paid using the published fee schedule may be indicative that the rates are accepted by providers and are adequate and appropriate for the service rendered.

In addition to reviewing paid claims, the HMA-Burns team analyzed authorizations given to each consumer for specific services during the same five-year time period. HMA-Burns matched available authorizations to paid claims at the individual client level to determine if Division clients used their authorization. A high rate of authorization use may be indicative that there are providers willing to deliver the services at the Division's published rates.

HMA-Burns reviewed the count of providers and market diversification of each of the seven major service categories studied. A consistent or increasing count of unique providers may indicate that the published rates are adequate and appropriate in that providers continue to contract with the Division. Market diversification was measured by computing the percentage of payments within a service

category delivered by the top 20 providers (by volume) against the entire category. If the top 20 provider percentage of payments remains steady or decreases, this may indicate that additional providers are willing to expand their service footprint with the Division.

In addition to the metrics described above, HMA-Burns reviewed three years of financial statements submitted by a sample of 68 providers, or approximately 10 percent of the providers on file through the RFQVA. The period of study was each provider's fiscal year for 2019, 2020 and 2021. The study was limited to those providers that have submitted financial statements to the Division in all three years. Three financial metrics were computed by HMA-Burns: (1) cash ratio (cash on hand divided by current liabilities), (2) current ratio (current assets divided by current liabilities), and (3) net income percentage (net income divided by total revenues). The values for each measure were trended for each of the providers in the sample as well as weighted averages for four peer groups. Each of the 68 providers was assigned to one of four peer groups based on the amount of their annual total revenue reported on their financial statement.

HMA-Burns reviewed contract amendments administered by the Division to RFQVA providers to determine if any contract amendment language had a direct impact on increases to provider costs. Through this review, the HMA-Burns team did not identify any amendments that specifically map to increased costs to providers.

Lastly, HMA-Burns inventoried all of the most recently published detailed rate models for each service in the study that were in effect as of July 1, 2019. Each model was examined to determine if the current benchmark rate assumes the most current minimum wage standard in the state of \$12.80 per hour (excluding Flagstaff which is higher) as well what is expected to be the minimum wage effective January 1, 2023 of \$13.85 (using the most recent Consumer Price Index, which is the means by which the state minimum wage is updated each year) for the lowest-paid position shown in each rate model.

Findings

Details on the results of the five metrics related to client utilization and provider service delivery are shown on a one-page dashboard in the body of this report for each of the seven major service categories examined. The values for individual metrics are shown on the dashboard for each SFY and, for some measures, by region of the state. Also on each dashboard are columns that assess the change from SFY 2018 to SFY 2021 and from SFY 2018 to SFY 2022. The first time period is intended as a comparator only and will show atypical results due to the public health emergency.

In addition to showing the percentage changes over time, color-coding provides an easy way to assess steady state or meaningful change (positively or negatively). A summary of the results of these metrics appears on the next page. For all measures, HMA-Burns assessed either steady state or improvement for every metric in every major service category. When analyzing changes from SFY 2018 to SFY 2022, six metrics out of 35 showed a meaningful negative impact:

- Therapies: total number of providers have gone down more than 10%
- Employment Services: The average units per user have decreased (likely pandemic-related) and the percent of units paid off of the fee schedule have decreased more than 10%
- Day Treatment, Transportation and Nursing; The percentage of units used compared to authorized decreased more than 10%. For the first two service, this is likely pandemic-related.

The color coding is defined as follows: green = more than a 5% improvement over the time period, red = more than a 5% decline during the time period, and yellow = between -5% and +5% change during the time period.

Dashboard Summarizing Changes in Utilization Patterns Across Five Statewide Metrics

	Changes From State Fiscal Year 2018 to State Fiscal Year 2022				
	Total Number of Providers	Concentration of Payments Among Providers in Top 20	Average Units Per User	Percent of Units Paid on Fee Schedule	Percentage of Units on Authorizations Where Services Were Provided
Residential	32.0%	-13.8%	1.5%	-0.3%	-0.5%
In-Home Supports	28.2%	-2.8%	39.6%	-3.7%	-1.3%
Day Treatment	12.9%	-3.6%	1.2%	-1.4%	-5.6%
Employment	7.7%	-1.4%	-17.4%	-15.3%	-3.9%
Transportation	2.9%	-2.4%	-0.8%	0.0%	-6.8%
Nursing	23.5%	-0.2%	-2.4%	5.0%	-13.6%
Therapies	-10.3%	0.8%	16.3%	-0.2%	4.5%

With respect to the fiscal health of the providers delivering services for the Division, the sample of 68 providers showed that asset-related measures remained steady or decreased slightly for the sample overall between their fiscal years 2019 to 2021. Where there were modest decreases, it was observed only among the largest providers (entities with total revenues in excess of \$20 million annually). The asset measures showed improvement among the smaller providers (total revenues under \$5 million annually). For the measure related to net income, the value improved overall among the providers reviewed.

Assessment

The assessment this year is based upon two distinct aspects applied across seven major service categories.

Aspect #1: This is based upon five metrics related to the service utilization within each of the major categories and three metrics related to provider financial health.

Aspect #2; This is based upon the review of wage assumptions utilized within the established rate models compared to the State's minimum wage.

Based on the criteria limited to Aspect #1 outlined above, HMA-Burns certifies, with qualifications, that the current rates in place by the Division are adequate to reimburse providers for delivering the services covered under the auspices of the RFQVA. Although it is understood that no single metric that was considered may be indicative of the adequacy and appropriateness of the rates, when viewed in totality, HMA-Burns believes that the current rates are adequate.

Based on the criteria outlined in Aspect #2, however, HMA-Burns does have concerns regarding some of the current rates in place. This assessment does vary by major service category as follows:

- **In-Home Services:** While there have been improvements to the Adopted rates compared to the current Benchmark rates established in this category, the current Adopted rates are not near 100% of the Benchmark and the current Benchmark rates do not factor in recent minimum wage increases in the state. This applies primarily to Attendant Care and Respite services.
- **Transportation:** Current adopted rates are above the established benchmark. Using a revised Benchmark rate assumption reflecting the CY 2023 statewide minimum wage could provide concern compared to the current Adopted rates.
- **Day Treatment Services:** Current adopted rates are near 100% of the established benchmark. Using a revised Benchmark rate assumption reflecting the CY 2023 statewide minimum wage could provide concern compared to the current Adopted rates.
- **Residential Services, Supported Employment Services, Nursing and Therapies:** While there is potential to improve the rate to get closer to the current Benchmark rates, the current wage assumptions in the benchmark rate models are sufficient.

With this in mind, HMA-Burns does not recommend an across-the-board inflationary increase to all of the Division's rates. The HMA-Burns team consulted with the Division staff and learned of additional funding availability for the upcoming State Fiscal Year. If this funding is authorized, HMA-Burns recommends that the Division consider the following approach to increase rates in the priority stated below:

1. Apply increases to rates for services where the wage assumptions in the benchmark rate model lags behind the current January 1, 2022 statewide minimum wage level of \$12.80 by moving the benchmark rate assumption to a minimum of \$12.80 in each rate model. Then fund these services as 100% of the new benchmark rate. The services with the highest priority are the in-home support services attendant care and respite.
2. Apply increases to rates for services where the wage assumptions in the benchmark rate model lags behind the expected CY 2023 statewide minimum wage level of \$13.85. Then fund these services at 100% of the benchmark rate. The services with the highest priority are all of the services category 1, then transportation, then day program services.
3. Consider targeted increases to rates that, at present, are less than 85 percent of the current benchmark rate by increasing the rate to a minimum of 85% of the benchmark rate.

Based on our analysis, the HMA-Burns team understands that the proposed new funding for SFY 2023 should be able to address items 1 and 2 above in full.

Background on Provider Rates

The focus of this assessment is on the rates paid to providers who participate in the Division of Developmental Disabilities' (the Division's) request for qualified vendor application (RFQVA). These vendors agree to deliver services for which they are reimbursed under a standardized fee schedule that is established by the Division. Independent providers may also deliver some services. The independent providers are reimbursed by a fiscal intermediary who pays the provider at a rate that differs from the rate paid to agencies under the RFQVA. The services and payments made through the independent provider program are outside the scope of this assessment.

The Division is required by statute to rebase (reset) the rates paid for services delivered by providers under the RFQVA every five years. The rates for these services were rebased in 2009, in 2014, and in 2019. Because funding is not always available to the Division to pay for services at the latest rebased rate, the Division publishes a benchmark rate and an adopted rate. The benchmark rate represents the rate that would be paid to providers if full funding was available to do so. The adopted rate represents the actual rate put in place given the funding available.

The HMA-Burns team analyzed the wage assumptions for each service examined in this study that were in effect as of July 1, 2019. A comparison has been compiled in an effort to examine the impact of the rising minimum wage within the State. Exhibit 1 below shows the variation among services when comparing the effective wage assumptions compared to the Arizona statewide minimum wage in effect January 1, 2022 (\$12.80) along with the estimated minimum wage [based upon current CPI estimates] anticipated for January 1, 2023 (\$13.85). A majority of the current established rates have assumptions that are in excess of both minimum wage values.

