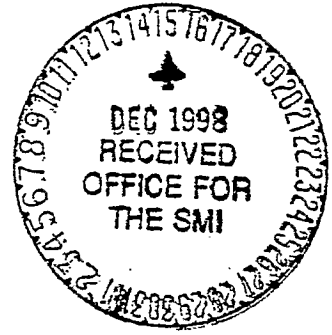


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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
 IN AND FOR THE COUNTY OF MARICOPA

CHARLES ARNOLD, MARICOPA)COUNTY	
PUBLIC FIDUCIARY, as guardian and next	Maricopa County
friend on behalf of JOHN GOSS;) No. C-432355
NANCY E. ELLISTON, as guardian,))
conservator and next friend on))
behalf of CLIFTON DORSETT and as))
next friend on behalf of RICHARD))
SCHACHTERLE and SUSAN SITKO; TERRY))
BURCH; and on behalf of all others))
similarly situated,))
))
Plaintiffs,))
))
v.)	(Assigned to the Honorable
)	Bernard J. Dougherty)
ARIZONA DEPARTMENT OF HEALTH	
SERVICES, ARIZONA STATE HOSPITAL,	
and MARICOPA COUNTY BOARD OF	
SUPERVISORS,))
))
Defendants.))
))

SUPPLEMENTAL AGREEMENT

Final Draft - December 10, 1998

I. BACKGROUND AND EFFECT

1. The parties entered into a Stipulation on Exit Criteria and Disengagement (hereafter, the Exit Stipulation), which was approved by the Court on February 12, 1996. On March 10, 1998, the plaintiffs sent a notice to the Arizona Department of Health Services (ADHS) under ¶55 alleging a pattern of noncompliance with ¶¶10 and 41 of the Exit Stipulation. A subsequent notice was submitted on July 29, 1998 alleging a pattern of noncompliance with ¶¶4, 5, 39, and 40 of the Exit Stipulation.

2. By correspondence dated March 20, March 27, April 3, and April 10, 1998, the Monitor, plaintiffs and ADHS agreed in writing that independent experts, selected by and operating under the direction of the Monitor, would conduct an independent review of the status of ADHS' compliance with ¶10 and 41 (Appendix C, section 7) of the Exit Stipulation.

3. The Independent Review was conducted during May - June 1998. The review evaluated compliance with ¶¶10 and 41 (Appendix C) as well as ADHS' rules. A preliminary report was issued on July 7, 1998 and a final report was submitted to the parties on August 10, 1998. In the report the reviewers summarized their findings concerning certain strengths and deficiencies in the community mental health system in Maricopa County for priority clients.

4. In order to avoid litigation concerning ADHS' compliance with the Exit Stipulation, the plaintiffs and ADHS have entered into this Supplemental Agreement. Neither party admits any fact or concedes any legal position in entering into this Supplemental Agreement.

5. The plaintiffs and ADHS are fully aware of the provisions of the Exit Stipulation. Notwithstanding ¶1 of the Exit Stipulation, ADHS intends and agrees to be bound by the provisions of this Supplemental Agreement as an order of the Court. ADHS agrees that all of the requirements and activities set forth in this Supplemental Agreement are enforceable obligations that must be implemented to comply with the Judgment in this case. However, at such time that the Court finds, pursuant to ¶50 of the Exit Stipulation, that ADHS has complied with all of the remaining provisions of the Exit Stipulation that apply to ADHS, and issues an order declaring that ADHS is in compliance with the Exit Stipulation, then all the obligations of this Agreement shall be deemed satisfied, regardless of whether all of its provisions have been completed at that time.

6. Neither party will use the 1998 Independent Review report, or any of the data generated by that review, to seek further enforcement orders from the Court.

II. PURPOSE

7. This Supplemental Agreement sets forth specific standards and obligations for implementing the purposes and principles of the Exit Stipulation. It is intended to facilitate compliance with the Exit Stipulation and to clarify and describe in more detail the actions necessary to satisfy the Exit Stipulation and Judgment. It is not intended to create new obligations which exceed the purpose and scope of the Exit Stipulation.

