

# Arizona Department of Health Services

## Arizona State Hospital

State Hospital has not fully evaluated assault-reduction strategies but has established processes for patient admission, ensuring patients receive prescribed treatment, and reporting incidents

Performance Audit

September 2019  
Report 19-111



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

## The Joint Legislative Audit Committee

Senator **Rick Gray**, Chair  
Senator **Lupe Contreras**  
Senator **Andrea Dalessandro**  
Senator **David C. Farnsworth**  
Senator **David Livingston**  
Senator **Karen Fann** (ex officio)

Representative **Anthony T. Kern**, Vice Chair  
Representative **John Allen**  
Representative **Timothy M. Dunn**  
Representative **Mitzi Epstein**  
Representative **Jennifer Pawlik**  
Representative **Rusty Bowers** (ex officio)

## Audit Staff

**Dale Chapman**, Director  
**Marc Owen**, Manager

**Brian Miele**, Team Leader  
**Jennie Crismore**  
**Nathan Higginbottom**

## Contact Information

Arizona Office of the Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018-7271

(602) 553-0333

[contact@azauditor.gov](mailto:contact@azauditor.gov)

[www.azauditor.gov](http://www.azauditor.gov)



**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**ARIZONA AUDITOR GENERAL**  
**LINDSEY A. PERRY**

**JOSEPH D. MOORE**  
DEPUTY AUDITOR GENERAL

September 23, 2019

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

Dr. Cara M. Christ, Director  
Arizona Department of Health Services

Transmitted herewith is the Auditor General's report, *A Performance Audit of the Arizona Department of Health Services—Arizona State Hospital*. This report is in response to a September 14, 2016, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona Department of Health agrees with the finding and plans to implement the recommendation.

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

Sincerely,

Lindsey Perry, CPA, CFE  
Auditor General



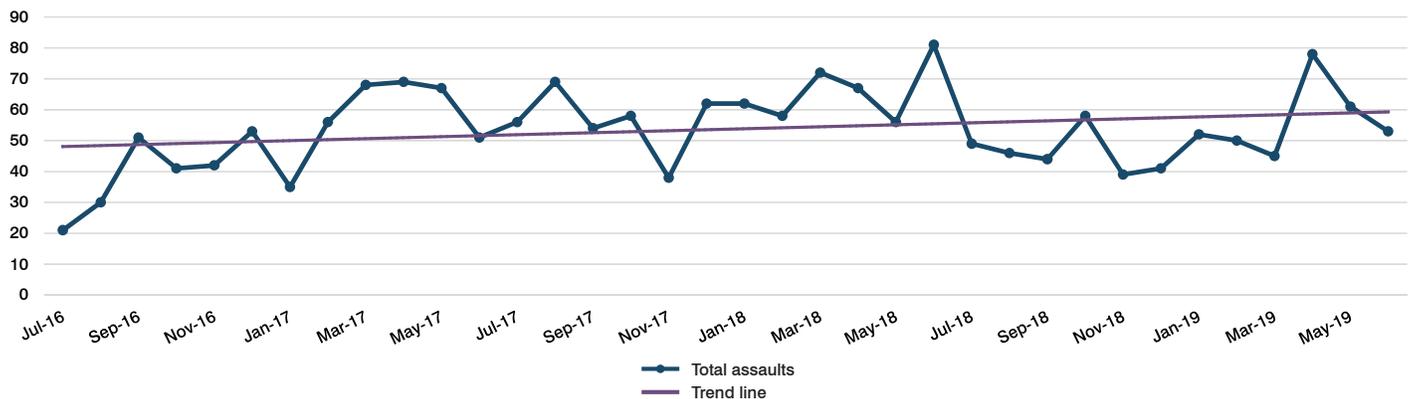
## Arizona Department of Health Services Arizona State Hospital

**CONCLUSION:** The Arizona State Hospital (State Hospital), a division of the Arizona Department of Health Services (Department), provides long-term inpatient psychiatric treatment to persons with mental illnesses. Although the State Hospital has implemented multiple strategies for responding to and reducing patient assaults, it has not fully assessed the effectiveness of these strategies. The State Hospital has also established an application process, supported by policies and procedures, to guide admissions to its Civil Hospital, which is for patients who typically have not responded to treatment in the community and who are court-ordered to receive treatment. Further, the State Hospital has various processes for ensuring patients receive their prescribed treatment and has implemented all but 1 recommendation from a November 2015 independent investigation of its incident reporting and investigation processes.

### State Hospital has not fully assessed the effectiveness of its assault response and reduction strategies

The State Hospital is responsible for caring for patients with mental illnesses, some of whom may have a predisposition for assaultive or other violent behaviors. The number of physical assaults at the State Hospital has fluctuated from month to month from July 2016 through June 2019, with the trend of monthly assaults slightly increasing since July 2016.

**Total physical assaults  
 July 2016 through June 2019**



The State Hospital has implemented multiple strategies that, if successful, could help the State Hospital respond to or reduce patient violence. For example, the State Hospital provides structured patient activities in patients' living quarters and escorts patients around campus facilities, which can help keep patient agitation levels low and/or minimize crowding of patients. However, the State Hospital has not fully evaluated the extent to which its strategies are achieving their respective desired outcomes, such as keeping patient agitation levels low. Because the State Hospital lacks a structured approach to evaluate its strategies, it may be missing opportunities to more effectively respond to and reduce assaults.

### Recommendation

The State Hospital should develop, implement, and document a structured approach for evaluating its assault response and reduction strategies to support the safest possible environment for patients and staff, including:

- Assessing and determining whether the selected strategy achieved its desired outcomes.
- Using evaluation results to identify ways to improve the strategy.

## State Hospital has an application process to admit patients into Civil Hospital

**Patients admitted to Civil Hospital based on various factors**—The State Hospital admits individuals into its Civil Hospital through an application process and considers admission based on various factors, such as an individual’s ability to benefit from treatment at the State Hospital, whether the individual is under a court order for treatment, whether the individual has received at least 25 days of court-ordered treatment in a local mental health treatment agency as required by statute, and the availability of suitable aftercare placement. According to the State Hospital, mandatory local treatment helps ensure patients receive treatment in the least restrictive alternative available. Additionally, the State Hospital explained that it considers the availability of suitable aftercare placement during the application process because a lack of suitable aftercare placement options may lead to unnecessary extended stays for some patients. During the audit, the State Hospital began revising its admissions policy to clarify the types of medical conditions that the State Hospital is able and equipped to treat and to establish a process for a referring agency to request a conference with the State Hospital’s Chief Medical Officer to ask for a reconsideration of admission if an application is denied.

**Civil Hospital admissions we reviewed took an average of 24 days**—Based on our review of the 13 applications accepted by the State Hospital between December 2018 and April 2019, we found that it took an average of 24 days from the time the application was received by the State Hospital until the day the patient was admitted to the facility. We did not identify any statutory, rule, or accreditation requirements establishing time frames for the admission process.

## State Hospital has established processes to ensure patients receive prescribed treatment

The State Hospital has various processes based on requirements in rule, accreditation standards, and internal policies to help ensure patients’ treatment is offered as prescribed and is adequate. These include creating and reviewing individualized treatment plans, performing annual patient assessments, and documenting patient treatment encounters in progress notes. We randomly selected treatment plan reviews for 12 patients that occurred between July 2018 and March 2019 and found that all 12 patients received their treatment plan reviews at the frequency required by rule, 9 of the 12 patients attended their reviews, and treatment team members documented why the other 3 patients did not attend their reviews. For these 3 cases, an appointed guardian attended the treatment plan review. Additionally, we reviewed these patients’ psychiatry, nursing, social work, and rehabilitation annual assessments and found that all 12 patients had received all their annual assessments from January 2016 through November 2018. Finally, we reviewed a total of 31 treatment plan interventions for the 12 patients and found that 24 of the interventions included progress notes that identified interventions had been performed or offered. For the remaining 7 interventions, it was unclear whether an intervention had been performed or offered as specifically written in the treatment plan. The State Hospital found similar examples in internal audits and reported that staff supervisors have begun reviewing patient treatment plans to ensure interventions are worded appropriately.

## State Hospital has implemented 5 of 6 recommendations from 2015 independent investigation

In November 2015, former Arizona Supreme Court Justice Ruth McGregor published a report (McGregor report) on her independent investigation of assault and sexual assault allegations at the State Hospital. The McGregor report included 6 recommendations for the State Hospital to improve its processes for reporting and investigating incidents. The State Hospital has implemented, or implemented in a different manner, 5 of the 6 McGregor report recommendations. For example, we found that it had established a method to follow incidents from beginning to conclusion. Specifically, we reviewed 27 incidents and were able to follow each incident, including investigative steps taken, decisions reached, and corrective actions recommended or taken as part of the investigation. We also found that the State Hospital had improved its training for preparing incident reports. The State Hospital did not implement a recommendation that the State Hospital narrow the types of incidents reported in its incident reporting form or to create a different form for “administrative” matters. State Hospital management reported that they decided to continue their practice of reporting all incidents because they believe every incident could contribute to a safety hazard for both patients and staff.



# TABLE OF CONTENTS

<b>Introduction</b>	1
<b>Finding 1: State Hospital has not fully assessed the effectiveness of its assault response and reduction strategies</b>	9
Number of patient assaults has fluctuated in last 3 years	
State Hospital has not fully evaluated the effectiveness of its strategies for responding to and reducing assaults	
Recommendation	
<b>Legislative Inquiry 1: State Hospital has an application process to admit patients into Civil Hospital</b>	13
Patients admitted to Civil Hospital based on various factors	
Admissions process guided by State Hospital policy	
Civil Hospital admissions we reviewed took an average of 24 days	
Arnold v. Sarn lawsuit limits number of Maricopa County residents with SMI admitted to State Hospital	
<b>Legislative Inquiry 2: State Hospital has established processes to help ensure patients receive prescribed treatment</b>	17
<b>Legislative Inquiry 3: State Hospital has implemented 5 of 6 recommendations from 2015 independent investigation of its incident reporting and investigation processes</b>	21
Investigation made 6 recommendations to improve incident reporting and investigating	
State Hospital has implemented all but 1 recommendation	
<b>Summary of recommendations: Auditor General makes 1 recommendation to the Department</b>	25
<b>Appendix A: Patient demographics</b>	a-1
<b>Appendix B: State Hospital provides incident information to outside entities</b>	b-1
<b>Appendix C: Objectives, scope, and methodology</b>	c-1
<b>Department response</b>	
<b>Figures</b>	
1 Percentage of incident types reported at the Civil and Forensic Hospitals Fiscal year 2019 (Unaudited)	4



# TABLE OF CONTENTS

2	Total physical assaults July 2016 through June 2019	9
3	Civil Hospital admissions process and average number of days to complete process	15
4	Sex of State Hospital patients As of July 2019	a-1
5	Age of State Hospital patients As of July 2019	a-1
6	Length of stay for State Hospital patients As of July 2019	a-2

## Tables

1	Schedule of revenues and expenditures Fiscal years 2017 through 2019 (Unaudited)	8
2	Outside entities that may receive incident and other information from the State Hospital	b-1



The Office of the Auditor General has released the third in a series of 4 performance audit reports of the Arizona Department of Health Services (Department). The first report (Report No. 19-107) focuses on the Department's administration of the Medical Marijuana Program. The second report (Report No. 19-109) focuses on the Department's processes for procuring goods and services through contracts, monitoring contracts and agreements to ensure requirements are met, and processing payments for contracts and agreements. This report addresses the Department's administration of the Arizona State Hospital (State Hospital), and the final report will focus on additional areas and provide responses to the statutory sunset factors.

For this audit on the State Hospital, we reviewed the following 4 areas:

- Strategies for addressing and reducing assaults.
- Admission practices.
- Processes for ensuring patients receive their prescribed treatment.
- Implementation status of recommendations resulting from a 2015 independent investigation of incident reporting and investigation practices.

## Mission and responsibilities

In accordance with its mission (see textbox), the State Hospital, a division of the Department, provides long-term inpatient psychiatric treatment to persons with mental illnesses (see Legislative Inquiry 2, pages 17 through 19, for more information on patient treatment). Historically, the State Hospital served individuals with many types of difficult-to-treat behavioral health conditions. However, the civil rights movements of the 1950s, 60s, and 70s brought an increased focus on community-based treatment as opposed to treatment in institutions, such as state psychiatric hospitals.<sup>1</sup> In addition, when individuals with a mental disorder are court-ordered to undergo treatment, statute requires they receive treatment in the "least restrictive treatment alternative" available.<sup>2</sup> The least restrictive treatment alternative refers to the environment of care that is the least infringing on a patient's individual rights of liberty. The State Hospital is considered to be the highest and most restrictive level of care in the State. The State Hospital is the only State-operated psychiatric hospital in Arizona.

**State Hospital mission statement:** Provide evidence-based, recovery-oriented, and trauma-informed care to the individuals receiving services at Arizona State Hospital in order to facilitate their successful transition to the least restrictive alternative possible.