Exhibit 1. Comparison of Unique Wage Assumptions Compared to Established Division Rates*

Service Category	Number of Unique Wages**	Wages below \$12.80	Wages between \$12.80 & \$13.85	Wages at or above \$13.85
ALL SERVICES	30	3	6	21
Residential	7	0	0	7
In-Home Supports	7	3	1	3
Day Treatment	4	0	3	1
Employment-Related	5	0	0	5
Transportation	2	0	2	0
Nursing	2	0	0	2
Therapies	3	0	0	3

*Counts in this Exhibit reflect unique wages within Statewide rates excluding Flagstaff. The Division has established different wage levels for use within the City of Flagstaff due to the higher minimum wage established by the city.

**Unique wage assumptions are counted. The rate models for some services utilize multiple wage levels (e.g., Nursing).

In the Findings section of this study, further explanation is provided of the services that fall under each of the categories shown in Exhibit 1.

When the Division has been appropriated additional funding for provider reimbursement, sometimes the funding has been applied as a rate increase across-the-board to all services. At other times, the funding has been used to provide targeted increases to specific services. For example, when the statewide minimum wage increase was first imposed in January 2017, an increase of approximately eight percent was applied to those services that were most significantly impacted by the change in the minimum wage. The increase in funding dedicated to provider rate increases since 2018 is summarized in Exhibit 2 below. A summary of minimum wage increases appears in Exhibit 3.

Exhibit 2. Summary of Provider Rate Changes in the Last Five Years

Effective Date	Reason for Rate Change	Service Categories Impacted
01/01/18	Prop 206	Additional 1.26% increase for affected services.
01/01/19	Prop 206	Additional 1.26% increase for affected services.
07/01/19	Rate Realignment	Rate increases for all services except Room and Board. Rate changes varied so that specific service rates were more in alignment when compared to benchmark rates. Approximately \$92 million in total funds allocated to rate increases.
01/01/20	Minor Adjustments	To ensure spending of \$92 million allocation and to account for additional change to minimum wage.
10/01/20	Therapies & Prop 206	To align therapy rates with other services. Added \$0.20 per hour for services most affected by Prop 206.
10/01/21	Rate Realignment and Adoption of Temporary Rates	Additional funding of \$102 million to provide rate increase and make permanent temporary rates adopted during the public health emergency.

Exhibit 3. Changes to the Minimum Wage Resulting from Proposition 206 and the Flagstaff Proposition

Effective January 1 of Each Calendar Year	Statewide Minimum Wage Value	Minimum Wage Set by Flagstaff
CY 2017	\$10.00	\$10.50 (July 1)
CY 2018	\$10.50	\$11.00
CY 2019	\$11.00	\$12.00
CY 2020	\$12.00	\$13.00
CY 2021	\$12.15	\$15.00
CY 2022	\$12.80	\$15.50
CY 2023	Increased by rate of the Consumer Price Index	\$15.50

It should be noted that, due to the public health emergency (PHE) where many services that involve congregate interaction such as day treatment and training or supported employment were eliminated or severely curtailed, the Division made incentive payments to providers outside of the usual fee schedule to help stabilize their financial position during the PHE.

Methodology Used in Assessment

There are many dimensions that can be reviewed to assess the adequacy and appropriateness of provider rates. The HMA-Burns team developed metrics that examined not only provider participation overall through the RFQVA but also provider network capacity to deliver services to clients in the region of the state where the clients are located. Additional metrics were created to assess the fiscal health of the providers that are delivering services through the use of financial metrics. A brief description of each metric appears below.

Definitions of Metrics Used in the Assessment

The metrics that are reported on in the Findings section are defined as follows:

- **Total Providers Paid at Least \$5,000 in the Year.** This is the count of providers which were paid to deliver services in each SFY. The provider counts were examined across seven service categories as described below in the discussion pertaining to the preparation of claims data. If the total count of providers paid to deliver services remains constant or increases over time, this is an indicator that the rates paid are adequate.
- **Concentration of Providers.** Providers within each of the seven service categories were sorted in descending order based on total payments in each SFY. The top 20 providers within each service category were identified in each year. The ratio of total payments made to the top 20 providers as a percentage of the total payments to all providers in the category was computed for each service category in each SFY. If the percentage of payments made to the top 20 providers remains constant or decreases over time, this is an indication that the providers delivering the services are diversifying and that the rates paid are adequate.
- **Provider Balance Sheet Metrics.** Two metrics were computed to assess the fiscal health of providers by examining information from their balance sheets reported annually to the Division:
 - The *cash ratio* is the ratio of cash on hand divided by current liabilities. This metric assesses if the entity can readily pay off short-term liabilities. Although the value can vary by industry, a ratio above 0.5 is favorable. A cash ratio of 1.0 means that the entity has the same amount of cash as it has current debts.
 - The *current ratio* is the ratio of current assets divided by current liabilities. A current ratio of 2.0 or above is favorable as this indicates that the entity has two times more current assets than current liabilities to cover its current debts.

If the qualified vendors meet the industry standards for cash ratio and current ratio each year, then this may be an indicator that the rates paid by the Division are adequate. It is understood, however, that many providers deliver services to a variety of payers. Therefore, the use of the balance sheet metrics cannot be directly correlated to the adequacy of the Division's rates.

- **Provider Income Statement Metric.** The *net income percentage* is the entity's net income amount (profit) divided by its total revenue. Net income can be used to reward owners through dividends or can be used as reserves for the business during adverse conditions. Each industry has common standards for net income percentage, so there is no minimum threshold that was considered here. It is true that larger entities are able to yield a lower net income percentage than smaller entities simply because the absolute net income amount is based on higher revenues. For this assessment, if the net income percentage remained steady or grew across the study period, then this may be an indicator that the rates paid by the Division are adequate. Similar to the balance sheet metrics, however, the net income percentages found may be more an artifact of other business lines among the Division's providers than its business line for services to the Division's consumers.
- **Average Units Per User.** The average units per user is the ratio of total units paid for a service category divided by the total number of unique users of the service. HMA-Burns computed this ratio at the statewide level and for five regions of the state for each SFY and for each of the seven major service categories studied. The five regions of the state are defined as follows:
 - Maricopa County
 - Pima County
 - Northern Counties (Apache, Coconino, Mohave, Navajo, Yavapai)
 - Central Counties except Maricopa (Gila, Pinal)
 - Southern Counties except Pima (Cochise, Graham, Greenlee, La Paz, Santa Cruz, Yuma)
- **Percent of Units Paid on Fee Schedule.** HMA-Burns reviewed the paid claims within each SFY and compared the rate paid for the service on each claim against the fee schedule released by Division for the time period in which the service was rendered. A ratio was created to determine the percentage of total units that were paid using a rate on the Division's fee schedule compared to all units paid for the service. A high percentage indicates that the providers are willing to accept delivering the service at the published rate.
- **Percent of Units on Authorizations Where Services Were Provided.** The Division authorizes services to its clients at the specific service code level. Although the time period can vary, the authorization usually covers a one-year time period. HMA-Burns matched the authorizations for each client in a SFY against the paid claims in that same year. A ratio was created to determine the percentage of units on authorizations where there was evidence that the service was rendered and a provider was paid to deliver the service to the client. This is compared to the total units authorized for each service across all clients in the SFY. A high percentage indicates that providers are ready to deliver the service to clients at the current rate set by the Division.

Validation of Data Sources

The HMA-Burns team used three primary data sources to conduct this rate certification study. This included paid claims over a five-year period, authorizations over a five-year period, and provider financial statements over a three-year period. Each set of data was validated and prepared in a manner to compute the metrics that are the basis for the findings in this study. A discussion of the process used to prepare each data set is discussed below.

Preparing the Claims Data for the Study

Claims data was provided by the Division to the HMA-Burns team for SFY 2018 to SFY 2022 (dates of service from July 1, 2017 up to the time that the data was transmitted in May 2022). Each claim line shows the 3-character code used by the Division to provide each service that is paid. The claim records also contain the start and end date of service, the ID of the vendor that was paid, the ID of the client receiving the service, the client's city and zip code, the units of service delivered, the rate paid, and the total payment made.

HMA-Burns ran validations on the following elements within the claims data:

- Evidence of a valid 3-character service code on each claim line
- Valid provider ID and client ID on each claim line
- Valid unit values (specifically, no evidence of units equal to zero)
- Valid payment amounts (specifically, no negative values, \$0 values, or extraordinarily high values)

HMA-Burns then ran statistics on the claim lines for each 3-character service code across the five SFYs to assess the consistency across years. Specific values verified included the count of providers delivering the service, the count of clients receiving the service, the total units paid out, and the total payments made. For some services—particularly day program, supported employment, and transportation—the units delivered and paid were considerably lower starting in March 2020 due to the PHE since these services are related to congregate activities. The dip in units and payments since the PHE for these services was noted.