III. PRINCIPLES

The following principles describe the goals of this Supplemental Agreement. ADHS' obligations under this Supplemental Agreement are set forth in sections IV-VII.

8. ADHS must evaluate the unmet needs of classmembers and develop a specific level of additional services to address these unmet and unfunded needs through new resources.

9. In order to effectively implement new services, ADHS must develop a significantly enhanced provider capacity, particularly with respect to vocational, housing, and substance abuse services. To accomplish this, ADHS must develop and implement strategic plans for each of these program areas.

10. ADHS must ensure that the new RHBA will accept, support, and be obligated to implement the actions incorporated in this Supplemental Agreement which relate to the RBHA.

11. The Office of the Monitor must conduct independent reviews of ADHS' efforts, activities, and compliance under the Exit Stipulation and this Supplemental Agreement. The Court retains its responsibility under prior orders to determine compliance with its Judgment and Orders.

IV. SERVICE DEVELOPMENT


12. Using ADHS' client data system for all classmembers as well as a separate, in-depth review of the needs of a sample of classmembers, ADHS will implement a client assessment process to identify and quantify the needs of classmembers for mental health services. The parties will discuss and agree upon this assessment process by January 1, 1999.

13. ADHS will retain the Human Services Research Institute (HSRI) as a consultant to assist the Department in determining the type, intensity, and amount of services necessary to meet the individual needs of classmembers, as set forth in the Exit Stipulation.

14. By January 1, 1999, HSRI will propose a methodology to determine the number, type, and intensity of services and supports required to meet those needs. The parties will agree upon a methodology by February 1, 1999.

15. By May 1, 1999, using the information generated from the client assessment process and the methodology agreed upon by the parties, HSRI will create a service capacity attachment for classmembers which identifies the level, intensity, amount, and cost of additional services for all classmembers necessary to meet the requirements of the Exit Stipulation.

16. By June 1, 1999, the parties shall agree on a service capacity attachment, which shall be filed with the Court and made a part of this Supplemental Agreement. In the event that the parties cannot agree, the Monitor will recommend one to the Court, pursuant to ¶21 of the Amended Appointment Order of the Monitor (Appointment Order). After a hearing, the Court will approve the service capacity attachment. The attachment may be modified over time by the agreement of the parties and without the need for Court approval, based upon new information about classmembers' needs, new program models or service design, or other relevant data. ADHS will file agreed to amendments upon the plan with the Court.

 17. ADHS, with assistance from the RBHA, will create three separate strategic plans to address housing, vocational services, and the needs of classmembers for substance abuse services by March 1, 1999. These strategic plans will describe the specific models, actions, strategies, and timetables for developing appropriate services for classmembers that are designed to result in compliance with the Exit Stipulation. The plans will identify strategies for recruiting new providers or developing capacity within existing providers to

deliver desired program models for substance abuse and vocational services. The three plans will also specify the capacity of ADHS necessary to implement the strategic plans, including the number of qualified professionals needed who are experienced in the planning and development of vocational, housing, and substance abuse, and other behavioral health services for persons with serious mental illness and who are knowledgeable of various federal, state, and private programs relevant to meeting the needs of classmembers.

18. By April 1, 1999, the parties shall agree on the strategic plans identified in the preceding paragraph, which shall be filed with the Court and made part of this Supplemental Agreement. In the event that the parties cannot agree, the Monitor will recommend strategic plans to the Court, pursuant to ¶21 of the Amended Appointment Order of the Monitor (Appointment Order). After a hearing, the Court will approve the strategic plans. The plans may be modified over time by the agreement of the parties and without the need for Court approval, based upon new information about classmembers' needs, new program models or service design, or other relevant data. ADHS will file agreed upon amendments to the plan with the Court.