## State Hospital provides behavioral health services in 3 separate facilities

The State Hospital is divided into 3 separate facilities: the Civil Hospital, the Forensic Hospital, and the Arizona Community Protection and Treatment Center (ACPTC). Although the State Hospital manages ACPTC's finances and has jurisdiction over ACPTC residents, ACPTC itself is not considered a hospital. The Department refers to

<sup>1</sup> Yohanna, D. (2013). Deinstitutionalization of people with mental illness: Causes and consequences. *Virtual Mentor—American Medical Association Journal of Ethics*, 15(10): 886-891.

<sup>2</sup> Arizona Revised Statutes (A.R.S.) §36-540(B).

the State Hospital as the Civil and Forensic Hospitals, and ACPTC as a behavioral health specialized transitional facility located on State Hospital grounds. This audit focuses on the Civil and Forensic Hospitals. The following populations are housed in the State Hospital's 3 facilities:

- **Civil Hospital**—Patients receiving treatment at the Civil Hospital have been court-ordered to receive involuntary treatment as a result of having been determined to be a danger to self, a danger to others, gravely disabled, and/or persistently or acutely disabled.<sup>3</sup> Patients in the Civil Hospital have been diagnosed with mental illnesses, such as schizophrenia or schizoaffective disorder.<sup>4</sup> As a result of the severity of these illnesses, most Civil Hospital patients have also been determined to have serious mental illness (SMI). According to statute, a person determined to have SMI exhibits emotional or behavioral functioning that is so impaired as to interfere with their ability to remain in the community without supportive treatment.<sup>5</sup> Typically, patients admitted to the Civil Hospital have not responded to treatment within the community, such as in a residential facility or other psychiatric hospital, and have been admitted through the State Hospital's application process (see Legislative Inquiry 1, pages 13 through 16, for more information regarding patient admissions). As of July 2019, the Civil Hospital had 117 funded beds and housed 103 patients (see Appendix A, pages a-1 through a-2, for more information about patient demographics).
- **Forensic Hospital**—Patients receiving treatment at the Forensic Hospital have been court-ordered to receive treatment at the State Hospital as a result of involvement with the criminal justice system due to a mental health issue. Patients in the Forensic Hospital have been diagnosed with mental illnesses, such as schizophrenia or schizoaffective disorder (see Appendix A, pages a-1 through a-2, for more information about patient demographics).<sup>6</sup> As of July 2019, the Forensic Hospital had 143 funded beds and housed 114 patients. The Forensic Hospital is separated into 2 programs:
  - **Restoration to Competency Program**—Provides treatment to patients who were charged with a crime but were found to be incompetent to stand trial. The State Hospital may provide treatment until: 1) the patient has regained competency or there is no substantial probability that the defendant will regain competency within 21 months after the date of the original finding of incompetency, 2) the charges are dismissed, 3) the maximum sentence for the offense has expired, or 4) a qualified State Hospital physician determines that the defendant is not suffering from a mental illness and is competent to stand trial.
  - **Post-Trial Forensic Rehabilitation Program**—Provides treatment to patients who have been found guilty except insane (GEI) of a criminal offense that has caused or threatened to cause the death or serious physical injury to another individual.<sup>7</sup> Most patients in the Forensic Hospital have this GEI designation. Although committed to the Forensic Hospital, statute requires that GEI patients are placed under the jurisdiction of the Arizona Psychiatric Security Review Board (PSRB) for the length of the sentence that the patient could have received or for the presumptive sentence.<sup>8</sup> The PSRB's jurisdiction over GEI patients includes conducting hearings to determine whether GEI patients may be released from the Forensic

<sup>3</sup> According to the State Hospital, a court order for treatment typically does not specify at which facility the treatment will occur. Most patients transfer to the State Hospital from other facilities in the State.

<sup>4</sup> Schizophrenia is a severe and chronic mental disorder characterized by disturbances in thought, perception, and behavior and may entail delusions, hallucinations, and disorganized speech. Schizoaffective disorder is a mental health disorder characterized by a combination of symptoms of schizophrenia and symptoms of a mood disorder, such as mania or depression.

<sup>5</sup> According to A.R.S. §36-550(4), SMI refers to persons who as a result of a mental disorder exhibit emotional or behavioral functioning that is so impaired as to interfere substantially with their capacity to remain in the community without supportive treatment or services of a long-term or indefinite duration.

<sup>6</sup> As of July 2019, 83 Forensic Hospital patients had been determined to have SMI.

<sup>7</sup> Prior to 1994, individuals may have been adjudicated as Not Guilty by Reason of Insanity.

<sup>8</sup> Persons who are found GEI are sentenced pursuant to A.R.S. §13-502 and remain under the PSRB's jurisdiction for the entire length of their sentences. Accordingly, Arizona's criminal sentencing statutes do not govern GEI persons with respect to requirements such as minimum mandatory sentences and community supervision.

Hospital and monitoring and supervising GEI patients while on conditional release from the Forensic Hospital. For more information about the PSRB, please see Arizona Auditor General Report 18-107.

- **Arizona Community Protection and Treatment Center (ACPTC)**—Residents receiving supervision and treatment at ACPTC have been determined—or are awaiting a determination—by the courts to be a “Sexually Violent Person” (SVP). Statute defines an SVP as a person who meets 2 criteria.<sup>9</sup> First, the person has a mental disorder that makes the person likely to engage in acts of sexual violence. Second, the person has been convicted of or found guilty but insane of a sexually violent offense or was charged with a sexually violent offense and was determined incompetent to stand trial. As of July 2019, ACPTC had 100 funded beds and housed 93 residents.

## State Hospital is accredited and licensed

The Civil and Forensic Hospitals are accredited by a nationally recognized healthcare accreditation organization and licensed by the Department to ensure they are meeting national and state standards of care. ACPTC is licensed by the Department. Specifically:

- **Accreditation**—Involves the process by which hospitals' performance is assessed against standards of the accrediting body. Since 1970, the State Hospital has maintained accreditation through The Joint Commission, a not-for-profit organization that accredits and certifies hospitals nationally. The Joint Commission conducts on-site surveys of the State Hospital at least once every 3 years to assess compliance with its nationally recognized standards for healthcare facilities. These standards include federal requirements established by the Centers for Medicare & Medicaid Services (CMS), the federal entity charged with overseeing healthcare reimbursement programs.<sup>10</sup> Accreditation standards assess a wide range of areas including the provision of care, treatment, and services; patient rights; safe physical environments; performance improvement processes; and emergency management. To maintain its accreditation, the State Hospital must address all deficiencies identified through the accreditation process. The most recent accreditation processes at the State Hospital found the following:
  - In 2014, The Joint Commission accreditation process found multiple deficiencies. For example, it identified concerns related to staff failing to restrain or seclude patients only when clinically justified or when warranted by patient behavior that threatened the physical safety of the patient, staff, or others. It also found that the State Hospital had not developed sufficient methods for determining whether newly hired staff were meeting patient care competency standards. In response to these findings, the State Hospital revised all restraint orders and updated its policy and procedure related to restraint and seclusion. Additionally, the State Hospital implemented an ongoing competency review process, which required each patient care department to develop and monitor competency assessments for new staff.
  - In 2017, The Joint Commission accreditation process identified a few deficiencies, mostly related to building and environmental safety. In response to these deficiencies, the State Hospital began upgrading the patient environments to remove potential ligature points. Ligature points are anything that could be used to attach a cord, rope, or other material for the purpose of hanging or strangulation, including door hinges, handles, and sink faucets.
  - In addition to The Joint Commission accreditation, the State Hospital chose to have its Civil Hospital undergo a voluntary demonstration survey in August 2018 by another accreditation organization called DNV GL.<sup>11</sup> DNV GL developed its accreditation standards based on the federal requirements established by CMS. DNV GL found deficiencies within 3 processes or standards, including a damaged kitchen

<sup>9</sup> A.R.S. §36-3701(7).

<sup>10</sup> CMS standards, called Conditions of Participation for Hospitals, are found in the Code of Federal Regulations (CFR) Title 42, Part 482.

<sup>11</sup> DNV GL, or Det Norske Veritas Germanischer Lloyd, conducted voluntary on-site surveys at multiple state hospitals to obtain “deeming authority” from CMS, which would demonstrate that DNV GL’s process to accredit psychiatric hospitals adequately assesses compliance with CMS requirements. As of July 2019, CMS had not given DNV GL deeming authority for psychiatric hospitals.

exit door, failing to internally report the effectiveness of pain management and utilization data, and not establishing a process to distribute patient discharge letters.

- Licensure**—Involves a process by which healthcare facilities are monitored by the Department to ensure compliance with requirements established in rule, such as that all patients are aware of their rights and that the healthcare facility documents services provided to patients.<sup>12</sup> Each of the 3 facilities at the State Hospital is licensed by the Department. Because the Civil and Forensic Hospitals are accredited by The Joint Commission, the Department is required to accept a copy of a current accreditation report in place of conducting on-site compliance inspections when renewing the licenses for these facilities. However, ACPTC is licensed by the Department as a behavioral health specialized transitional facility and is not an accredited hospital. As such, the Department conducts annual on-site licensing inspections when renewing the license for ACPTC. Although the Department does not conduct routine licensure assessments of the Civil and Forensic Hospitals, it conducts on-site investigations in response to complaints received from Civil and Forensic Hospital patients and ACPTC residents regarding quality of care or safety concerns. In fiscal year 2019, the Department investigated 36 complaints at the State Hospital, none of which it substantiated.

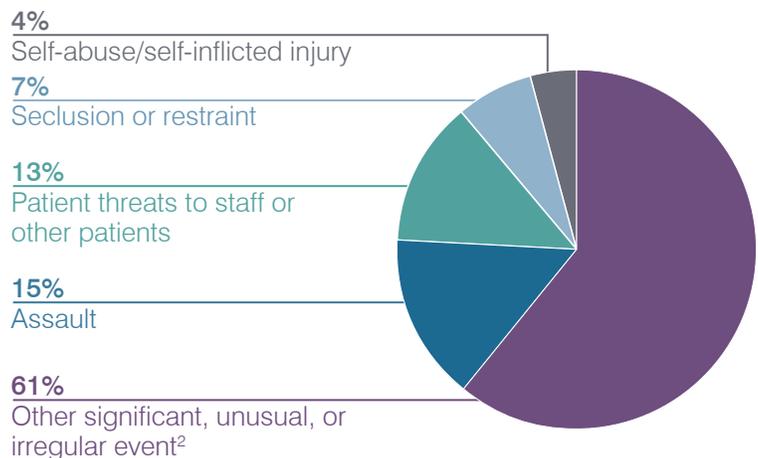
## State Hospital’s processes for reporting, reviewing, and responding to assaults and other incidents

The State Hospital provides treatment to patients with mental illnesses, some of whom may have a predisposition for assaultive or other violent behaviors. As such, the State Hospital has established processes to report, review, and respond to assaultive patient behavior, as well as other significant, unusual, or irregular events. For example:

- State Hospital documents and reports incidents that harm or have the potential to harm patients and staff**—

The State Hospital implemented an electronic incident reporting system in July 2015 for its staff to internally document and report all incidents, or events that are significant, unusual, or irregular. The types of incidents range from damaged or malfunctioning property to assaults or other violent patient behaviors (see Figure 1). In fiscal year 2019, the State Hospital indicated that its staff submitted 2,841 total incident reports that occurred in the Civil and Forensic Hospitals. In addition, the State Hospital provides information about some incidents to outside entities that have authority to investigate certain types of incidents (see Appendix B, pages b-1 through b-3). For example, the State Hospital indicated that it forwarded information regarding 606 incidents to the Independent Oversight Committee (IOC) in fiscal year 2019. The IOC is required by statute to review various types of incidents at the State Hospital, such as possible abuse, neglect, denial of rights, and services provided to patients needing

**Figure 1**  
**Percentage of incident types reported at the Civil and Forensic Hospitals<sup>1</sup>**  
**Fiscal year 2019**  
 (Unaudited)



<sup>1</sup> A single incident report can include 1 or more incident types. Therefore, we calculated the percentages by using the 4,660 different incident types resulting from the 2,841 incident reports in fiscal year 2019.

<sup>2</sup> “Other significant, unusual, or irregular event” can include 1 or more incidents such as damage to State property, theft of patient property, and unsecured doors or gates.

Source: Auditor General staff review of State Hospital data on incidents at the Civil and Forensic Hospitals.

<sup>12</sup> Arizona Administrative Code (A.A.C.) Title 9, Ch. 10.

special assistance.<sup>13</sup> A November 2015 report of an independent investigation of the State Hospital requested by Governor Ducey provided 6 recommendations for improving incident reporting and investigations, and we found that the State Hospital implemented all but 1 recommendation (see Legislative Inquiry 3, pages 21 through 24, for more information).