HMA-Burns checked for duplicate claims within each year by testing individual claim records based on vendor ID, client ID, 3-character code, date of service, units billed, and paid amount. Where duplicate records were found, they were excluded from the database for analysis.

Development of Major Service Categories

The initial review of claims over the five years showed 88 unique service billing codes. To streamline the analysis, HMA-Burns mapped each of the 88 codes into eight major categories:

- Residential services
- In-Home Support services
- Day Program services
- Employment-related services
- Transportation
- Nursing services
- Therapy services
- All Other services

The mapping of specific codes within each major service category is shown on the dashboard reports that are displayed in the Findings section of this study.

Data Excluded from the Study

The total payments for SFYs 2018 through 2022 after removing duplicate claims totaled \$5.93 billion. Payments that were excluded from the study include the following:

- Services in the All Other category named above. These services represent items that are covered by the Division but that are either not part of the standard service array delivered by providers under the RFQVA or are deemed specialized services. Examples include nursing facility and state-run intermediate care facility payments.
- Payments made to the fiscal intermediary for the consumer-directed program.
- Payments made on behalf of clients with a home address out-of-state.
- Payments for room and board that tie to group home residential services.

Annualizing Data

For SFY 2022 (which covers the period July 1, 2021 to June 30, 2022), the full year was not yet completed when this rate study began. Additionally, providers have time to submit claims for payment even after the service was rendered. As a result, it was determined that when the claims were delivered to HMA-Burns in May 2022, the 'completion' of the utilization for SFY 2022 was only through March 31, 2022. Therefore, total payments and units for this nine-month period were computed and then annualized in order to provide comparisons to prior SFYs.

Even with the annualized data for SFY 2021, it was still known at the outset that the utilization for some services would not match historical trends because of the PHE. Specifically, this impacts the categories for Day Treatment, Employment, and Transportation.

When assessing year-to-year trends, the HMA-Burns focused on the trend from SFY 2018 to SFY 2022 (after factoring in the annualizing process). Results of trends from SFY 2018 to SFY 2021 is shown for comparison purposes, but for many categories the results show a downward trend due to the expected dampening of utilization during the PHE.

Preparing the Authorizations Data for the Study

The Division provided to HMA-Burns a database of authorizations that mirrored the time period of the claims received (SFY 2018 to SFY 2022). An authorization record is assigned to an individual client for a defined start and end date. The 3-character service code is attached to the authorization record to indicate the specific service that is authorized.

The HMA-Burns team applied the same logic that was used with the claims database to map the 3-character service codes into eight major categories. The client ID was referenced to an enrollment file provided by the Division to HMA-Burns so that a county and region for the client's home location could be added to each authorization record.

Because authorization time periods do not always align with the start and end date of the SFY, HMA-Burns used the end date of the authorization record to assign each authorization to one of the SFYs in

the study. HMA-Burns built a program to match the client ID/service/SFY for the authorization against the corresponding information in the claims database. When a match was found, the authorization was tagged as being used. If no match was found, then the authorization was tagged as unused.

Within each service category, the total units authorized for all services in the category were summed. For example, units authorized for attendant care, respite, habilitation, homemaker, and music therapy were summed together since they all map to the major service category of in-home supports. From this total, a distinction was made between the units on authorizations where a claim was found and the units on authorizations where a claim was not found in the SFY. The percentage of units represented by authorization records where a claim was found are reported in the Findings section for each major service category and by region in the state.

It should be noted that this metric does not measure the percentage of authorized units actually used. It is understood that each client may not use all of the units that they are authorized in a year. Rather, this metric is one way to assess if providers may not be available to serve clients because no units on the authorization record were used.

Preparing the Provider Financial Data for the Study

As part of the provider agreement, the Division requires providers to submit financial information to the Division at least annually. The required reports include an Income Statement, a Balance Sheet, and a Statement of Cash Flows.

In last year's study, HMA-Burns developed a sample of 104 providers to review for this study. HMA-Burns was interested in continuing to track these same providers in the 2022 study in order to examine a longitudinal trend. HMA-Burns determined that not every vendor in the sample last year submitted information for the most recent three years of review (2019, 2020 and CY2021). As a result, the sample of 104 was reduced to 68 vendors in this year's study. HMA-Burns mapped the providers into four groups, using total revenues (not revenues specifically paid by the Division) as a threshold. The final tally of providers included in the financial metrics component of the study appears in Exhibit 5.

Exhibit 4. Final List of Providers Selected for Financial Review

Group	Division Criteria for Group	Included in 2021 Study	Included in 2022 Study
1	Total revenues \$20 million or more, all service lines	9	4
2	Total revenues \$5 - \$20 million, all service lines	30	25
3	Total revenues \$2 - \$5 million, all service lines	20	12
4	Total revenues less than \$5 million, all service lines	45	27
ALL		104	68

The two Balance Sheet (asset) metrics—Cash Ratio and Current Ratio—were computed for each provider for each of the three years. Trends were analyzed at the individual provider level and a weighted average value was computed for each of the four groups. A similar process was conducted for the Net Income metric. HMA-Burns examined the results over the three years and across the four groups.

Findings from Assessment

The results from HMA-Burns' assessment of the adequacy and appropriateness of rates paid by the Division is summarized in two components:

1. Review of the defined metrics related to the provider network and client utilization
2. Review of the financial health of contracted providers

Examination of Provider Network and Utilization Metrics by Major Service Category

In this section, HMA-Burns presents information on the services included in each major service category. The specific services mapped to the major service category are identified. Rate changes from SFY 2018 to SFY 2022 for each service are shown by year. Key findings pertaining the metrics defined in the study are cited. A one-page dashboard appears immediately after the summary of findings that shows the data results for each metric.

A brief overview of the dashboard layout is shown below using In-Home Supports for illustration.

Payment Amounts are shown in the top section of the dashboard in the box colored dark gray. The total payments for each service code are shown for each of the five SFYs. As stated previously, for SFY 2022, the actual payments for service dates July 2021 to March 2022 were summed and then annualized to show the values in the dashboard. At the far-right of the box, the payments in the major category as a percentage of the total payments in the study are represented. In the example shown below for in-home supports, the services in the in-home supports category represented 34 to 40 percent of all payments in the study each year.

Payments by DDD for Service Codes Included in this Category		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
	ALL Services Combined	\$337,072,799	\$375,767,310	\$480,749,339	\$597,501,515	\$600,446,395		
ATC	Attendant Care	\$101,049,975	\$120,161,505	\$172,419,945	\$246,759,719	\$258,745,616	SFY 2018	38.0%
HAH	Habilitation, Support	\$100,472,135	\$112,428,755	\$138,742,362	\$172,595,337	\$179,138,583	SFY 2019	37.7%
HAI	Habilitation, IDLA, Hourly	\$5,419,722	\$5,648,117	\$6,007,421	\$5,204,286	\$4,635,200	SFY 2020	37.3%
HID	Habilitation, IDLA, Daily	\$24,808,778	\$25,900,029	\$32,553,351	\$34,899,310	\$31,886,889	SFY 2021	40.4%
RSD	Respite, Daily	\$3,869,189	\$3,892,830	\$5,218,969	\$6,987,053	\$8,019,378	SFY 2022	33.8%
RSP	Respite, Hourly	\$100,348,541	\$106,777,802	\$124,774,698	\$129,725,676	\$116,765,259		
HSK	Homemaker	\$60,258	\$69,712	\$57,889	\$49,730	\$49,207		
HAM	Music Therapy	\$1,044,200	\$888,561	\$974,703	\$1,280,405	\$1,206,263		

SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.

Provider Counts and **Concentration of Providers** are shown in the light blue box of the dashboard report. In the top row, the total number of unique providers paid at least \$5,000 for services in this major service category are shown. The percentage change in the count from SFY 2018 to SFY 2021 and from SFY 2018 to SFY 2022 are shown in the far-right columns. The far-right columns are color coded. If the change over time is more than a reduction of five percent, then the cell is colored light red. If the change is more than an increase of five percent, then the cell is colored green. If the change is between -5 percent and +5 percent, then the cell is colored yellow, indicating little to no change over time.

Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year (July-March)	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Percentage Change	
						2018-2021	2018-2022
Total Providers	266	283	311	328	341	23.3%	28.2%
Concentration of Providers (July-March)	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Absolute Change	
Top 20 Providers Representation	51.2%	50.0%	48.4%	64.4%	48.4%	13.2%	-2.8%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year							

The Concentration of Providers shows the percentage of payments within this major service category that were paid to the top 20 providers based on payments. If the percentage goes down over time, that means that the services rendered to clients are being dispersed to more providers. The absolute change in this concentration percentage is shown in the far-right columns.

Like the count of providers, the far-right columns are color-coded, but the assignment of colors is inverted for this metric only. If the change over time is more than a reduction of five percent, then the cell is colored green (a positive trend that the providers are diversifying). If the change is more than an increase of five percent, then the cell is red. A change between +5 percent and -5 percent is in yellow.

Average Units Per User, by Year/Region data is shown in the peach-colored box in the dashboard. The average units were compared within each major service category year-over-year and between regions of the state. The far-right columns are color-coded. If the percentage change in the average units user per user decreased by more than five percent, then the cell is red. If the percentage change increased by more than five percent, then the cell is green. A change between -5 percent and +5 percent is in yellow.

Average Units Per User, by Year/Region	SFY 2018	SFY 2019	SFY 2020	SFY 2021	annualized SFY 2022	Percentage Change	
						2018-2021	2018-2022
Statewide	891	924	999	1,203	1,244	34.9%	39.6%
Maricopa County	932	952	1,020	1,219	1,248	30.9%	33.9%
Pima County	760	825	923	1,155	1,237	51.9%	62.7%
Northern Counties	889	963	1,061	1,217	1,279	36.9%	43.9%
Central Counties exc. Maricopa	899	941	1,009	1,168	1,230	29.9%	36.8%
Southern Counties except Pima	600	676	780	1,078	1,180	79.8%	96.9%

Percentage of Units Paid Where Rate Paid is on the Provider Fee Schedule data is shown in the brown-colored box in the dashboard. The percentages were compared within each major service category year-over-year and between regions of the state. The far-right columns show the absolute change in the percentage values as opposed to a percentage change of the percentages themselves. The far-right columns are color-coded in the same manner as the Average Units Per User above (red, green, yellow).

Percentage of Units Paid Where Rate Paid is on the Fee Schedule	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Absolute Change	
						2018-2021	2018-2022
Statewide	99.8%	99.8%	98.8%	77.9%	96.1%	-21.9%	-3.7%
Maricopa County	99.9%	99.8%	98.8%	79.3%	97.8%	-20.5%	-2.1%
Pima County	99.8%	99.7%	98.5%	75.8%	94.3%	-24.0%	-5.6%
Northern Counties	99.8%	99.8%	98.9%	73.1%	90.3%	-26.6%	-9.4%
Central Counties exc. Maricopa	100.0%	99.8%	99.5%	77.2%	96.0%	-22.7%	-4.0%
Southern Counties except Pima	99.4%	99.4%	98.6%	69.4%	85.9%	-29.9%	-13.5%

Percentage of Units on Authorizations Where Services Were Provided data is shown in the orange-colored box in the dashboard. Similar to the box above it, the percentages were compared within each major service category year-over-year and between regions of the state. The far-right columns show the absolute change in the percentage values over time. The color coding of these far-right columns uses the same format as the box above it (decrease by >5 percentage points = light red, increase by >5 percentage points = green, in between = yellow).

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	Absolute Change	
						2018-2021	2018-2022
Statewide	94.0%	93.5%	93.5%	94.4%	92.7%	0.5%	-1.3%
Maricopa County	94.0%	93.5%	93.5%	94.1%	92.1%	0.2%	-1.8%
Pima County	94.6%	93.9%	93.9%	96.1%	95.1%	1.5%	0.5%
Northern Counties	93.2%	92.4%	92.4%	93.7%	93.0%	0.5%	-0.2%
Central Counties exc. Maricopa	93.0%	92.5%	92.5%	95.4%	93.4%	2.4%	0.4%
Southern Counties except Pima	95.8%	95.5%	95.5%	95.9%	94.5%	0.1%	-1.2%

Residential Services

The specific services and associated rates in the Residential category include the following:

- Group Home (standard home, nursing-focus home, community protection-focus home)
- Developmental Home (for adult and child)

The payments for the residential services specifically (excluding room and board) represent between 37.5 and 39.2 percent of all payments in the five-year study period.

The current rates for residential services vary between 75 and 104 percent of the benchmark rate for each service in the category.

Exhibit 5. Current Rates Compared to Benchmark Rates, Residential Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
Group Home, Hourly	\$29.60	\$22.06	74.5%
Group Home, Nursing	\$439.18	\$439.18	100.0%
Group Home, Comm Protection, Hourly	\$32.44	\$33.66	103.8%
Developmental Home, Adult	\$143.19	\$137.56	96.1%
Developmental Home, Child	\$169.39	\$137.56	81.2%

Among the provider and utilization metrics examined, results were steady for most metrics across the five-year period. This is evidenced by the fact that changes over time as shown in Exhibit 6 (on the next page) in the far-right columns are mostly yellow (that is, the change was between -5 and +5 percent or percentage points from the base year of SFY 2018). This is true at the statewide and region levels. The exception to this is the provider metrics. There are actually more residential providers in recent years than in SFY 2018. The payments are also more diversified away from the top 20 residential providers.

Exhibit 6. Dashboard Report of Provider and Utilization Metrics for Residential Services

SERVICE CATEGORY		RESIDENTIAL					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category								
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
ALL Services Combined		\$374,690,575	\$406,725,442	\$498,296,457	\$565,170,989	\$566,525,748		
HAB	Group Home	\$294,107,709	\$321,862,205	\$398,697,245	\$459,717,458	\$449,438,838	SFY 2018	42.2%
HAN	Group Home, Nursing	\$22,375,587	\$25,915,346	\$31,117,409	\$36,423,329	\$40,765,431	SFY 2019	40.8%
HPD	Group Home, Comm Protect	\$1,926,906	\$2,238,593	\$5,009,189	\$4,997,837	\$3,952,674	SFY 2020	38.7%
HAA/HBA	Developmental Home, Adult	\$47,676,165	\$48,780,043	\$54,498,971	\$56,203,284	\$64,194,886	SFY 2021	38.2%
HAC/HBC	Developmental Home, Child	\$8,604,207	\$7,929,254	\$8,973,643	\$7,829,082	\$8,173,918	SFY 2022	31.9%
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.								
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year						(July-March)	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers		172	182	205	223	227	29.7%	32.0%
Concentration of Providers						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Top 20 Providers Representation		65.1%	66.3%	59.0%	54.6%	51.3%	-10.5%	-13.8%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year								
Average Units Per User, by Year/Region						annualized	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		325	325	328	324	330	-0.2%	1.5%
Maricopa County		322	323	327	324	329	0.6%	2.3%
Pima County		331	329	328	320	329	-3.3%	-0.7%
Northern Counties		326	328	328	326	335	0.2%	2.8%
Central Counties exc. Maricopa		326	318	325	329	320	0.8%	-2.0%
Southern Counties except Pima		336	328	337	339	337	0.8%	0.3%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		97.4%	97.6%	97.1%	90.0%	97.1%	-7.5%	-0.3%
Maricopa County		98.6%	98.6%	97.9%	90.9%	97.7%	-7.8%	-1.0%
Pima County		95.3%	95.5%	95.3%	89.2%	95.8%	-6.1%	0.4%
Northern Counties		98.9%	99.3%	98.8%	90.1%	97.6%	-8.8%	-1.3%
Central Counties exc. Maricopa		88.8%	88.7%	89.6%	83.0%	95.0%	-5.7%	6.2%
Southern Counties except Pima		94.4%	94.7%	95.4%	85.5%	94.8%	-8.9%	0.4%
Percentage of Units on Authorizations Where Services Were Provided							Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		99.5%	99.6%	99.6%	99.6%	99.0%	0.1%	-0.5%
Maricopa County		99.6%	99.6%	99.6%	99.6%	99.3%	0.0%	-0.4%
Pima County		99.2%	99.9%	99.8%	99.7%	98.6%	0.5%	-0.6%
Northern Counties		99.4%	99.6%	99.5%	99.1%	98.4%	-0.4%	-1.1%
Central Counties exc. Maricopa		100.0%	99.2%	98.9%	99.9%	99.6%	-0.1%	-0.4%
Southern Counties except Pima		100.0%	100.0%	100.0%	100.0%	99.0%	0.0%	-1.0%

In-Home Support Services

The specific services and associated rates in the In-Home Supports category include the following:

- Attendant Care
- Habilitation (hourly and daily)
- Respite (hourly and daily)
- Homemaker
- Habilitation with Music Therapy

The payments for in-home support services specifically represent between 33.7 and 41.4 percent of all payments in the five-year period of the study.

The current rates for in-home support services vary between 81 and 88 percent of the benchmark rate for each service in the category.

Exhibit 7. Current Rates Compared to Benchmark Rates, In-Home Support Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
Attendant Care	\$23.23	\$20.52	88.3%
Habilitation, Support	\$28.54	\$24.49	85.8%
Habilitation, IDLA, Hourly	\$31.32	\$25.95	82.9%
Respite, Daily	\$454.19	\$386.80	85.2%
Respite, Hourly	\$23.38	\$20.10	86.0%
Homemaker	\$22.33	\$18.18	81.4%
Music Therapy	\$52.78	\$43.96	83.3%

Exhibit 8, which appears on the next page, shows the provider and utilization metrics examined. Among the provider-related metrics, there has been a substantial growth in the last five years in the number of unique providers paid for in-home supports, from 266 in SFY 2018 to 341 in SFY 2022. The concentration of payments among the top 20 providers has gone down slightly (about 2.8%).