- **State Hospital reviews incident reports, conducts investigations, and monitors trends**—The State Hospital’s written risk management plan and incident reporting policy and procedure outline how incidents should be documented and reviewed and when organizational action, such as an internal investigation, should be taken in response to an incident (see textbox for more information regarding the reviews of State Hospital incident reports). For example, the State Hospital’s incident reporting policy and risk management procedures state that all incidents should be reported at or near the time of the occurrence, supervisors should review incidents within 48 hours of being notified, and that quality assurance staff should review all incident reports daily, including a video review of incidents involving assault or use of seclusion and/or restraint, to ensure the incident reports are complete and appropriately classified. We administered an anonymous survey to State Hospital staff in April 2019 and found that 99 of the 106 respondents, or 93 percent, who were directly involved in a serious situation where a patient harmed either himself/herself or others agreed or strongly agreed that “an incident report was filed” for each situation.<sup>14</sup>

The State Hospital’s executive risk management team (ERMT), which includes the Chief Executive Officer, Chief Medical Officer, the Chief Nursing Officer, and other executive staff, also indicated that notifications are sent electronically to their mobile devices as soon as incident reports are submitted so they can take immediate action, if needed. Additionally, incident reports and associated reviews are compiled and forwarded every business day to the ERMT. The risk management plan states that all incident reports will be reviewed by the ERMT to ensure timely responses and to initiate any necessary investigations, which may include staff interviews and an evaluation of systems and processes to identify patterns and causal factors to develop a corrective action plan. Further, the Department’s Office of Special Investigations (OSI) has access to the State Hospital’s incident reporting system, and is required to review every submitted incident report and may initiate an investigation if there is an allegation or suspicion of improper staff conduct.

### Review of incident reports

After State Hospital staff submit an incident report, it is reviewed by supervisors, quality assurance staff, the ERMT, and OSI. If needed, the State Hospital may also take the following additional steps:

- State Hospital staff may forward some incident reports to outside entities—see Appendix B, pages b-1 through b-3.
- The ERMT may direct staff to conduct an investigation.
- The State Hospital or its staff may take corrective action.

Source: Auditor General staff observations of State Hospital meetings, analysis of the State Hospital’s incident reporting system, review of the State Hospital’s risk management plan and incident reporting policy and procedure, and interviews with State Hospital management and quality assurance staff.

In addition to reviewing and investigating individual incident reports, the State Hospital also collects and regularly monitors incident report data over time. For example, the State Hospital generates daily, weekly, monthly, and annual reports on the rate of serious incidents, such as assaults, the rate of injuries caused by assaultive incidents, and instances when patients were secluded or restrained. These reports are reviewed daily and weekly by State Hospital executive management in internal meetings, discussed monthly in meetings with Department executive management, provided monthly to the Governor’s Office, and reviewed approximately bimonthly during the State Hospital’s Governing Body meetings (see page 6 for information

<sup>13</sup> A.R.S. §41-3803 requires the IOC for the State Hospital to comprise 7 to 15 members appointed by the director of the Arizona Department of Administration. A.R.S. §41-3804 requires the IOC to provide independent oversight to ensure clients’ rights are protected and make recommendations to the director of any relevant state agency and service provider and to the Legislature regarding laws, rules, policies, procedures, and practices.

<sup>14</sup> Of the 106 State Hospital staff that responded to this statement, 93 percent agreed or strongly agreed, 4 percent were neutral, and 3 percent disagreed or strongly disagreed.

on the Governing Body). In addition, the State Hospital has incorporated multiple strategies to help respond to or reduce incidents involving patient violence (see Finding 1, pages 9 through 11).

- **State Hospital has processes to support patients and staff after assaults**—In fiscal year 2019, the State Hospital reported there were 88 patient-on-patient assaults, 289 patient-on-staff assaults, and 1 substantiated staff-on-patient assault. According to State Hospital policy, nursing staff must assess patients involved in assaults or other incidents as soon as possible after the event. Staff must determine if the patient requires medical treatment, or if they should be referred to their treatment team for further psychological assessment. The treatment team members may then refer the incident to the patient’s psychologist to consult with the patient to help address the trauma. Based on our April 2019 State Hospital staff survey, 77 of the 90 respondents, or 85 percent, who were directly involved in a serious situation where a patient harmed either himself/herself or others agreed or strongly agreed that the patients “received appropriate care and emotional support after the incident.”<sup>15</sup>

In addition, the State Hospital reported it provides support to staff who are involved in an assault. If a staff person sustains any minor or non-life-threatening injuries while on the job, the staff person should immediately notify his/her supervisor and call the employee injury call center to receive medical advice by phone. Supervisors are also required to ensure counseling is made available to staff victims either provided directly by the State Hospital or through the Employee Assistance Program (EAP) available to all State employees. After a traumatic incident, the State Hospital’s Human Resource Office reported it contacts affected staff to provide them with EAP information and other online guidance resources.

## Organization, staffing, and staffing challenges

The State Hospital has a Governing Body that oversees hospital operations and various staff responsible for its day-to-day operations. Specifically:

**Governing Body responsible for overseeing hospital operations**—Accreditation standards require the State Hospital to maintain a functioning governing body, which is responsible for overseeing hospital operations.<sup>16</sup> The State Hospital’s Governing Body holds public meetings approximately every 2 months to perform its duties, which include reviewing and approving State Hospital policies and plans; authorizing members of the medical staff to provide medical services at the State Hospital; reviewing data regarding quality improvement measures, patient assaults, and other incidents; and reviewing finances. Governing Body discussions and decisions are documented on the State Hospital’s website.

The Governing Body comprises 5 Department staff and 4 external members. The Department members include the Director of the Department, who serves as the Chairperson; the State Hospital’s Chief Executive Officer; the Chief Medical Officer; the Chief Financial Officer; and a medical staff member. The external members include a family member of a service recipient; 2 consumer advocates; and a psychiatrist, psychologist, or other mental health professional not employed by the State. All members of the Governing Body are appointed by the Department’s Director. As of May 2019, all positions on the State Hospital’s Governing Body were filled.

**State Hospital has various staff positions**—State Hospital staff are categorized as follows:

- **Executive staff**—The State Hospital’s executive staff oversee daily operations and include the Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, Chief Compliance Officer, Chief Quality Officer, Chief Operating Officer, Chief Financial Officer, Chief Security Officer, Director of ACPTC, Human Resources Manager, and Information Technology Project Manager.

<sup>15</sup> Of the 90 State Hospital staff that were involved in patient care/support and responded to this statement, 85 percent agreed or strongly agreed, 7 percent were neutral, and 8 percent disagreed or strongly disagreed.

<sup>16</sup> Accreditation standards, which reflect CMS standards, do not specify the type or number of members on a governing body or how members should be appointed. The State Hospital’s Governing Body oversees the Civil and Forensic Hospitals.

- **Medical staff**—The medical staff are composed of physicians, nurse practitioners, certified physician assistants, and other medical professionals.
- **Clinical staff**—The State Hospital's clinical staff include the patient care staff who are not members of the medical staff. Clinical staff include positions such as nurses, social workers, psychologists, rehabilitation technicians, behavioral health technicians, residential program specialists, nutritionists, treatment plan coordinators, and pharmacy staff.
- **Non-clinical staff**—The State Hospital has several positions that are considered non-clinical. These include positions such as security guards, quality assurance staff, administrative assistants, legal staff, and facilities/maintenance staff.

**State Hospital has historically faced staff vacancy challenges**—As of May 2019, 136 of 742 full-time equivalent (FTE) positions (18 percent) were vacant at the State Hospital and ACPTC. Approximately 100 of these vacant positions would provide direct patient care within the nursing department, including nurses, behavioral health technicians, and residential program specialists who work in the treatment units where patients or residents reside. Adequate staffing, particularly within the nursing department, has been a long-standing challenge for the State Hospital. For example, in 1989 and 1999, our performance audit reports found that the State Hospital's treatment units were short-staffed because of high vacancy and turnover rates (see Arizona Auditor General Reports Nos. 89-9 and 99-9). However, staffing challenges—particularly within psychiatric nursing environments—are not unique to Arizona or the State Hospital. According to a report from the U.S. Department of Health and Human Services, staff recruitment and retention in the behavioral health field is a national concern.<sup>17</sup>

To address its staffing challenges, the State Hospital reported it has focused on ways to best utilize its staff and to increase recruitment and retention. Specifically, to maximize the efficiency of their available nursing staff, the State Hospital has developed an acuity tool to calculate daily staffing requirements based on patient needs and the skills and expertise of available staff across each unit (see Finding 1, textbox on page 10). Additionally, the State Hospital's recruitment efforts include developing internship programs with local community colleges, creating an entry-level behavioral health technician position to broaden applicant pools, and hosting local job fairs. The State Hospital's retention efforts include introducing performance-based incentives and tuition reimbursement programs. Further, to improve recruitment and retention, the State Hospital submitted a budget request to increase staff pay in fiscal year 2020. Based on that request, the State Hospital received an additional \$2.8 million in State General Fund appropriations for fiscal year 2020 to cover salary increases for nurses, behavioral health technicians, residential program specialists, and security guards. It also received a \$310,000 increase for fiscal year 2020 from the Health Services Licensing Fund for its contract temporary staff, including nurses and behavioral health technicians. In fiscal years 2017 through 2019, the State Hospital spent an average of approximately \$1.6 million per year on contract and temporary staff.

## Budget

The State Hospital receives funding from several different sources, most of which comes from the State General Fund (see Table 1, page 8). Specifically, in fiscal years 2017 through 2019, the State Hospital received between approximately 83 and 93 percent of its net revenues annually from State General Fund appropriations. In fiscal years 2017, 2018, and 2019, the State Hospital spent between approximately 64 and 66 percent of its net revenues on payroll and related benefits and approximately \$9.8, \$10.6, and \$8.3 million respectively, on professional and outside services. It also spent an average of \$10.7 million annually on other operating expenses such as rent, utilities, prescription drugs, and medical supplies in fiscal years 2017 through 2019.

<sup>17</sup> Health Resources and Services Administration, National Center for Health Workforce Analysis. (2016). *National projections of supply and demand for selected behavioral health practitioners: 2013-2025*. Rockville, MD: U.S. Department of Health and Human Services. Retrieved 06/04/2019 from <https://bhw.hrsa.gov/sites/default/files/bhw/health-workforce-analysis/research/projections/behavioral-health2013-2025.pdf>.

**Table 1**  
**Schedule of revenues and expenditures**  
**Fiscal years 2017 through 2019**  
(Unaudited)

	2017	2018	2019
<b>Revenues</b>			
State General Fund appropriations	\$59,476,374	\$65,270,735	\$67,885,499
Institutional care <sup>1</sup>	5,684,500	6,862,329	3,635,931
Intergovernmental <sup>2</sup>	5,205,100	2,784,765	401,208
Land Earnings Fund <sup>3</sup>	1,150,724	828,004	997,391
Rental income <sup>4</sup>	527,248	527,248	527,248
Concessions	143,563	120,913	135,620
Other	57,026	30,150	18,836
<b>Total gross revenues</b>	<b>72,244,535</b>	<b>76,424,144</b>	<b>73,601,733</b>
Remittances to the State General Fund <sup>5</sup>	(841,136)	(1,210,542)	(940,352)
<b>Total net revenues</b>	<b>71,403,399</b>	<b>75,213,602</b>	<b>72,661,381</b>
<b>Expenditures and transfers</b>			
Payroll and related benefits	46,512,477	48,155,575	48,127,364
Professional and outside services	9,773,884	10,561,018	8,310,892
Travel	101,205	80,626	98,794
Food and related expenditures	2,713,414	2,687,404	2,987,748
Other operating <sup>6</sup>	10,249,952	11,099,477	10,884,423
Furniture, equipment, and software	658,991	1,163,385	140,718
<b>Total expenditures</b>	<b>70,009,923</b>	<b>73,747,485</b>	<b>70,549,939</b>
Transfers to the Department and other agencies <sup>7</sup>	32,319	30,337	1,115,025
<b>Total expenditures and transfers</b>	<b>70,042,242</b>	<b>73,777,822</b>	<b>71,664,964</b>
<b>Excess of revenues over expenditures and transfers</b>	<b>\$ 1,361,157</b>	<b>\$ 1,435,780</b>	<b>\$ 996,417</b>

- <sup>1</sup> Institutional care revenues are fees collected from government and/or individuals for services such as providing housing, food, and health. For example, the State Hospital receives reimbursements from the Arizona Health Care Cost Containment System (AHCCCS), (a federal title XIX Medicaid Waiver program) for services provided to AHCCCS-eligible patients and from Arizona counties for services provided to persons after serving their sentences who were convicted of sexually violent crimes and were remanded to the State Hospital by the courts for further confinement and treatment. The institutional care revenues decreased between fiscal years 2018 and 2019 because the county share of the cost of daily care for SVPs was eliminated. The decrease in revenues was compensated by an increase in State General Fund appropriations.
- <sup>2</sup> Intergovernmental revenues include a total of \$5 million and \$2.5 million transferred from AHCCCS to the Department for the cost of prescription medications for persons with a serious mental illness at the State Hospital and from the Department to the State Hospital to address revenue shortfalls in fiscal years 2017 and 2018, respectively, as required by Laws 2016, Ch. 117, §17, and Laws 2017, Ch. 305, §§12, 140, and 144.
- <sup>3</sup> Land Earnings Fund revenues are monies appropriated by the Legislature from land and property rentals and interest derived from the Land Grant Funds in accordance with A.R.S. §36-211.
- <sup>4</sup> The Arizona Department of Corrections leases a separate and secure facility located on State Hospital grounds to house mixed custody level inmates diagnosed with mental illness.
- <sup>5</sup> The State Hospital is required to remit all monies collected for examination, evaluation, treatment, and maintenance of patients for voluntary admissions or federal, state, public, or private medical benefits in accordance with A.R.S. §36-545.02.
- <sup>6</sup> Other operating expenditures comprises various expenditures including rent, utilities, prescription drugs, and medical supplies.
- <sup>7</sup> These transfers are primarily to the Arizona Department of Administration, but also include transfers from the State Hospital to the Department for the State Hospital's portion of Department administrative costs. In fiscal year 2019, the transfers were primarily to the Arizona Department of Administration for an interagency agreement for the maintenance and upkeep of the State Hospital campus that, according to the Department, was previously performed by a contracted vendor.