Average units per user have also increased significantly in all regions of the state. During the PHE, it was assumed that the amount of services provided in the home would increase to replace day program and employment services. This is evident in the far-right column.

From the examination of services paid using the fee schedule rates versus non-fee schedule rates, the rate of units paid with fee schedule rates was steady in the first three years examined, but then changed during SFY 2021. This may be an anomaly due to payments during the PHE. The percentage of services paid from the fee schedule has stabilized during SFY 2022. The percentage of units on authorizations with paid services has also been high in every year, with just a modest reduction in the most recent year of SFY 2022. The reduction in SFY 2022 may be a result of incomplete claims data for the year.

Exhibit 8. Dashboard Report of Provider and Utilization Metrics for In-Home Support Services

SERVICE CATEGORY		IN-HOME SUPPORTS					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category								
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
ALL Services Combined		\$337,072,799	\$375,767,310	\$480,749,339	\$597,501,515	\$600,446,395		
ATC	Attendant Care	\$101,049,975	\$120,161,505	\$172,419,945	\$246,759,719	\$258,745,616	SFY 2018	33.7%
HAH	Habilitation, Support	\$100,472,135	\$112,428,755	\$138,742,362	\$172,595,337	\$179,138,583	SFY 2019	34.6%
HAI	Habilitation, IDLA, Hourly	\$5,419,722	\$5,648,117	\$6,007,421	\$5,204,286	\$4,635,200	SFY 2020	37.3%
HID	Habilitation, IDLA, Daily	\$24,808,778	\$25,900,029	\$32,553,351	\$34,899,310	\$31,886,889	SFY 2021	41.4%
RSD	Respite, Daily	\$3,869,189	\$3,892,830	\$5,218,969	\$6,987,053	\$8,019,378	SFY 2022	40.3%
RSP	Respite, Hourly	\$100,348,541	\$106,777,802	\$124,774,698	\$129,725,676	\$116,765,259		
HSK	Homemaker	\$60,258	\$69,712	\$57,889	\$49,730	\$49,207		
HAM	Music Therapy	\$1,044,200	\$888,561	\$974,703	\$1,280,405	\$1,206,263		
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.								
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year						(July-March)	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers		266	283	311	328	341	23.3%	28.2%
Concentration of Providers						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Top 20 Providers Representation		51.2%	50.0%	48.4%	64.4%	48.4%	13.2%	-2.8%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year								
Average Units Per User, by Year/Region						annualized	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		891	924	999	1,203	1,244	34.9%	39.6%
Maricopa County		932	952	1,020	1,219	1,248	30.9%	33.9%
Pima County		760	825	923	1,155	1,237	51.9%	62.7%
Northern Counties		889	963	1,061	1,217	1,279	36.9%	43.9%
Central Counties exc. Maricopa		899	941	1,009	1,168	1,230	29.9%	36.8%
Southern Counties except Pima		600	676	780	1,078	1,180	79.8%	96.9%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		99.8%	99.8%	98.8%	77.9%	96.1%	-21.9%	-3.7%
Maricopa County		99.9%	99.8%	98.8%	79.3%	97.8%	-20.5%	-2.1%
Pima County		99.8%	99.7%	98.5%	75.8%	94.3%	-24.0%	-5.6%
Northern Counties		99.8%	99.8%	98.9%	73.1%	90.3%	-26.6%	-9.4%
Central Counties exc. Maricopa		100.0%	99.8%	99.5%	77.2%	96.0%	-22.7%	-4.0%
Southern Counties except Pima		99.4%	99.4%	98.6%	69.4%	85.9%	-29.9%	-13.5%
Percentage of Units on Authorizations Where Services Were Provided							Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		94.0%	93.5%	93.5%	94.4%	92.7%	0.5%	-1.3%
Maricopa County		94.0%	93.5%	93.5%	94.1%	92.1%	0.2%	-1.8%
Pima County		94.6%	93.9%	93.9%	96.1%	95.1%	1.5%	0.5%
Northern Counties		93.2%	92.4%	92.4%	93.7%	93.0%	0.5%	-0.2%
Central Counties exc. Maricopa		93.0%	92.5%	92.5%	95.4%	93.4%	2.4%	0.4%
Southern Counties except Pima		95.8%	95.5%	95.5%	95.9%	94.5%	0.1%	-1.2%

Day Treatment Services

The specific services and associated rates in the Day Treatment category include the following:

- Day Treatment and Training, Adult
- Day Treatment and Training, Summer
- Day Treatment and Training, After School

The payments for day treatment services specifically were steady near 13 percent of all payments in the first two years of the study, but have been between 6.2 percent and 9.7 percent during the PHE time period.

The current rates for day treatment services are near 98 percent of the benchmark rate for each service in the category.

Exhibit 9. Current Rates Compared to Benchmark Rates, Day Treatment Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
Day Treatment, Adult	\$11.59	\$11.38	98.2%
Day Treatment, Summer	\$13.09	\$12.77	97.6%
Day Treatment, After School	\$13.09	\$12.77	97.6%

Exhibit 10 on the next page shows the provider and utilization metrics examined for day treatment services. There has been an approximately 13 percent growth in the last five years in the number of unique providers paid for day treatment, or about 22 more providers. The concentration of payments among the top 20 providers has gone down slightly (about 3.6%).

Average units per user decreased significantly during the PHE, but appear to be picking up during SFY 2022, at least in Maricopa County and Pima County. The average units has actually increased in Southern Counties other than Pima quite a bit over the five-year period. But utilization is lower in the Northern Counties and Central Counties other than Maricopa.

From the examination of services paid using the fee schedule rates versus non-fee schedule rates, the rate of units paid with fee schedule rates has been very high and steady across the five years in all regions of the state. Additionally, the percentage of units on authorizations with paid services was high in the first three years studied and has picked back up in SFY 2022 after the PHE.

Exhibit 10. Dashboard Report of Provider and Utilization Metrics for Day Treatment Services

SERVICE CATEGORY		DAY TREATMENT					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category								
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
ALL Services Combined		\$129,486,137	\$137,785,207	\$125,012,719	\$89,118,778	\$124,928,890	SFY 2018	13.0%
DTA	Adult	\$121,370,481	\$128,959,803	\$116,609,149	\$81,942,105	\$118,301,439	SFY 2019	12.7%
DTS	Summer	\$3,705,878	\$4,133,883	\$3,563,161	\$2,832,045	\$2,091,416	SFY 2020	9.7%
DTT	After School	\$4,409,777	\$4,691,520	\$4,840,410	\$4,344,628	\$4,536,035	SFY 2021	6.2%
							SFY 2022	8.4%
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.								
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year						(July-March)	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers		171	181	183	186	193	8.8%	12.9%
Concentration of Providers						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Top 20 Providers Representation		41.7%	39.0%	37.8%	39.2%	38.1%	-2.5%	-3.6%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year								
Average Units Per User, by Year/Region						annualized	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		965	974	832	691	976	-28.4%	1.2%
Maricopa County		952	960	828	695	988	-26.9%	3.8%
Pima County		968	996	821	666	996	-31.2%	2.8%
Northern Counties		1,022	1,012	843	696	881	-31.9%	-13.9%
Central Counties exc. Maricopa		1,047	1,031	914	710	937	-32.2%	-10.5%
Southern Counties except Pima		940	976	836	671	1,026	-28.6%	9.2%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		99.6%	99.6%	99.2%	98.0%	98.2%	-1.5%	-1.4%
Maricopa County		99.6%	99.6%	99.2%	98.6%	98.4%	-1.0%	-1.2%
Pima County		99.2%	99.5%	99.1%	97.6%	96.2%	-1.6%	-2.9%
Northern Counties		99.9%	99.9%	99.4%	94.6%	98.9%	-5.3%	-1.0%
Central Counties exc. Maricopa		99.9%	100.0%	99.8%	99.8%	100.0%	-0.1%	0.0%
Southern Counties except Pima		99.5%	99.5%	99.0%	98.0%	98.4%	-1.5%	-1.1%
Percentage of Units on Authorizations Where Services Were Provided							Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		96.9%	97.2%	97.2%	85.3%	91.3%	-11.6%	-5.6%
Maricopa County		96.8%	97.1%	97.1%	85.4%	91.3%	-11.4%	-5.5%
Pima County		97.3%	96.9%	96.9%	85.3%	89.0%	-12.0%	-8.3%
Northern Counties		96.6%	97.7%	97.7%	81.2%	91.9%	-15.4%	-4.7%
Central Counties exc. Maricopa		97.7%	98.2%	98.2%	92.1%	94.5%	-5.5%	-3.2%
Southern Counties except Pima		96.8%	97.4%	97.4%	87.5%	94.7%	-9.3%	-2.1%

Supported Employment Services

The specific services and associated rates in the Employment category include the following:

- Group Supported Employment
- Individual Supported Employment
- Center-Based Employment
- Employment Support Aide
- Transition to Employment

The payments for supported employment services specifically were steady at 3.2 percent for SFYs 2018 and 2019, but fell during the PHE to 1.9 to 2.3 percent of all payments in the study.