Source: Auditor General staff analysis of data from the Arizona Financial Information System InfoAdvantage reporting tool for fiscal years 2017 through 2019.



# State Hospital has not fully assessed the effectiveness of its assault response and reduction strategies

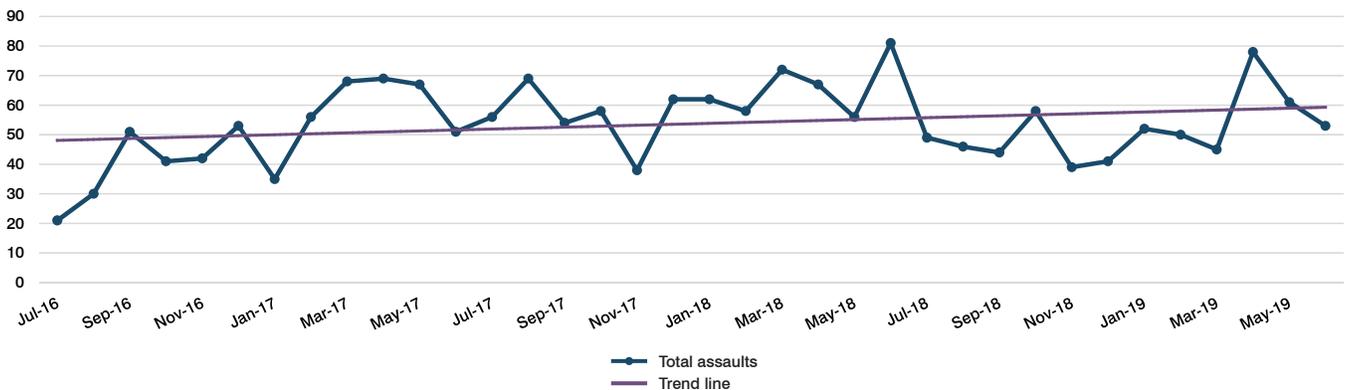
## Number of patient assaults has fluctuated in last 3 years

As a psychiatric hospital, the State Hospital is responsible for caring for patients with mental illnesses, some of whom may have a predisposition to physically assault those around them, including other patients and State Hospital staff (see textbox for physical assault definition). Violence in psychiatric hospitals is a world-wide concern and maintaining a safe environment is a primary objective of these hospitals.<sup>18</sup> As shown in Figure 2, the number of physical assaults at the State Hospital has fluctuated from month to month, with the trend of monthly assaults slightly increasing since 2016, ranging from a low of 21 assaults in July 2016 to a high of 81 in June 2018, and more recently 53 assaults in June 2019.

**Physical assault**—A physical assault is any unwanted touch or other physical contact, including person-to-person contact, one person spitting on another, as well as objects thrown by one individual hitting another.

Source: Auditor General staff analysis of the Department’s “Safety Project” report for July 2019.

**Figure 2**  
Total physical assaults  
July 2016 through June 2019



Source: Auditor General staff analysis of State Hospital data.

Assaults at the State Hospital vary in seriousness. For example, in fiscal year 2019, an average of approximately 26 percent of the assaults were classified as simple assaults, meaning the assault did not result in or have the

<sup>18</sup> d’Ettorre, G. & Pellicani, V. (2017). Workplace violence toward mental healthcare workers employed in psychiatric wards. *Safety and Health at Work*, 8(4), 337-342; The Joint Commission. (2018). *Comprehensive accreditation manual for behavioral health care*. Oakbrook Terrace, IL. Retrieved 7/23/2019 from [https://www.jointcommission.org/assets/1/6/SSIS\\_chapter\\_BHC\\_2018.pdf](https://www.jointcommission.org/assets/1/6/SSIS_chapter_BHC_2018.pdf).

potential for injury, such as lightly shoving or throwing water.<sup>19</sup> The remaining assaults, classified as regular assaults, included various types of behavior such as a patient punching or kicking another patient or a staff member. Approximately 11 percent of regular assaults in fiscal year 2019 resulted in an assault victim, either staff or patient, receiving first aid or professional medical treatment.

## State Hospital has not fully evaluated the effectiveness of its strategies for responding to and reducing assaults

The State Hospital has implemented multiple strategies that, if successful, could help the State Hospital respond to or reduce patient violence (see textbox for examples of strategies). For example, the State Hospital provides structured patient activities in patients' living quarters, called "units," and escorts patients around campus facilities, which can help keep patient agitation levels low and/or minimize crowding of patients in more limited spaces. By keeping patient agitation levels low, the State Hospital can in turn help to reduce assaultive patient behavior.

### Examples of the State Hospital's assault response and reduction strategies

- **Train staff to de-escalate patient crisis situations**—The State Hospital reported that its Nonviolent Crisis Intervention (NVCI) training program is a key strategy for responding to and reducing violent patient behaviors. An NVCI program teaches communication skills and physical techniques to safely manage and prevent crisis situations with mentally ill patients. This type of training is considered a best practice for psychiatric facilities. Although the State Hospital reported it has used different types of NVCI programs over the last 30 years, it began using the Crisis Prevention Intervention (CPI) NVCI training program in 2012. CPI NVCI training is used by over 100 organizations involved with psychiatric health in 39 states.
- **Provide structured patient activities and time around the State Hospital campus**—The State Hospital has historically provided structured patient activities and other patient experiences to help keep patients engaged and calm. For example, it offers group programming in the patients' units, such as discussions on current events, karaoke, or art activities. In addition, patients are encouraged to participate in other on-campus activities such as swimming at the pool, exercising at the gym, attending therapy groups, visiting the library, or going to the patient cafe.
- **Analyze assault data to adjust treatment plans and/or create behavioral management plans**—The State Hospital reported that it collects, reviews, and analyzes assault incident data and based on this analysis, identifies trends in individual patient behavior, such as assessing patient behavior for certain days of the week, times of the day, and staff on duty. For patients exhibiting a trend of assaultive behaviors, clinical and unit staff may revise treatment plans or create a behavioral management plan, which is a short-term plan to help patients correct specific misbehaviors.
- **Use a staffing tool to determine appropriate daily staffing levels to meet patient needs**—According to the State Hospital, it has historically used an "acuity" tool to help determine the staffing levels needed to meet patient care needs. In 2015, the State Hospital developed a computerized acuity tool that automatically calculates the number and mix of staff needed to meet patient needs, such as the number of nurses needed on a given unit during a specific time. The tool takes various factors into account to determine staffing, such as patients that require continuous observation, and patients that need to be escorted to on- and off-site appointments. State Hospital policy requires its staff to use the acuity tool for each staffing shift.

Source: Auditor General staff analysis of State Hospital documentation, CPI NVCI training materials, and interviews with State Hospital staff.

However, the State Hospital has not fully evaluated the extent to which its strategies are achieving their respective desired outcomes, such as keeping patient agitation levels low or reducing patient crowding. For example, the

<sup>19</sup> "Simple assaults" include assaults by patients with no injury, no harm, and no potential for injury or harm. Examples include throwing water or other non-hazardous fluids; spitting (if no contact with eyes or mouth); throwing objects that make contact but have no potential for harm, such as towels, t-shirts, or food; or lightly shoving or swatting. All other types of assaults are considered "regular" assaults.

State Hospital gathers some information regarding the structured patient activities and other patient experiences it provides to help keep patients engaged and calm. Specifically, it conducts quarterly patient forums to solicit patient feedback, which may include input about the structured patient activities offered and the extent to which patients are escorted around the State Hospital campus. Although this type of information may help inform which activities patients prefer and may be useful as part of a more systematic evaluation, it alone cannot help the State Hospital determine whether it is achieving the desired outcomes of these strategies. For example, an evaluation of escorting patients around the State Hospital campus could focus on whether crowding has been reduced in common areas by measuring patient traffic patterns. Because the State Hospital lacks a structured approach to evaluate its strategies, it may be missing opportunities to more effectively respond to and reduce assaults. Program evaluation principles may be used to develop a structured approach for assessing a strategy's effectiveness, identifying how to improve performance, guiding resource allocation, and providing external accountability for the use of public resources (see textbox).<sup>20</sup>

### Program evaluation principles:

- **Prioritize programs prior to evaluation**—Prioritizing the programs/strategies it will evaluate because resources for evaluation activities are limited.
- **Engage stakeholders**—Seeking and using input from stakeholders in the evaluation can ensure the right evaluation questions are identified and that the evaluation results are used to make a difference.
- **Assess whether the program/strategy achieved its desired outcomes**—Evaluations should be designed to assess the extent that desired outcome(s) have been achieved.
- **Use evaluation findings to improve program/strategy**—The ultimate purpose of program evaluation is to use the information to improve programs/strategies. The evaluation procedures, results, and/or lessons learned should be shared with relevant stakeholders and can be used to demonstrate the effectiveness of the program, identify ways to improve the program, modify program planning, demonstrate accountability, and justify funding.

Source: Auditor General staff analysis of U.S. GAO, 2012; Centers for Disease Control and Prevention. (2011). *Introduction to program evaluation for public health programs: A self-study guide*. Atlanta, GA; and University of Oxford. (2014). *A step by step guide to monitoring and evaluation*. Oxford, UK. Retrieved 7/20/2019 from <https://www.geog.ox.ac.uk/research/technologies/projects/mesc/guide-to-monitoring-and-evaluation-v1-march2014.pdf>.

### Recommendation

1. The State Hospital should develop, implement, and document a structured approach for evaluating its assault response and reduction strategies to support the safest possible environment for patients and staff, including:
  - Prioritizing the order in which its multiple assault response and reduction strategies will be evaluated.
  - Seeking and using stakeholder input in the evaluation process to ensure the right evaluation questions are identified, such as nurses or staff involved in program operations; patients and their families, and others affected by the program; and those who are in a position to make decisions about or fund the strategy, such as State Hospital or Department management, or the Legislature.
  - Assessing and determining whether the selected strategy achieved its desired outcomes.
  - Using evaluation results to identify ways to improve the strategy or to demonstrate the effectiveness of the strategy.

**Department response:** As outlined in its [response](#), the Department agrees with the finding and will implement the recommendation.

<sup>20</sup> U.S. Government Accountability Office. (2012). *Designing evaluations*. Washington, DC.





## State Hospital has an application process to admit patients into Civil Hospital

### Patients admitted to Civil Hospital based on various factors

Based on substantial legislative interest, we reviewed the State Hospital's admission requirements, policies, procedures, and practices.

The State Hospital admits individuals into its Civil Hospital through an application process and considers admission based on various factors. As mentioned in the Introduction, the State Hospital is divided into 3 separate facilities: the Civil Hospital, Forensic Hospital, and the Arizona Community Protection and Treatment Center (ACPTC) (see Introduction, pages 1 through 8). There is no formal application process for the Forensic Hospital and the ACPTC, as individuals are directly court-ordered to receive treatment at those 2 facilities.<sup>21</sup> The State Hospital considers the following when admitting patients into the Civil Hospital:

- **Benefit from available treatment**—Statute requires the State Hospital to be maintained for the care and treatment of persons with mental disorders, personality disorders, and/or emotional conditions who will benefit from care and treatment.<sup>22,23</sup> As such, applicants are admitted to the Civil Hospital based on their medical condition and the ability of the Civil Hospital to provide them with the appropriate care in the least restrictive treatment alternative available (see textbox).
- Least restrictive treatment alternative**—Refers to the treatment plan and setting that is the least infringing on a patient's individual rights to liberty and are consistent with providing treatment in a safe and humane manner.  
Source: A.R.S. §36-501(21).
- **Court order for treatment**—Although the State Hospital requires an applicant to be under a court order for treatment (COT) at a treatment facility, State Hospital staff reported that the COTs for Civil Hospital patients do not typically specify the State Hospital as the treatment facility. The COT process may be initiated after a community provider, family member, or legal guardian submits an application for an involuntary evaluation for an individual, alleging them to be a danger to self or others; or to be a person with a persistent or acute disability, or a grave disability; and unwilling or unable to undergo a voluntary evaluation. The courts may then order an evaluation of the patient to determine whether a COT is necessary. If the evaluation finds that the

<sup>21</sup> A.R.S. §36-540(A)(3) also provides courts the ability to directly court order a patient into the Civil Hospital. However, this practice is not common. According to the State Hospital, only 4 patients were directly court ordered into the Civil Hospital in calendar year 2018.