The rates for supported employment services have increased in varying degrees in the last five years. The reason for this appears to be an alignment with the current benchmark rates. With the exception of center-based employment, all of the current supported employment rates are at 80 percent of the benchmark rates, as seen in Exhibit 11 below.

The current rates for supported employment services are mostly at 83 percent of the benchmark rate for each service in the category. The exception is center-based employment at 75 percent of the benchmark rate.

Exhibit 11. Current Rates Compared to Benchmark Rates, Supported Employment Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
Group Supported Employment	\$27.69	\$23.00	83.1%
Individual Supp. Employment	\$52.97	\$44.10	83.3%
Center Based Employment	\$8.45	\$6.35	75.1%
Employment Support Aide	\$40.00	\$33.62	84.1%
Transition to Employment	\$13.25	\$11.04	83.3%

The trends for the Supported Employment metrics, as seen in Exhibit 12 on the next page, generally follow the same pattern as what was observed for Day Treatment. There has been an increase of 6 providers (7.7%) between SFY 2018 and SFY 2022. The concentration of payments among the top 20 providers has decreased somewhat (1.4%).

Unlike day treatment, however, utilization for supported employment has not picked back up to pre-pandemic levels. This is particularly true in Maricopa and Pima Counties.

From the examination of services paid using the fee schedule rates versus non-fee schedule rates, the rate of units paid with fee schedule rates has decreased considerably since the pandemic started. The percentage of units on authorizations with paid services was high in the first three years, but has fallen some in the most recent two years.

Exhibit 12. Dashboard Report of Provider and Utilization Metrics for Supported Employment Services

SERVICE CATEGORY		EMPLOYMENT					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category								
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
	ALL Services Combined	\$32,107,434	\$33,185,212	\$30,227,931	\$27,293,295	\$31,558,375		
GSE	Group Supported Employ	\$25,013,138	\$26,206,789	\$24,067,942	\$20,721,269	\$24,510,364	SFY 2018	3.2%
ISE	Individual Supp. Employ	\$229,954	\$275,257	\$226,869	\$255,680	\$406,970	SFY 2019	3.1%
CBE	Center Based Employment	\$5,947,888	\$5,319,232	\$4,277,778	\$3,979,604	\$4,154,271	SFY 2020	2.3%
ESA	Employment Support Aide	\$337,986	\$481,996	\$589,934	\$673,078	\$847,459	SFY 2021	1.9%
TTE	Transition to Employment	\$578,468	\$901,938	\$1,065,407	\$1,663,664	\$1,639,311	SFY 2022	2.1%
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.								
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year (July-March)							Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers		78	81	85	80	84	2.6%	7.7%
Concentration of Providers (July-March)							Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Top 20 Providers Representation		69.3%	68.8%	70.3%	83.9%	67.9%	14.6%	-1.4%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year								
Average Units Per User, by Year/Region						annualized	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		826	820	642	567	682	-31.3%	-17.4%
Maricopa County		785	785	603	520	666	-33.7%	-15.1%
Pima County		978	975	761	665	639	-32.0%	-34.7%
Northern Counties		636	578	454	470	604	-26.1%	-5.0%
Central Counties exc. Maricopa		1,002	972	842	657	881	-34.4%	-12.0%
Southern Counties except Pima		911	978	798	702	921	-23.0%	1.0%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule						[July-March]	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		99.7%	99.9%	99.8%	73.8%	84.4%	-25.9%	-15.3%
Maricopa County		99.7%	100.0%	99.9%	68.6%	81.0%	-31.1%	-18.6%
Pima County		99.6%	99.9%	99.8%	76.6%	85.7%	-23.1%	-13.9%
Northern Counties		100.0%	100.0%	99.7%	71.6%	88.9%	-28.4%	-11.1%
Central Counties exc. Maricopa		100.0%	100.0%	99.8%	72.0%	83.9%	-28.0%	-16.1%
Southern Counties except Pima		99.8%	99.9%	99.7%	97.6%	99.4%	-2.2%	-0.4%
Percentage of Units on Authorizations Where Services Were Provided							Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		96.3%	96.6%	96.6%	89.1%	92.4%	-7.2%	-3.9%
Maricopa County		96.2%	96.4%	96.4%	85.0%	91.6%	-11.2%	-4.6%
Pima County		96.2%	97.3%	97.3%	95.1%	90.6%	-1.0%	-5.6%
Northern Counties		95.4%	93.8%	93.8%	90.0%	94.8%	-5.3%	-0.6%
Central Counties exc. Maricopa		96.7%	98.5%	98.5%	90.4%	94.7%	-6.2%	-2.0%
Southern Counties except Pima		98.4%	97.8%	97.8%	95.5%	97.6%	-2.9%	-0.8%

Transportation

The specific services and associated rates in the Transportation category include the following:

- Transportation to/from Day Program
- Transportation to/from Employment

The payments for transportation services specifically have been between 0.9 and 2.0 percent of all payments during the five study years.

The current rates for transportation services are between 96 and 102 percent of the benchmark rate for each service in the category.

Exhibit 13. Current Rates Compared to Benchmark Rates, Transportation Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
To/From Day Program	\$12.59	\$12.90	102.5%
To/From Employment	\$13.45	\$12.90	95.9%

The findings for the Transportation metrics, appearing in Exhibit 14 on the next page, also mirror what was seen for day treatment in Exhibit 12. This is likely because the transportation benefit is closely tied to receiving day treatment (and supported employment). There has been an increase of four providers of the service (2.9%) in the last five years. The concentration of payments among the top 20 providers, however, has been steady.

Average units per user decreased significantly in SFYs 2020 and 2021 due to the PHE, but are picking back up in Maricopa and Pima Counties as well as other Southern Counties. Like day treatment services, transportation is still lower in SFY 2022 in the Northern Counties and in Central Counties other than Maricopa.

From the examination of services paid using the fee schedule rates versus non-fee schedule rates, the rate of units paid with fee schedule rates has been very high and steady across the five years in all regions of the state. The trend in the percentage of units on authorizations with paid services mirrors what is observed in the utilization patterns.

Exhibit 14. Dashboard Report of Provider and Utilization Metrics for Transportation Services

SERVICE CATEGORY		TRANSPORTATION					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category								
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
ALL Services Combined		\$19,628,251	\$20,552,380	\$19,211,825	\$12,507,636	\$16,775,120	SFY 2018	2.0%
TRA	To/From Day Program	\$16,097,111	\$17,110,226	\$16,041,496	\$10,326,329	\$14,036,995	SFY 2019	1.9%
TRE	To/From Employment	\$3,531,140	\$3,442,154	\$3,170,329	\$2,181,307	\$2,738,125	SFY 2020	1.5%
							SFY 2021	0.9%
							SFY 2022	1.1%
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.								
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year (July-March)						Percentage Change		
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers		139	145	146	137	143	-1.4%	2.9%
Concentration of Providers (July-March)						Absolute Change		
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Top 20 Providers Representation		45.7%	43.8%	43.8%	43.1%	43.2%	-2.6%	-2.4%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year								
Average Units Per User, by Year/Region						annualized	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		263	262	225	200	261	-24.2%	-0.8%
Maricopa County		261	260	225	198	262	-24.1%	0.5%
Pima County		231	257	198	187	239	-19.1%	3.3%
Northern Counties		270	264	219	198	250	-26.5%	-7.2%
Central Counties exc. Maricopa		304	293	272	225	277	-25.8%	-8.8%
Southern Counties except Pima		266	267	218	205	270	-22.8%	1.5%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule (July-March)						Absolute Change		
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		99.5%	99.6%	99.4%	98.9%	99.6%	-0.6%	0.0%
Maricopa County		99.5%	99.8%	99.4%	98.6%	99.7%	-1.0%	0.2%
Pima County		98.7%	98.7%	99.1%	99.8%	100.0%	1.0%	1.2%
Northern Counties		99.5%	99.5%	98.9%	99.6%	98.1%	0.1%	-1.4%
Central Counties exc. Maricopa		99.5%	98.7%	99.9%	99.9%	100.0%	0.4%	0.5%
Southern Counties except Pima		99.7%	99.7%	99.3%	99.8%	100.0%	0.1%	0.3%
Percentage of Units on Authorizations Where Services Were Provided						Absolute Change		
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		93.4%	94.0%	94.0%	81.5%	86.5%	-11.8%	-6.8%
Maricopa County		93.4%	93.8%	93.8%	80.0%	84.5%	-13.4%	-8.9%
Pima County		90.7%	93.0%	93.0%	76.5%	86.4%	-14.2%	-4.3%
Northern Counties		92.5%	92.9%	92.9%	84.9%	92.3%	-7.6%	-0.2%
Central Counties exc. Maricopa		94.9%	96.8%	96.8%	88.7%	92.2%	-6.2%	-2.7%
Southern Counties except Pima		94.5%	95.9%	95.9%	87.3%	93.0%	-7.1%	-1.5%

Professional Services, Nursing

The specific services and associated rates in the Nursing category include the following:

- Nursing, Continuous
- Nursing, Intermittent
- Nursing, Respite
- Nursing, Visit

The payments for nursing services specifically were between 3.7 and 5.1 percent of all payments in the five-year study period.

The current rates for nursing services are between 83 and 100 percent of the benchmark rate for each service in the category.

Exhibit 15. Current Rates Compared to Benchmark Rates, Nursing Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
Nursing, Continuous	\$66.49	\$59.84	90.0%
Nursing, Intermittent	\$82.57	\$82.57	100.0%
Nursing, Respite	\$66.49	\$59.84	90.0%
Nursing, Visit	\$99.59	\$82.57	82.9%

The results of the provider and utilization metrics for nursing, as seen in Exhibit 16 on the next page, were mixed. Because the service is highly-specialized, there are few providers statewide that deliver the service. That being said, the Division has added four new providers between SFY 2018 and SFY 2022. Since there are just about 20 providers, all payments are concentrated in the top 20 providers.

The average units per user has very different results across the regions of the state. Overall, the change in average units per user decreased about 2.4 percent across the years. But in Maricopa County, the average was slightly lower at a 3.4 percent decrease. In the Northern and Southern Counties (other than Pima), the average units increased substantially. In Pima County and the Central Counties other than Maricopa, the average units decreased substantially.

Whereas the rates paid on the standard fee schedule varied significantly by region in prior years, almost all nursing services in SFY 2022 are being paid using the fee schedule rates.

The percentage of units on authorizations where services were provided was above 90 percent in every year and in every region for the first three years of the study. This has decreased significantly in SFYs 2021 and 2022, indicating a potential access issues.

Exhibit 16. Dashboard Report of Provider and Utilization Metrics for Nursing Services

SERVICE CATEGORY		PROFESSIONAL, NURSING					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category								
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
	ALL Services Combined	\$51,261,547	\$50,190,777	\$56,764,885	\$58,685,195	\$55,872,986	SFY 2018	5.1%
HN1	Continuous	\$40,951,519	\$40,328,099	\$45,970,367	\$32,906,650	\$866,167	SFY 2019	4.6%
HN9	Intermittent	\$209,712	\$181,643	\$218,476	\$108,175	\$0	SFY 2020	4.4%
HNR	Respite	\$8,432,397	\$7,871,411	\$8,017,376	\$7,194,945	\$6,667,013	SFY 2021	4.1%
HNV	Visit	\$1,667,085	\$1,792,326	\$2,558,667	\$1,885,020	\$286	SFY 2022	3.7%
G0299/G0300	Nursing, Home Health	\$0	\$0	\$0	\$976,571	\$2,826,084		
S9123/S9124	Nursing	\$833	\$17,299	\$0	\$15,613,834	\$45,513,436		
<i>billing codes changed</i>								
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.								
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year						(July-March)	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers		17	18	20	22	21	29.4%	23.5%
Concentration of Providers						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2021</u>
Top 20 Providers Representation		100.0%	100.0%	100.0%	99.8%	99.8%	-0.2%	-0.2%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year								
Average Units Per User, by Year/Region						annualized	Percentage Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		1,261	1,176	1,177	1,256	1,230	-0.3%	-2.4%
Maricopa County		1,317	1,239	1,215	1,327	1,272	0.7%	-3.4%
Pima County		1,049	897	841	922	967	-12.2%	-7.9%
Northern Counties		1,091	1,021	1,310	1,131	1,251	3.7%	14.7%
Central Counties exc. Maricopa		1,279	1,144	1,372	1,405	1,162	9.9%	-9.2%
Southern Counties except Pima		917	1,070	1,163	1,129	1,358	23.2%	48.1%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule						(July-March)	Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		94.8%	93.4%	90.6%	46.4%	99.7%	-48.4%	5.0%
Maricopa County		98.1%	96.4%	96.2%	45.7%	99.7%	-52.3%	1.7%
Pima County		88.1%	89.2%	71.5%	49.7%	99.9%	-38.4%	11.8%
Northern Counties		77.0%	80.3%	78.5%	47.7%	99.7%	-29.3%	22.6%
Central Counties exc. Maricopa		94.7%	94.5%	94.9%	48.6%	99.6%	-46.1%	5.0%
Southern Counties except Pima		41.3%	45.0%	41.5%	49.4%	99.7%	8.2%	58.4%
Percentage of Units on Authorizations Where Services Were Provided							Absolute Change	
		<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide		94.4%	94.4%	95.1%	89.5%	80.8%	-4.9%	-13.6%
Maricopa County		94.2%	94.5%	95.1%	88.2%	79.8%	-6.0%	-14.4%
Pima County		97.1%	98.2%	94.8%	94.0%	74.2%	-3.1%	-22.9%
Northern Counties		92.3%	91.6%	94.2%	93.0%	92.5%	0.7%	0.1%
Central Counties exc. Maricopa		93.0%	91.6%	98.1%	95.9%	86.2%	2.9%	-6.9%
Southern Counties except Pima		94.6%	87.0%	94.0%	88.1%	89.7%	-6.5%	-4.9%

Professional Services, Therapies

The specific services and associated rates in the Therapies category include the following:

- Speech Therapy
- Occupational Therapy
- Physical Therapy
- Respiratory Therapy

The payments for therapy services specifically were between 5.5 and 6.4 percent of all payments in the five-year study period.

The current rates for therapy services are at 84 percent of the benchmark rate for each service with the exception of respiratory therapy at 72 percent of the benchmark rate.

Exhibit 17. Current Rates Compared to Benchmark Rates, Therapy Services

Service	Benchmark Rate	Adopted Rate 1/1/22	Adopted to Benchmark Ratio
Speech Therapy	\$101.88	\$85.40	83.8%
Occupational Therapy	\$101.88	\$85.40	83.8%
Physical Therapy	\$101.88	\$85.40	83.8%
Respiratory Therapy	\$52.45	\$37.67	71.8%

The metrics related to providers show a reduction in the provider base of therapists in the most recent years. As seen in Exhibit 18 on the next page, the number of therapists has decreased by 19 providers from SFY 2018 and SFY 2022. The concentration of payments among the top 20 providers has been constant.

The average units per user varies by region of the state, but all regions have seen an increase. The overall average units per user statewide increased most significantly in Pima County, but this region also had the lowest utilization at the start of the study period. Pima County and the Northern Counties continue to lag behind other regions in the measure of average units per user.

The percentage of units paid with rates on the fee schedule was steady statewide across the years. It should be noted that the Division increased rates by 14 percent effective October 1, 2020 for all except respiratory therapy.

From the analysis of units on authorizations where services were provided, the rate of units increased in every region. Use of units on authorizations for clients in Pima County increased more than in other regions.

Exhibit 18. Dashboard Report of Provider and Utilization Metrics for Therapy Services

SERVICE CATEGORY	PROFESSIONAL, THERAPY					SFY = State Fiscal Year	
Payments by DDD for Service Codes Included in this Category							
	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	Percentage of Total Payments in Study	
ALL Services Combined	\$54,857,900	\$60,458,822	\$77,286,380	\$92,346,535	\$95,077,269	SFY 2018	5.5%
Speech Therapy	\$30,026,587	\$33,636,875	\$43,322,866	\$50,081,568	\$50,723,505	SFY 2019	5.6%
Occupational Therapy	\$19,085,264	\$20,656,544	\$25,832,443	\$31,174,805	\$32,353,837	SFY 2020	6.0%
Physical Therapy	\$5,728,744	\$6,153,156	\$8,127,348	\$11,090,162	\$11,999,926	SFY 2021	6.4%
Respiratory Therapy	\$17,304	\$12,246	\$3,722	\$0	\$0	SFY 2022	6.4%
SFY2022 payments are actuals for services July 2021-March 2022, then annualized. This is to control for claims submission lag.							
Number of Unique Providers Paid Greater than \$5,000 in the Year for Services, by Year (July-March)						Percentage Change	
	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Total Providers	184	177	177	176	165	-4.3%	-10.3%
Concentration of Providers (July-March)						Absolute Change	
	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Top 20 Providers Representation	55.9%	54.9%	51.3%	71.4%	56.7%	15.5%	0.8%
Top 20 Providers Represent x% of All Payments in this Service Category in the Fiscal Year							
Average Units Per User, by Year/Region						Percentage Change	
	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u> annualized	<u>2018-2021</u>	<u>2018-2022</u>
Statewide	52	54	52	61	61	17.2%	16.3%
Maricopa County	56	58	56	65	64	15.8%	13.8%
Pima County	34	39	38	46	47	33.4%	36.3%
Northern Counties	45	43	42	49	48	8.8%	7.5%
Central Counties exc. Maricopa	50	50	50	59	61	19.7%	23.8%
Southern Counties except Pima	42	44	40	51	54	21.3%	27.3%
Percentage of Units Paid Where Rate Paid is on the Fee Schedule (July-March)						Absolute Change	
	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide	99.5%	99.3%	99.3%	98.3%	99.3%	-1.2%	-0.2%
Maricopa County	99.9%	99.7%	99.7%	99.2%	99.3%	-0.7%	-0.6%
Pima County	99.9%	99.5%	99.5%	98.7%	99.2%	-1.1%	-0.6%
Northern Counties	99.6%	98.3%	98.3%	94.4%	99.3%	-5.3%	-0.3%
Central Counties exc. Maricopa	99.8%	99.4%	99.4%	91.9%	99.3%	-7.9%	-0.5%
Southern Counties except Pima	90.2%	91.1%	91.1%	92.0%	99.4%	1.8%	9.3%
Percentage of Units on Authorizations Where Services Were Provided						Absolute Change	
	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2021</u>	<u>SFY 2022</u>	<u>2018-2021</u>	<u>2018-2022</u>
Statewide	90.0%	90.1%	90.1%	94.8%	94.5%	4.7%	4.5%
Maricopa County	90.5%	90.3%	90.3%	95.1%	94.9%	4.6%	4.4%
Pima County	83.1%	88.9%	88.9%	94.7%	92.8%	11.6%	9.7%
Northern Counties	89.4%	86.9%	86.9%	91.9%	91.6%	2.4%	2.1%
Central Counties exc. Maricopa	92.1%	90.0%	90.0%	93.9%	93.7%	1.8%	1.6%
Southern Counties except Pima	92.2%	94.5%	94.5%	93.9%	94.6%	1.8%	2.4%