<sup>22</sup> A.R.S. §36-202(A).

<sup>23</sup> According to A.R.S. §36-501(25), a mental disorder is distinguished from conditions primarily related to drug abuse, alcoholism, or intellectual disability, unless, in addition to one or more of these conditions the person has a mental disorder. Statute also distinguishes a mental disorder from the declining mental abilities that directly accompany impending death.

individual meets the criteria, a petition for a COT may be submitted to the court.<sup>24</sup> The court then determines whether to order the individual to receive a period of involuntary treatment.<sup>25</sup>

Because most patients require long-term treatment, the State Hospital typically requires at least 45 days of court-ordered treatment remaining on the COT prior to admission to ensure that there is adequate time available to complete the COT renewal process. State Hospital officials explained that because the State Hospital is a secured facility, if the patient's COT were to expire during the process of renewal after admitting the patient, then the State Hospital could be violating the patient's rights by holding the patient against his/her will.

- **At least 25 days of treatment in a local mental health treatment agency**—Statute requires an applicant to have received at least 25 days of court-ordered treatment in a local mental health treatment agency, such as a community-based clinic or another hospital, before being admitted to the State Hospital. Statute provides some exceptions to the 25-day requirement, such as if the patient's present condition and history demonstrate that the patient will not benefit from the required 25 days of treatment in a local mental health treatment agency.<sup>26</sup>
- **Availability of suitable aftercare placement**—As mentioned in the Introduction (see pages 1 through 8), the State Hospital's mission includes facilitating patients' successful transition to the least restrictive alternative possible. The State Hospital reported that it coordinates with outpatient providers and Regional Behavioral Health Authorities (RBHA) to ensure patients have suitable discharge plans. The RBHAs contract with AHCCCS to manage the behavioral healthcare of certain AHCCCS members, such as members with SMI.<sup>27</sup> To facilitate discharge planning, the State Hospital considers whether applicants have been determined to be eligible for SMI benefits and services through AHCCCS.<sup>28</sup> According to the State Hospital, applicants not eligible for SMI benefits may encounter significant discharge barriers due to fewer suitable aftercare treatment alternatives available to non-SMI patients in the community, potentially leading to unnecessary extended stays at the State Hospital. Most Civil Hospital patients have been determined eligible for SMI benefits. As of July 2019, State Hospital staff indicated that only 5 of the 103 Civil Hospital patients had not been determined eligible for SMI benefits because of their undocumented legal status.

## Admissions process guided by State Hospital policy

The State Hospital has developed policies and procedures to guide its Civil Hospital admissions process. Applications are usually submitted by RBHAs, who submit applications for prospective patients who have not responded well to psychiatric treatment provided in the community. As shown in Figure 3 (see page 15), the process to review Civil Hospital admissions applications includes several steps. Specifically, after receiving an application, a committee of 3 staff psychiatrists, including the Chief Medical Officer (CMO), review each admission application. Using their clinical judgment, committee members review the descriptions of an applicant's condition and prior treatment to determine if a patient will benefit from treatment at the State Hospital and whether the State Hospital is the least restrictive treatment option.

---

<sup>24</sup> A.R.S. §36-533(B) requires that the petition for COT include affidavits from 2 evaluating physicians describing the behavior that indicates the individual is a danger to self, danger to others, persistently or acutely disabled, or gravely disabled as a result of mental disorder.

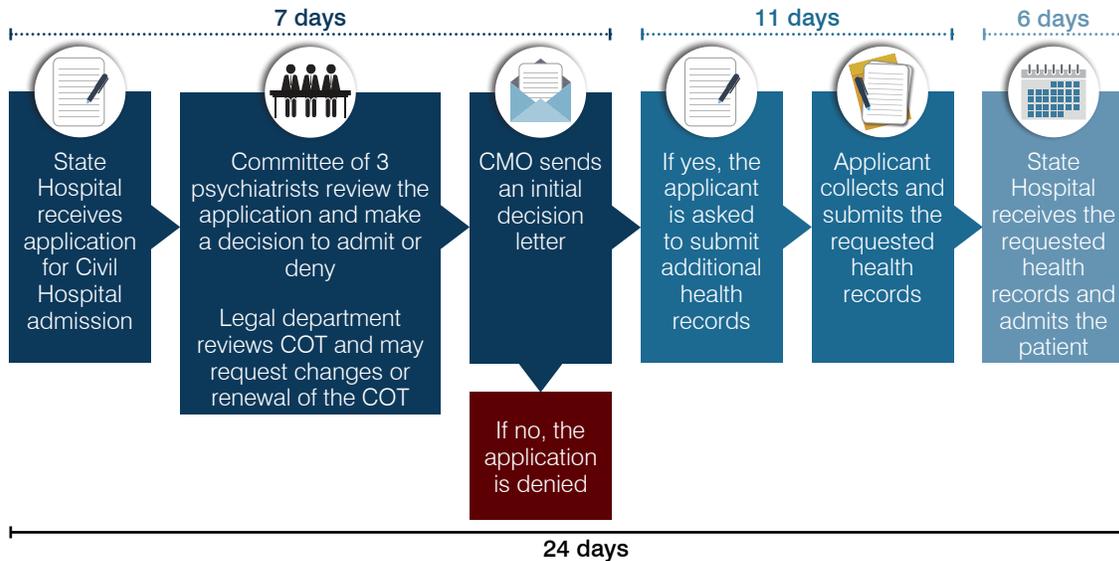
<sup>25</sup> According to A.R.S. §36-540(F), a COT may be ordered for a maximum of 90 days of treatment for a person found to be a danger to self, 180 days for a person found to be a danger to others, 180 days for a person found to have a persistent or acute disability, or 365 days for a person found to have a grave disability.

<sup>26</sup> A.R.S. §36-541. According to the State Hospital, mandatory local treatment helps ensure patients receive treatment in the least restrictive alternative available.

<sup>27</sup> As of October 1, 2018, there were 3 RBHAs, which covered members living in northern Arizona, southern Arizona, and Maricopa County. AHCCCS operates other health plans which occasionally submit applications for Civil Hospital admissions, such as the Arizona Long Term Care System, which manages the care for financially and medically eligible Arizona residents who are aged, blind, disabled, or have a developmental disability.

<sup>28</sup> A person determined to have SMI exhibits emotional or behavioral functioning that is so impaired as to interfere with their ability to remain in the community without supportive treatment.

**Figure 3**  
**Civil Hospital admissions process and average number of days to complete process<sup>1</sup>**



<sup>1</sup> We calculated the average number of days from the 13 Civil Hospital applications that were submitted, reviewed, and accepted between December 2018 and April 2019.

Source: Auditor General staff analysis of State Hospital documents for the Civil Hospital admissions application review process for the 13 admission applications submitted and reviewed between December 2018 and April 2019.

Once the State Hospital has made a decision on whether to accept or deny an applicant for admission, a statement of acceptance or denial is signed by the CMO and sent to the application source, such as a RBHA. If accepted, the State Hospital’s admissions office will coordinate with the application source to complete the submission of the necessary mental health records to determine treatment and placement needs. If denied, a standardized letter is sent to the application source indicating that the applicant is not appropriate for admission because the applicant “must be able to benefit from care and treatment [from the State Hospital and that the State Hospital] must be the most appropriate and least restrictive option for the person.” After receiving the denial letter, the RBHA will work with the applicant’s outpatient team to find another facility for the individual to receive treatment or continue to treat the patient in their current setting. During the audit, the State Hospital began drafting changes to its admissions policy to clarify the types of medical conditions that the State Hospital is able and equipped to treat. Additionally, the policy revisions establish a process for a referring agency to request a conference with the CMO to ask for a reconsideration of admission if an application is denied. The policy also indicates that a referring agency may submit an amended application with additional information at any time for reconsideration.

## Civil Hospital admissions we reviewed took an average of 24 days

Based on our review of the 13 applications accepted by the State Hospital between December 2018 and April 2019, we found that it took an average of 24 days from the time the application was received by the State Hospital until the day the patient was admitted to the facility.<sup>29</sup> The total number of days to process these applications ranged between 6 and 59 days (see Figure 3 for the average times for each phase of the application process). We did not identify any statutory, rule, or accreditation requirements establishing time frames for the application process. State Hospital staff reported that the length of the application process is often related to factors outside of the State Hospital’s control. For example, State Hospital staff noted that the application requiring 59 days to

<sup>29</sup> We reviewed documentation for 16 individuals who were considered for admission to the Civil Hospital during this time frame. Thirteen individuals had their applications accepted, 2 did not have applications because their COT directed them to receive treatment at the Civil Hospital, and 1 had their application denied. The denied application took 7 days to process.

process was delayed as a result of the patient's COT needing to be renewed. Additionally, in order to process some applications, the State Hospital may have to request that a RBHA obtain and submit additional health records, which may lengthen the admissions process.

## **Arnold v. Sarn lawsuit limits number of Maricopa County residents with SMI admitted to State Hospital**

The Arnold v. Sarn lawsuit changed the number of Maricopa County residents with SMI who can be admitted to the Civil Hospital. In 1989, the Arizona Supreme Court found that the Department and Maricopa County had failed to provide a comprehensive community mental health system.<sup>30</sup> As a result, the parties involved entered into a court-approved exit stipulation agreement in January 2014 to end the ongoing litigation. The stipulation agreement placed a 55-patient cap on the number of Maricopa County patients with SMI admitted to the Civil Hospital at any given time. Although the stipulation agreement resulted in the litigation being officially dismissed, the State Hospital continues to monitor and enforce the 55-patient cap. The Maricopa County RBHA indicated that it maintains a waiting list of applicants to the State Hospital pending availability given the 55-patient cap. During fiscal year 2019, the Maricopa County RBHA reported its waiting list ranged from 5 to 13 patients at the end of each month.<sup>31</sup>

---

<sup>30</sup> See *Arnold v. Sarn*, 160 Ariz. 593, 775 P.2d 521.

<sup>31</sup> According to the State Hospital, the total number of available Civil Hospital beds ranged from 0 to 14 between June 2018 and May 2019. The State Hospital reported that the Maricopa County RBHA is responsible for providing ongoing services to individuals on the waiting list.



# State Hospital has established processes to help ensure patients receive prescribed treatment

The State Hospital provides long-term treatment for patients with a focus on recovery and community reintegration. Patients at the State Hospital have severe and complex diagnoses of mental illnesses, and many of the patients have been determined to have SMI. The State Hospital has processes based on requirements in rule, accreditation standards, and their own policies to help ensure patients' treatment is offered as prescribed and is adequate. These include:

Based on substantial legislative interest, we reviewed the State Hospital's policies, procedures, and practices for ensuring patients receive prescribed treatment.

- **Treatment planning**—Accreditation standards require each patient at the State Hospital to have a personalized treatment plan (see textbox). Treatment plans are managed by a patient's treatment team consisting of the patient, guardian, psychiatrist, registered nurse, social worker, psychologist, rehabilitation counselors, and other

**Treatment plan**—A type of personalized “road map” used to direct a patient's treatment over the course of their hospitalization. Treatment plans include measurable short- and long-term goals for the patient.

Source: Auditor General staff analysis of The Joint Commission standards.

professionals based on the patient's needs. The treatment team is responsible for providing patient treatment, called interventions, as specified in the treatment plan. Interventions might include meeting with a psychiatrist or nurse to understand the purpose and importance of each prescribed medication or participating in a rehabilitation group. Interventions are intended to help guide patients toward their short- and long-term goals, such as to take their medication as prescribed or to recognize and manage symptoms of their mental illness.

Rule requires treatment plans to be reviewed by the patient's treatment team at least every 60 days during the first year of treatment at the State Hospital and every 90 days during subsequent years.<sup>32</sup> Additionally, rule requires that patients and their legal guardians be provided the opportunity to participate in treatment planning and provides an opportunity for a patient or their legal guardian to accept or reject/appeal the interventions included in a treatment plan.<sup>33</sup> The State Hospital's treatment planning policy meets or exceeds these requirements. For example, the policy indicates that treatment plan reviews should occur at least once each month or, if considered clinically appropriate, the policy allows for the reviews to occur every 60 days for patients who have been hospitalized for 1 year or longer.

We randomly selected treatment plan reviews for 12 patients that occurred between July 2018 and March 2019 to assess whether patients received their treatment plan reviews in a timely manner and whether these patients attended their reviews.<sup>34</sup> We found that all 12 patients received their treatment plan reviews at the frequency required by rule. Although 6 of the 12 patients received their treatment plan reviews 3 to 10 days

<sup>32</sup> AAC R9-21-312(F).

<sup>33</sup> AAC R9-21-312(A) and AAC R9-21-312(E).

<sup>34</sup> We reviewed the electronic health records for 12 randomly selected patients out of 212 total patients admitted to the State Hospital's Civil and Forensic Hospitals as of October 2018. We reviewed a single treatment plan review for each patient to determine if the patient attended the review and determined if the patient received the subsequent treatment plan review in a timely manner. All patient files referred to in this Legislative Inquiry are based on this sample.

later than required by State Hospital policy, State Hospital management indicated that delays may occur to accommodate the schedules of various treatment plan review attendees. We also found that 9 of the 12 patients had attended their treatment plan reviews. For the 3 patients who did not attend, treatment team members documented why the patient was not in attendance, such as explaining that the patient was unable to attend as a result of exhibiting dangerous behavior prior to the start of the review. However, in each of these 3 cases, an appointed guardian attended their treatment plan reviews. All 12 patient files indicated that the patient and/or the patient's guardian agreed with the direction of the patient's treatment plan after the review.

In addition, the State Hospital has established a monitoring system to help ensure patients, legal guardians, or other attendees requested by the patient are invited to attend treatment plan reviews. For example, it monitors each month whether State Hospital staff sent patient representatives, such as legal guardians, an email notifying them of when upcoming reviews will be held. In addition, the State Hospital monitors whether the information in these emails is physically posted in the patient units for all patients and treatment team members to see at least 1 week prior to the scheduled review. Based on our April 2019 State Hospital staff survey, 77 and 82 of 101, or 76 and 81 percent, of the staff responding to the following statements agreed or strongly agreed that: (1) "Patients are provided the opportunity to meaningfully participate in treatment planning" and (2) "When requested by the patient or legal guardian, other patient representatives, such as legal guardians and family members, are provided the opportunity to meaningfully participate in treatment planning."<sup>35</sup>

- **Annual patient assessments**—Accreditation standards require the State Hospital to perform ongoing assessments of patient progress. The State Hospital's policy and procedures require each treatment discipline, such as psychiatry, nursing, social work, and rehabilitation, to conduct and document a formal assessment of each patient's condition at least annually. Each discipline conducts an assessment in accordance with its professional responsibilities. For example, a psychiatric assessment includes an evaluation of the patient's mental status and a social work assessment will include an update of the patient's socialization strengths and deficits.

We reviewed the psychiatry, nursing, social work, and rehabilitation annual assessments for the 12 randomly selected patients and found that all 12 patients had received all their annual assessments from January 2016 through November 2018.

- **Progress notes**—Accreditation standards and State Hospital policy and procedures require each treatment discipline to record ongoing changes in patient conditions and treatment by documenting patient encounters in progress notes. For example, State Hospital policy requires treatment planning progress notes to provide a description of the patient's behavior during the encounter, a record of any pertinent conversations, and a reference to a related goal or intervention being addressed, where applicable. Accreditation standards further require progress notes to document changes to patient conditions to the extent necessary to identify progress and to describe patient responses to treatment plan interventions. Additionally, State Hospital policy requires progress notes to document progress toward or away from treatment plan goals.

For the 12 randomly selected patient files mentioned previously, we selected a total of 31 interventions to assess documentation. We found that progress notes for all 12 patient files documented ongoing changes in patient conditions and treatment and identified progress toward or away from treatment plan goals. In addition, we found that 24 of the 31 interventions reviewed included progress notes that identified interventions had been performed or offered.

For the remaining 7 interventions we reviewed, it was unclear whether an intervention had been performed or offered as specifically written in the treatment plan. For example, 1 intervention required the patient's treatment team nurse to meet with the patient once per week to discuss the patient's medications; however, the patient's progress notes indicated that this intervention had been offered only once during the month we selected for review. Similarly, in November 2017 and November 2018, the State Hospital conducted annual medical

---

<sup>35</sup> Of the 101 State Hospital staff that responded to these respective statements, 76 and 81 percent agreed or strongly agreed, 18 and 17 percent were neutral, and 6 and 2 percent disagreed or strongly disagreed.

records audits and also found examples of staff progress notes not clarifying whether interventions had been performed or offered as specified in the treatment plan. In response to these findings, State Hospital staff explained that sometimes a patient's change in condition or mood may prevent a treatment team member from providing an intervention exactly as written in the treatment plan. For example, if interventions are written with very prescriptive time intervals, such as meeting with a patient 1-on-1 at least once per week for up to 50 minutes, the likelihood of missed or inadequate documentation increases. State Hospital staff further indicated that individual treatment team members may write goals and interventions differently based on experience and training. Since the State Hospital's annual medical records audit in November 2018, the State Hospital reported that staff supervisors have begun reviewing patient treatment plans to ensure interventions are worded with more flexible time frames to accommodate changes to a patient's condition or mood. Based on our April 2019 State Hospital staff survey, 74 of 101, or 73 percent, of the staff responding to the following statement agreed or strongly agreed that: "[The State Hospital's] treatment planning processes help ensure patients are offered their prescribed care."<sup>36</sup>

- **Performing peer and supervisory reviews**—The State Hospital has also developed practices that help ensure patients are receiving adequate treatment, such as medical staff peer reviews and non-medical staff supervisory reviews. Peer review processes include a review of patients' health records by physicians not assigned to the selected patients' treatment. In performing the review, the "peer" physicians determine whether the treatment being provided to the patient is adequate. Peer reviews occur quarterly, biannually, and as needed depending on the purpose of the review. If it is determined that a physician did not provide adequate treatment as a result of peer review, further monitoring of the physician and/or corrective action may be initiated. One example of medical staff peer review is the State Hospital's quarterly "ongoing professional practice evaluation" for active medical staff.<sup>37</sup> Based on our review of 2 quarters of ongoing professional practice evaluations, we found that all applicable medical staff had received an evaluation.<sup>38</sup> During our review, we also identified an example of a medical staff member who, based on a peer review, received further monitoring and disciplinary action.

The State Hospital reported it has also developed supervisory review processes in its social work, rehabilitation, and psychology departments. Specifically, each of these departments has developed annual supervisory reviews of each staff member's progress notes. For example, the managers in the rehabilitation department have a process to annually review staff therapy notes for 2 patients over a 30-day time frame. State Hospital officials reported that if it is determined that a staff member is not adequately documenting the treatment they provide, then that staff member may receive additional supervisory review. These processes are designed to help ensure each staff member is providing and documenting treatment that meets recommended standards to ensure patients are receiving quality treatment.

---

<sup>36</sup> Of the 101 State Hospital staff that responded to this statement, 73 percent agreed or strongly agreed, 21 percent were neutral, and 6 percent disagreed or strongly disagreed.

<sup>37</sup> Accreditation standards require an ongoing professional practice evaluation.

<sup>38</sup> We reviewed ongoing professional practice evaluations from the 2nd Quarter of 2017 and the 3rd Quarter of 2018.





# State Hospital has implemented 5 of 6 recommendations from 2015 independent investigation of its incident reporting and investigation processes

## Investigation made 6 recommendations to improve incident reporting and investigating

Based on substantial legislative interest, we reviewed the State Hospital’s efforts to implement the recommendations resulting from a 2015 independent investigation of incident reporting and investigation practices.

In November 2015, former Arizona Supreme Court Justice Ruth McGregor published a report (McGregor report) on her independent investigation of assault and sexual assault allegations at the State Hospital. Governor Doug Ducey had requested that Justice McGregor conduct the independent investigation following media reports that the State Hospital failed to investigate and/or report assaults and sexual assaults at the State Hospital. According to the McGregor report, the investigation included a review of State Hospital incident reports from January 2013 through June 2015, State Hospital investigation records, and investigative reports from external entities, such as the Arizona Department of Economic Security’s Adult Protective Services (APS) and the City of Phoenix Police Department. Although the State Hospital implemented some improvements to its incident-reporting processes during the investigation, such as having quality assurance staff review each incident and identify those events needing additional quality assurance review, the McGregor report included 6 recommendations for the State Hospital to further improve its processes for reporting and investigating incidents.

## State Hospital has implemented all but 1 recommendation

Based on our review of State Hospital policies and procedures, incident reports, security logs, and interviews with State Hospital management, we found that the State Hospital has implemented, or implemented in a different manner, 5 of the 6 McGregor report recommendations. The report recommendations and the State Hospital’s actions in response to the recommendations are as follows:

1. **Establish a method to follow incidents from beginning to conclusion**—The McGregor report recommended that the State Hospital establish a method for following incidents from beginning to conclusion, with immediate access to documentation of investigative steps taken, decisions reached, and corrective actions recommended or taken as part of the investigation. The McGregor report also recommended that the State Hospital record the results of incident investigations in the incident report file for further analysis, as appropriate.

**Status: Implemented**

As mentioned in the Introduction (see pages 1 through 8), the State Hospital established processes to report, review, and respond to all incidents, and implemented an electronic incident reporting system in July 2015. The State Hospital revised its incident reporting policy in July 2017 and updates its risk management plan annually. The incident reporting policy outlines how incidents should be reported electronically and how State

Hospital staff should review and respond to incidents. The risk management plan explains the purpose and procedure for internal incident investigations, including reporting investigative results and recommending corrective actions.

We reviewed 27 incidents that occurred between July 2017 and March 2019, and we were able to follow each incident from beginning to conclusion, including investigative steps taken, decisions reached, and corrective actions recommended or taken as part of the investigation.<sup>39</sup> For example, the incident reports we reviewed indicated that all the incidents were reviewed by multiple State Hospital staff, including supervisors, quality assurance staff, and the ERMT.<sup>40</sup> In addition, ERMT meeting minutes documented decisions about whether the incidents required further action. We were also able to obtain the results of internal incident investigations, and associated corrective actions, and investigation results from external entities, such as APS.

2. **Develop a summary tracking system for investigations**—The McGregor report recommended that the State Hospital consider developing a summary tracking system that allows employees to quickly and accurately determine the status of any incident investigation. The system, according to the report, should include the incident report number, the date of the incident, the date assigned for investigation, date completed, investigative conclusions, and corrective action taken.

**Status: Implemented in a different manner**

Although the State Hospital did not implement a single summary tracking system for all incident investigations, it developed processes to help ensure both internal and external investigations are monitored. Specifically, State Hospital staff track internal investigation dates and the other information recommended in the McGregor report in various electronic files. In addition, State Hospital staff track external investigative dates and the other information recommended in the McGregor report using a combination of paper and electronic files. For the 27 incidents we reviewed, we found that corrective action was required and taken for 7 incidents. For example, in response to an incident that resulted in patient harm, the State Hospital conducted a hospital-wide training to teach staff how to be more mindful of the environment and to help reduce potentially dangerous patient activity. All of the internal and external investigative information was quickly retrieved and provided to us by State Hospital staff when we requested it.

3. **Clearly identify incident reporting goals and reduce types of incidents reported**—The McGregor report recommended that the State Hospital clearly identify the goals of incident reports and narrow the reportable categories included on the incident reporting form to reflect these goals. State Hospital policy requires employees to initiate an incident report for all occurrences that are “significant, unusual, or irregular.” According to the McGregor report, this broad definition could lead to negative effects, such as including incidents unrelated to patient and staff safety, exaggerating the number of reportable incidents, and resulting in significant employee time to both write the reports and follow up on incidents. The McGregor report also noted that State Hospital policy requires the same incident reporting form to be used for matters of patient safety and administrative matters, such as theft of property and damage to State property, including hospital keys and badges. Therefore, the McGregor report recommended that the State Hospital use its incident reporting form for matters involving patient and staff safety problems and develop a separate and less complex form for administrative matters.

**Status: Not implemented**

The State Hospital’s incident report policy states that the purpose of the policy is to establish a uniform procedure for identifying and reporting all significant, unusual, or irregular events that may require management attention. State Hospital management reported that they decided not to narrow the types of incidents reported in its incident reporting form or to create a different form for “administrative” matters because they believe

---

<sup>39</sup> Our review of the 27 incidents included a random sample of 11 of 624 higher-risk incident reports filed between January 2018 and September 2018 involving incidents such as assaults and seclusion/restraint. We also judgmentally selected and reviewed 16 of the 4,492 closed incident reports filed between July 2017 and March 2019. Our judgmental selection was based on incident reports involving higher-risk incidents, such as sexual assault, assaults resulting in patient hospitalization, and investigations by outside entities.

<sup>40</sup> The ERMT includes the State Hospital’s Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, Chief Quality Officer, Chief Security Officer, and other executive management staff.

every incident could contribute to a safety hazard for both patients and staff. For example, if a set of keys or a badge is missing, then staff, visitors, or patients may have unauthorized access to doors or gates, which could jeopardize patient safety. In addition, incident reports are reviewed by the State Hospital ERMT daily to ensure all incidents are being handled appropriately and in a timely manner. We observed 4 ERMT meetings from August 2018 through October 2018 in which State Hospital executive management staff reviewed and discussed incidents and made decisions on next steps. Based on our observations, we found that the State Hospital ERMT made timely decisions on incidents and prioritized incidents to focus attention and discussion on incidents that involved patient safety.

4. **Improve training for preparing incident reports**—After finding inconsistencies in how incident report forms were completed, such as how patient names were recorded, the McGregor report recommended that the State Hospital improve its training to ensure staff know how to properly and accurately report incidents.