Examination of Service Provider Fiscal Performance

Three metrics were examined to assess fiscal performance, two related to assets and one related to net income.

Asset-Related Measures

The Cash Ratio (cash on hand divided by current liabilities) decreased a bit for the largest providers (Group 1), held steady for mid-size providers (Group 2), improved for smaller-providers (Group 3), and held steady for the smallest providers (Group 4).

Exhibit 19 shows the weighted average trend for each provider group over the three fiscal years examined (that is, each providers year end defined in 2019, 2020, and 2021) on the left side. On the right side, the count of providers with cash ratio values in different ranges is shown. The Division has established a minimum threshold value of 1.0 for Current Ratio (current assets divided by current liabilities). The Cash Ratio is a tighter standard because the numerator is only cash on hand and not all current assets. A majority of providers had a cash ratio value of 0.50 or greater in FYs 2019 and 2021. In FY 2021, 50 percent had a ratio above 0.50 and the other 50 percent had a ratio below this threshold.

Exhibit 19. Trends in Cash Ratio Values for Individual Providers and the Four Peer Groups Defined

LEGEND	
Group 1 Providers	Total Revenues > \$20 million, all service lines
Group 2 Providers	Total Revenues \$5 to \$20 million, all service lines
Group 3 Providers	Total Revenues \$2 to \$5 million, all service lines
Group 4 Providers	Total Revenues < \$5 million, all service lines

Cash Ratio				Count of Providers in Study	# Providers with a Cash Ratio in Each Range				
Cash on Hand / Current Liabilities			Up to 0.5		From 0.51 to 1.0	From 1.01 to 2.0	Above 2.0		
	FY 2019	FY 2020						FY 2021	
All Providers Examined	0.9	1.1	0.7	FY 2019	68	15	5	11	32
				FY 2020	68	6	9	22	29
				FY 2021	68	34	3	5	23
Group 1 Providers average	0.4	0.7	0.3	FY 2019	4	2	0	1	1
				FY 2020	4	0	2	2	0
				FY 2021	4	3	1	0	0
Group 2 Providers average	1.6	1.3	1.4	FY 2019	25	5	4	8	8
				FY 2020	25	2	5	10	8
				FY 2021	25	12	1	3	7
Group 3 Providers average	2.6	1.7	3.9	FY 2019	12	3	0	1	6
				FY 2020	12	1	0	3	7
				FY 2021	12	8	0	0	3
Group 4 Providers average	3.7	1.8	1.8	FY 2019	27	5	1	1	17
				FY 2020	27	3	2	7	14
				FY 2021	27	11	1	2	13

The Current Ratio (current assets divided by current liabilities) improved for Groups 2, 3, and 4 from FY 2019 to FY 2021, but decreased for Group 1 providers as a whole. For most providers, the current ratio values are healthy.

Exhibit 20 shows the weighted average trend for each provider group over the three fiscal years examined on the left side. Individual provider statistics are shown on the right side. Less than eight percent of the total sample of 68 providers reported a Current Ratio of less than 1.0 in each year studied. In fact, at least two-thirds of the providers reviewed had a Current Ratio greater than 3.0 in each year studied.

Exhibit 20. Trends in Current Ratio Values for Individual Providers and the Four Peer Groups Defined

LEGEND	
Group 1 Providers	Total Revenues > \$20 million, all service lines
Group 2 Providers	Total Revenues \$5 to \$20 million, all service lines
Group 3 Providers	Total Revenues \$2 to \$5 million, all service lines
Group 4 Providers	Total Revenues < \$5 million, all service lines

	Current Ratio			Count of Providers in Study	# Providers with a Current Ratio in Each Range				
	Current Assets / Current Liabilities				Up to 1.0	From 1.01 to 2.0	From 2.01 to 3.0	Above 3.0	
	FY 2019	FY 2020	FY 2021						
All Providers Examined	2.8	2.6	2.3	FY 2019	68	6	3	7	47
				FY 2020	68	2	6	13	45
				FY 2021	68	4	4	5	52
Group 1 Providers average	1.5	1.7	1.3	FY 2019	4	0	0	2	2
				FY 2020	4	0	0	2	2
				FY 2021	4	1	0	2	1
Group 2 Providers average	5.3	3.4	4.9	FY 2019	25	1	1	3	20
				FY 2020	25	1	3	3	18
				FY 2021	25	0	1	0	22
Group 3 Providers average	2.4	2.3	10.1	FY 2019	12	3	0	0	7
				FY 2020	12	1	0	2	8
				FY 2021	12	2	1	0	8
Group 4 Providers average	5.1	2.3	2.9	FY 2019	27	2	2	2	18
				FY 2020	27	0	3	6	17
				FY 2021	27	1	2	3	21

Income-Related Measure

The Net Income Percentage (net income divided by total revenue) improved in FY 2021 for all four groups studied as a whole. Each group had an average net income percentage of at least four percent.

Exhibit 21 shows the weighted average trend for each provider group over the three fiscal years examined on the left side. With the exception of FY 2019 in Group 1 and FY 2020 in Group 2, the net income percentage values for each group were two percent or greater. There is more variation when this is examined at the individual provider level on the right side of the exhibit. Among the 68 providers

examined, at least two-thirds of the providers had a net income percentage of at least 2.0 percent in each of the three years. Between 13 and 19 percent of the providers reported a net loss each year. It is unknown if this loss is attributable to the provider's line of business related to its contract with the Division or for other lines of business. Among the Division's largest providers (Group 1), there was only one instance where a loss was reported among the providers and this occurred in fiscal year 2019.

Exhibit 21. Trends in Net Income Percentage for Individual Providers and the Four Peer Groups Defined

LEGEND	
Group 1 Providers	Total Revenues > \$20 million, all service lines
Group 2 Providers	Total Revenues \$5 to \$20 million, all service lines
Group 3 Providers	Total Revenues \$2 to \$5 million, all service lines
Group 4 Providers	Total Revenues < \$5 million, all service lines

	Net Income Percent			Count of Providers in Study	# Providers with Net Income % in Each Range			
	Net Income / Total Revenue				Negative	From 0.1% to 2.0%	From 2.01% to 4.0%	Above 4.0%
	FY 2019	FY 2020	FY 2021					
All Providers Examined	5.3%	2.4%	5.6%	FY 2019: 68	10	12	5	40
				FY 2020: 68	13	8	13	33
				FY 2021: 68	9	3	5	48
Group 1 Providers average	0.3%	2.9%	4.4%	FY 2019: 4	1	2	1	0
				FY 2020: 4	0	1	2	1
				FY 2021: 4	0	1	1	2
Group 2 Providers average	8.5%	0.3%	4.2%	FY 2019: 25	4	6	4	11
				FY 2020: 25	9	2	6	8
				FY 2021: 25	4	1	2	18
Group 3 Providers average	10.6%	12.6%	14.4%	FY 2019: 12	3	2	0	7
				FY 2020: 12	1	2	0	9
				FY 2021: 12	2	0	1	7
Group 4 Providers average	29.7%	11.0%	16.4%	FY 2019: 27	2	2	0	22
				FY 2020: 27	3	3	5	15
				FY 2021: 27	3	1	1	21