**Status: Implemented**

The State Hospital revised its training policy in September 2016 to require all new staff to attend training on how to file an incident report. According to a State Hospital official, all staff hired since September 2016 have attended the incident reporting training. We observed this training in August 2018 and found that the training covered what an incident is and how to record an incident in the incident reporting system. The State Hospital also reported that it provides one-on-one coaching with any staff members who have incorrectly filed an incident report. Further, the State Hospital's electronic incident reporting system was designed to automatically populate fields, such as patient names. The system also includes drop-down menus to consistently and accurately record other information, such as incident location and type.

5. **Improve training for preparing security department logs**—Similar to incident reports, the McGregor report identified inconsistencies in how the State Hospital security staff refer to patient names in their security department logs, making it difficult to compare security department logs with corresponding incident reports. Additionally, security department logs contained information that was not related to patient safety matters, such as security staff calling in sick or being late to a shift. The McGregor report recommended that the State Hospital improve its training for security department log entries and revise the security department log format to separate entries related to personnel matters and patient safety.

**Status: Implemented**

The State Hospital reported that it provided informal training in 2016 to security officers to standardize how patient names are recorded in the security logs. In addition, the State Hospital updated its computerized incident reporting system to allow staff to query for incidents by date, time, and location, which improved the ability to search for and compare security department log entries to corresponding incident reports. Further, we found that the State Hospital security department's administrative process requires staff to check the incident reporting system daily to search for incident reports matching the security events that happened the previous day. Based on our review of randomly selected security department logs for 3 days in 2018, we found the information entered in the logs was sufficient to compare entries with corresponding incident reports.<sup>41</sup> Additionally, we found that personnel matters are no longer incorporated in the security logs and are instead emailed to the appropriate supervisors.

6. **Ensure applicable security events and police assistance are reported in an incident report**—The McGregor report identified instances where security events were reported in the State Hospital security logs, or reports filed by the Phoenix Police Department responding to a call at the State Hospital, but there was no corresponding incident report, as required by policy. The McGregor report recommended that the State Hospital adopt procedures to include security events and police report information in the incident report files.

**Status: Implemented**

The State Hospital's incident reporting policy requires staff to file an incident report anytime there is law enforcement action involving patients at the State Hospital. In addition, as noted previously, we found that the State Hospital security department's administrative process helps ensure that all incidents recorded in

---

<sup>41</sup> Our review included security logs from all shifts during a single day in July, August, and September 2018.

security department logs have a corresponding incident report in the reporting system. Finally, we found that police report information was entered into the incident reporting system for the 2 incidents we reviewed that involved the Phoenix Police Department.



## SUMMARY OF RECOMMENDATIONS

### **Auditor General makes 1 recommendation to the Department:**

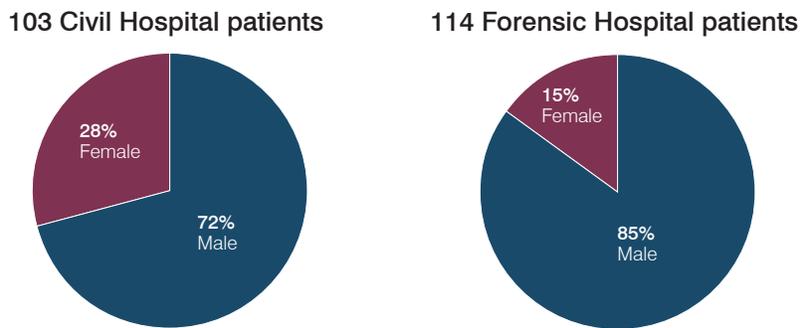
1. The State Hospital should develop, implement, and document a structured approach for evaluating its assault response and reduction strategies to support the safest possible environment for patients and staff, including:
  - Prioritizing the order in which its multiple assault response and reduction strategies will be evaluated.
  - Seeking and using stakeholder input in the evaluation process to ensure the right evaluation questions are identified, such as nurses or staff involved in program operations; patients and their families, and others affected by the program; and those who are in a position to make decisions about or fund the strategy, such as State Hospital or Department management, or the Legislature.
  - Assessing and determining whether the selected strategy achieved its desired outcomes.
  - Using evaluation results to identify ways to improve the strategy or to demonstrate the effectiveness of the strategy (see Finding 1, pages 9 through 11, for more information).



## Patient demographics

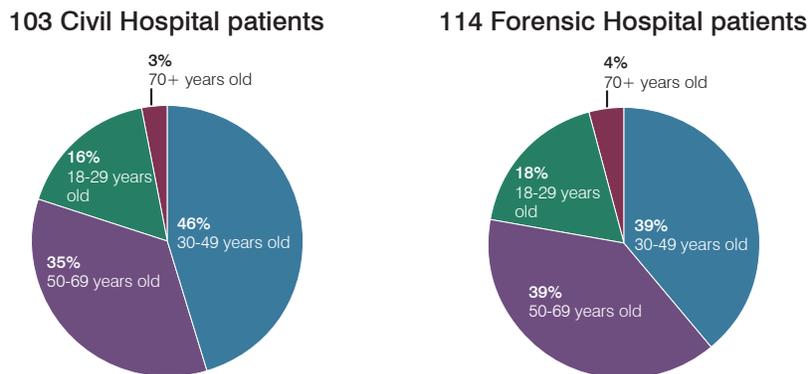
As discussed in the Introduction (see pages 1 through 8), as of July 2019, the Civil and Forensic Hospitals housed 103 and 114 patients, respectively. See Figures 4 through 6, pages a-1 through a-2, for information on patient sex, age, and length of stay for the patients housed in the Civil and Forensic Hospitals.<sup>42</sup>

**Figure 4**  
Sex of State Hospital patients  
As of July 2019



Source: Auditor General staff analysis of the Chief Executive Officer’s July 2019 report to the Governing Body.

**Figure 5**  
Age of State Hospital patients  
As of July 2019

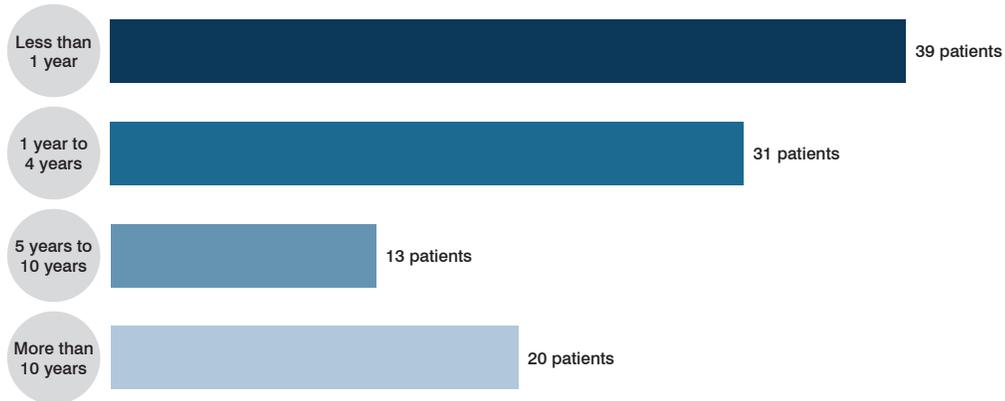


Source: Auditor General staff analysis of the Chief Executive Officer’s July 2019 report to the Governing Body.

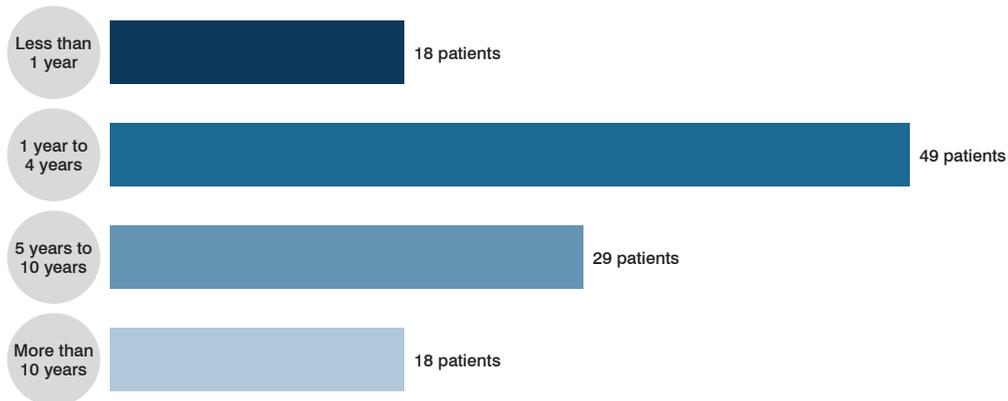
<sup>42</sup> As indicated in the Introduction (see page 2), this audit focuses on the Civil and Forensic Hospitals. Therefore, demographics for ACPTC residents are not included in this appendix.

**Figure 6**  
Length of stay for State Hospital patients  
As of July 2019

103 Civil Hospital patients



114 Forensic Hospital patients



Source: Auditor General staff analysis of the Chief Executive Officer's July 2019 report to the Governing Body.



## State Hospital provides incident information to outside entities

In addition to reporting and reviewing incidents internally (see Introduction, pages 4 through 6), the State Hospital reported it provides incident and other information to outside entities in certain circumstances (see Table 2 for examples of information provided to outside entities).

**Table 2**

**Outside entities that may receive incident and other information from the State Hospital**

Outside entity	Examples of information State Hospital provides
<p><b>Regional Behavioral Health Authority (RBHA) liaisons and patients’ public fiduciary guardians</b>—RBHA liaisons provide assistance in managing the behavioral health services provided to RBHA members admitted to the State Hospital (see Legislative Inquiry 1, pages 13 through 16, for more information on RBHAs).<sup>1</sup> Public fiduciary guardians are court-appointed and protect the legal rights and financial interests of vulnerable adults if there is no one else that is willing or able to serve in this capacity. The State Hospital reported that most patients have a RBHA liaison but only some patients have a public fiduciary guardian.</p>	<p>According to the State Hospital, the types of incidents forwarded to RBHA liaisons and public fiduciary guardians for review include when a patient is secluded or restrained, is a victim of an assault, or goes to the emergency room. One RBHA liaison indicated that they may use incident information provided by the State Hospital to make recommendations for the patient’s treatment plan and to keep track of a patient’s history. In fiscal year 2019, the State Hospital reported that it provided 1,346 incidents to RBHA liaisons and 700 incidents to public fiduciary guardians.</p>
<p><b>Arizona Department of Administration (ADOA), Independent Oversight Committee (IOC)</b>—Statute establishes an IOC to oversee State Hospital patients with SMI (see Introduction, page 2, for more information on patients with SMI).<sup>2</sup> Statute requires the IOC to provide independent oversight to ensure clients’ rights are protected; review incidents of possible abuse, neglect, or denial of clients’ rights; and make recommendations to the director of any relevant state agency and service provider and to the Legislature regarding laws, rules, policies, procedures, and practices.<sup>3</sup></p>	<p>Statute requires the IOC to review incidents involving patients with SMI at the Civil Hospital that involve possible abuse, neglect, and denial of clients’ rights.<sup>2,3</sup> In addition, the State Hospital reported that it sends the IOC other incidents for review, including incidents involving assault, seclusion or restraint, and death. According to the State Hospital, it forwarded 606 incidents to the IOC in fiscal year 2019. Further, effective August 27, 2019, statute expanded the IOC’s oversight to include patients with SMI at the Forensic Hospital and required the State Hospital to provide the IOC with additional information, such as services provided to patients needing special assistance.<sup>4</sup></p>
<p><b>Arizona Health Care Cost Containment System (AHCCCS), Office of Human Rights</b>—Assists individuals with SMI with understanding and protecting their rights, such as providing guidance to file a complaint or education to support self-advocacy.</p>	<p>The State Hospital reported it worked with AHCCCS to determine the types of incidents that would be sent to the Office of Human Rights, including incidents involving abuse, assault, seclusion or restraint, and death. According to the State Hospital, it forwarded 606 incidents to the Office of Human Rights in fiscal year 2019. The Office of Human Rights reported that it reviews information from the State Hospital to determine whether patient rights have been violated and may encourage the State Hospital or AHCCCS Behavioral Health Grievances and Appeals (see page b-2) to further investigate incidents.</p>
<p><b>Arizona Department of Economic Security (DES), Adult Protective Services (APS)</b>—Receives, evaluates, and investigates allegations of abuse, exploitation, and neglect of vulnerable or incapacitated adults in the State.</p>	<p>Statute requires those who have a responsibility for caring for vulnerable adults, such as State Hospital staff, to provide all incidents indicating a reasonable basis to believe a patient was abused, neglected, or had his or her property exploited to APS for review.<sup>5</sup> According to the State Hospital, it forwarded 308 incidents to APS in fiscal year 2019.</p>
<p><b>DES, Division of Developmental Disabilities (DDD)</b>—Provides supportive services to individuals with developmental disabilities and their families. To be eligible for DDD services, the patient must have a severe, chronic disability that is attributable to a cognitive disability, cerebral palsy, epilepsy, or autism.<sup>6</sup></p>	<p>The State Hospital forwards incident reports involving patients with developmental disabilities to DDD. According to the State Hospital, it forwarded 97 incidents to DDD in fiscal year 2019.</p>

**Table 2 continued**

Outside entity	Examples of information State Hospital provides
<p><b>AHCCCS, Behavioral Health Grievances and Appeals (BHGA)</b>—BHGA investigates allegations of physical or sexual abuse or sexual misconduct toward an individual who receives mental health services.</p>	<p>The State Hospital reported that it provides any complaint or grievance that involves physical or sexual abuse or sexual misconduct submitted by patients with SMI to BHGA. According to the State Hospital, it forwarded 37 allegations to BHGA in fiscal year 2019.</p>
<p><b>Arizona Center for Disability Law (ACDL)</b>—Not-for-profit public interest law firm that provides legal services to Arizonans with disabilities.</p>	<p>The State Hospital reported it provides information to ACDL only when requested. Federal law authorizes ACDL to investigate incidents of abuse and neglect of individuals with mental illness if the incidents are reported to ACDL or if there is probable cause to believe that the incidents occurred.<sup>7</sup> Federal law also authorizes ACDL to access patient records. According to the State Hospital, ACDL has not historically requested incident reports, but the State Hospital reported it provided medical records to ACDL 6 times in fiscal year 2019.<sup>8</sup></p>
<p><b>Regulatory Boards</b></p>	<p>If a regulatory board, such as the Arizona Medical Board, receives a complaint against one of its licensees employed at the State Hospital, the board may request information from the State Hospital to investigate the complaint. According to the State Hospital, it provides regulatory boards incident information approximately 3 to 4 times per year.</p>
<p><b>Others as permitted by law</b></p>	<p>The State Hospital reported it provides information to others in response to requests, if required by law. For example, state law permits access to healthcare records to certain individuals, such as individuals to whom the patient has given authorization, persons authorized by a court order, and a patient’s legal representative.<sup>9</sup> According to the State Hospital, it provided incident information once in fiscal year 2019 in response to a request from a county public defender’s office.</p>
<p><b>The Joint Commission</b>—Not-for-profit organization that accredits and certifies hospitals nationally.</p>	<p>The Joint Commission encourages—and State Hospital policy requires—the State Hospital to report patient safety events that meet the definition of a “sentinel” event, which could include a homicide, suicide, sexual assault, abduction, escape resulting in severe harm, and a fire. According to the State Hospital, there were no sentinel events and therefore it did not report any incidents to The Joint Commission in fiscal year 2019.</p>
<p><b>U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS)</b>—Administers the Medicare program and partners with state governments to administer other programs, such as Medicaid. To be eligible to receive CMS funding, the State Hospital must comply with certain CMS requirements.</p>	<p>Federal regulations require hospitals receiving CMS funding to report incidents of death associated with the use of seclusion or restraint.<sup>10</sup> The State Hospital reported it did not forward any incidents to CMS in fiscal year 2019 because there were no deaths associated with the use of seclusion or restraint.</p>

<sup>1</sup> For the purpose of this appendix, RBHA liaisons include Tribal RBHA liaisons, who assist American Indian/Alaskan Native members.

<sup>2</sup> A.R.S. §41-3803.

<sup>3</sup> A.R.S. §41-3804.

<sup>4</sup> Laws 2019, Ch. 173, added a list of 6 items that the State Hospital must provide to the IOC. These items include information on: seclusion of and the use of restraints on patients; incident accident reports; allegations of illegal, dangerous, or inhumane treatment of patients; provision of services to patients in need of special assistance; allegations of neglect and abuse; and allegations of denial of rights afforded to patients with SMI, except where a right may be restricted for the safety of a patient, the State Hospital, or the public.

<sup>5</sup> A.R.S. §46-454(A).

<sup>6</sup> As of July 2019, there were 2 DDD patients at the Civil Hospital.

<sup>7</sup> 42 USC §10805(a).

<sup>8</sup> During the audit, in September 2018, ACDL filed a lawsuit against the Department and the State Hospital alleging the following: 1) the State Hospital inappropriately denied it reasonable unaccompanied access to patients and facilities, and 2) the State Hospital inappropriately denied it access to physician peer review records during its investigation of a Civil Hospital patient death in 2015. As of May 2019, the State Hospital

## Table 2 continued

reported that the first claim was in the process of moving to mediation, but that the second claim was expected to remain in the courts. As of May 2019, the lawsuit was in the District Court of Arizona. See *Arizona Center for Disability Law v. Christ et al*, CV 18-02854-PHX-MHB.

<sup>9</sup> A.R.S. §36-509.

<sup>10</sup> 42 CFR §482.13(g).

Source: Auditor General staff review of federal code and regulations, Arizona statute and administrative rules, websites and information from external entities, State Hospital policies and procedures, and unaudited incident data reported by the State Hospital and interviews with State Hospital staff.





## Objectives, scope, and methodology

The Office of the Auditor General has conducted a performance audit of the Department pursuant to a September 14, 2016, resolution of the Joint Legislative Audit Committee. The audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes (A.R.S.) §41-2951 et seq. This audit addresses the Department's administration of the State Hospital.

We used various methods to address the audit's objectives. These methods included interviewing and surveying State Hospital management and staff, observing internal State Hospital meetings, and reviewing applicable State laws and rules, accreditation standards, State Hospital policies and procedures, and the State Hospital's website.<sup>43</sup> We also used the following specific methods to meet the audit's objectives:

- To determine whether the State Hospital has developed and implemented a process to accept and deny individuals for admission to the Civil Hospital, we reviewed documentation submitted between December 2018 and April 2019 for 16 individuals that were considered for admission to the Civil Hospital, including 14 applications and 2 direct court orders. We also interviewed external stakeholders to gather feedback regarding the Civil Hospital admissions process. Additionally, to obtain information about the *Arnold v. Sarn* lawsuit, we reviewed the 1989 Supreme Court opinion and the 2014 exit stipulation.
- To determine whether the State Hospital has established processes designed to help ensure patients' treatment is adequate and offered as prescribed, we reviewed the electronic health records for 12 randomly selected patients out of 212 total patients admitted to the State Hospital's Civil and Forensic Hospitals as of October 2018. Specifically, we randomly selected treatment plan reviews for 12 patients that occurred between July 2018 and March 2019 to assess whether patients received their treatment plan reviews in a timely manner and whether these patients attended their reviews.<sup>44</sup> Additionally, we reviewed the electronic health record for all 12 patients to determine whether all 12 patients had received their annual psychiatry, nursing, social work, and rehabilitation assessments. To assess whether progress notes for the 12 randomly selected patients documented ongoing changes to patient conditions, we selected a total of 31 interventions for review. We also reviewed progress notes to assess whether they identified progress toward or away from treatment plan goals and whether they identified that interventions had been performed or offered. Further, we reviewed the State Hospital's medical records audits conducted in November 2017 and November 2018. Finally, we reviewed ongoing professional practice evaluations of State Hospital medical staff from the 2<sup>nd</sup> quarter of 2017 and the 3<sup>rd</sup> quarter of 2018.
- To determine if the State Hospital assesses the effectiveness of its assault response and reduction strategies, we interviewed staff, reviewed documentation regarding strategies, and analyzed patient assault data from fiscal year 2017 through fiscal year 2019. In addition, we reviewed literature regarding program evaluation principles.<sup>45</sup>

<sup>43</sup> We electronically administered an anonymous survey from April 15, 2019 to April 29, 2019, to 468 State Hospital staff—including State Hospital management, direct care staff, and security staff—and received 187 responses.

<sup>44</sup> We reviewed a single treatment plan review for each patient to determine if the patient attended the review and determined if the patient received the subsequent treatment plan review in a timely manner.

<sup>45</sup> U.S. Government Accountability Office. (2012). *Designing evaluations*. Washington, DC; Centers for Disease Control and Prevention. (2011). U.S. GAO, 2012; Centers for Disease Control and Prevention. (2011). *Introduction to program evaluation for public health programs: A self-study guide*. Atlanta, GA; and University of Oxford. (2014). *A step by step guide to monitoring and evaluation*. Oxford, UK. Retrieved 7/20/2019 from <https://www.geog.ox.ac.uk/research/technologies/projects/mesc/guide-to-monitoring-and-evaluation-v1-march2014.pdf>.

- To determine the extent to which the State Hospital implemented the recommendations from the 2015 McGregor Report, we reviewed the 2015 McGregor Report and the State Hospital's incident-reporting and incident-response policies and procedures, observed incident-reporting training, and reviewed 27 incidents that occurred between July 2017 and March 2019.<sup>46</sup> In addition, we reviewed the State Hospital's internal investigation tracking practices, reviewed the results of internal and external incident investigations and associated corrective actions, and observed a weekly committee meeting where State Hospital staff discussed patient complaints and grievances. Further, we reviewed State Hospital security administrative processes and reviewed security department documentation, such as security logs for 3 randomly selected days in 2018, to determine whether the information entered in the logs was sufficient to compare entries with corresponding incident reports.
- To obtain information for the Introduction, we reviewed the State Hospital's annual reports from fiscal years 2017 and 2018, historical reports about the State Hospital from 1893 and 1955, and professional journal articles about state hospitals nation-wide.<sup>47</sup> Additionally, we reviewed a report from the U.S. Department of Health and Human Services on national staffing challenges in the behavioral health field.<sup>48</sup> We also compiled and analyzed data from the Arizona Financial Information System InfoAdvantage reporting tool for fiscal years 2017, 2018, and 2019.
- To obtain information for Appendix A, we reviewed and analyzed patient demographic information provided in the Chief Executive Officer's July 2019 report to the Governing Body.
- To obtain information for Appendix B, we reviewed the State Hospital's unaudited incident data, websites from outside entities, and federal code and regulations.
- Our work on internal controls included reviewing the State Hospital's policies and procedures and, where applicable, testing compliance with these policies and procedures. We reported our conclusions on applicable internal controls in the Introduction, Finding 1, and Legislative Inquiries 1 through 3.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and staff express appreciation to the Department's Director and the State Hospital Chief Executive Officer and staff for their cooperation and assistance throughout the audit.

---

<sup>46</sup> Our review of the 27 incidents included a random sample of 11 of 624 higher-risk incident reports filed between January 2018 and September 2018 involving incidents such as assaults and seclusion/restraint. We also judgmentally selected and reviewed 16 of the 4,492 closed incident reports filed between July 2017 and March 2019. Our judgmental selection was based on incident reports involving higher-risk incidents, such as sexual assault, assaults resulting in patient hospitalization, and investigations by outside entities.

<sup>47</sup> Yohanna, D. (2013). Deinstitutionalization of people with mental illness: Causes and consequences. *Virtual Mentor—American Medical Association Journal of Ethics*, 15(10): 886-891.

<sup>48</sup> Health Resources and Services Administration, National Center for Health Workforce Analysis. (2016). *National projections of supply and demand for selected behavioral health practitioners: 2013-2025*. Rockville, MD: U.S. Department of Health and Human Services. Retrieved 06/04/2019 from <https://bhw.hrsa.gov/sites/default/files/bhw/health-workforce-analysis/research/projections/behavioral-health2013-2025.pdf>.

# AGENCY RESPONSE



## ARIZONA DEPARTMENT OF HEALTH SERVICES

September 20, 2019

Ms. Lindsey Perry, Auditor General  
Arizona office of the Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

Re: Arizona State Hospital Audit

Dear Ms. Perry:

Attached please find our response to your audit on the Arizona State Hospital. We appreciate the critical role that the Auditor General plays in ensuring state agencies are performing at the highest level and in accordance with statutory requirements and generally accepted standards.

At the Arizona Department of Health Services (ADHS), as part of our mission of supporting *Health and Wellness for all Arizonans*, we take our responsibility of providing care to Arizona's most vulnerable residents very seriously. Our team at the Arizona State Hospital is committed to providing a safe and therapeutic environment for our patients and employees.

We appreciate your partnership and the opportunity to respond, and we are moving forward to implement the recommendation to enhance evaluation of implemented assault reduction strategies.

Sincerely,

Cara M. Christ, MD  
Director

Attachment

Douglas A. Ducey | Governor    Cara M. Christ, MD, MS | Director

**Finding 1:** State Hospital has not fully assessed the effectiveness of its assault response and reduction strategies

**Recommendation 1:** The State Hospital should develop, implement, and document a structured approach for evaluating its assault response and reduction strategies to support the safest possible environment for patients and staff, including:

- Prioritizing the order in which its multiple assault response and reduction strategies will be evaluated.
- Seeking and using stakeholder input in the evaluation process to ensure the right evaluation questions are identified, such as nurses or staff involved in program operations; patients and their families, and others affected by the program; and those who are in a position to make decisions about or fund the strategy, such as State Hospital or Department management, or the Legislature.
- Assessing and determining whether the selected strategy achieved its desired outcomes.
- Using evaluation results to identify ways to improve the strategy or to demonstrate the effectiveness of the strategy.

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

Response explanation: The recommendation will be implemented by March 20, 2020