19. ADHS has submitted a FY2000 service expansion request of \$32,169,000 to the Governor. ADHS will make its best efforts to secure approval for this request, consistent with ¶34 of the Exit Stipulation.

20. ADHS has already submitted its FY2001 budget request to the Governor, pursuant to Arizona' two year budget process. ADHS will submit an amendment request to the Governor for its FY2001 budget and will submit a FY2002 budget request to the Governor that are adequate, when aggregated with other expected funds, to fully implement the service capacity

attachment and the housing, vocational and substance abuse strategic plans. To the extent that such expected funds decrease or are not realized, ADHS will submit a future budget request to replace such funds.

21. The service capacity attachment and the housing, vocational, and substance abuse strategic plans shall be implemented by June 30, 2002, unless modified by the Court.

V. CLINICAL TEAMS AND CASE MANAGEMENT

22. The RBHA has prepared a plan for the interim operation of clinical teams. The interim plan will ensure that classmembers who are at risk will be provided adequate and appropriate clinical and case management services to protect their safety and to address the immediate risk issues.

23. ADHS will ensure that the RBHA prepares and submits to it a long-term plan for improving the clinical team process. ADHS will submit its plan to the parties by February 1, 1999 that describes in detail specific improvements to the clinical team process, including the structure, membership, functioning, roles, and responsibilities of the clinical teams. The plan will also include performance measures for clinical teams which are designed to measure and achieve compliance with the Exit Stipulation.

24. By March 1, 1999, the parties shall agree on a final clinical team plan which shall be filed with the Court and made a part of this Supplemental Agreement. In the event that the parties cannot agree, the Monitor will recommend one to the Court pursuant to ¶21 of the Appointment Order. After a hearing, the Court will approve the clinical team plan. The plan may be modified over time by the agreement of the parties and without the need for Court approval, based upon new information about classmembers' needs, new program models or

service design, or other relevant data. ADHS will file agreed upon amendments to the plan with the Court.

25. ADHS will ensure that the RHBA develops functional clinical teams with enhanced clinical leadership. ADHS will provide effective oversight of these clinical teams to ensure that they operate consistent with Arizona's Rules for Persons with Serious Mental Illness.

26. ADHS will conduct regular reviews of the operations of the clinical teams and the cooperation, collaboration and coordination of clinical teams with service providers in the delivery of services to classmembers. ADHS will require the RBHA to take all necessary steps to improve the operation of the clinical teams which are documented by the findings of these regular reviews.

VI. SERVICE PROVIDER NETWORK

27. ADHS shall ensure that the RHBA develops standards for the provider network for access, admissions, process of care, transitions to other services, and program models.

28. ADHS shall ensure, through its contract with the RBHA, that the RHBA develops performance measures and sanctions for noncompliance with these provider standards. These performance measures and sanctions will be included, directly or by reference, in the RBHA's contracts with providers and/or the provider network.

29. By May 1, 1999, the parties shall attempt to agree on the requirements, and sanctions for the provider network.

VII. COMPLIANCE WITH ADHS' RULES AND MONITORING

30. ADHS shall ensure substantial compliance by the RBHA and the provider network with ADHS' rules, Title 9, Ch. 21, Articles 1-5.

31. By May 1, 1999, ADHS shall establish specific standards with respect to the rules on individual service planning, the provision of special assistance and client rights which will be included, either directly or by reference, in the RBHA and provider contracts.

32. By June 1, 1999, the parties shall agree on these standards which shall be filed with the Court and made a part of this Agreement. In the event that the parties cannot agree, the Monitor will recommend a set of standards to the Court pursuant to ¶21 of the Appointment Order. After a hearing, the Court will approve the standards. The standards may be modified over time by the agreement of the parties and without the need for Court approval, based upon new information about classmembers' needs, new program models or service design, or other relevant data. ADHS will file agreed upon amendments to the plan with the Court.

33. As provided in ¶16 of the Appointment Order, the Monitor is authorized to monitor and make findings concerning compliance with all outstanding provisions of the Exit Stipulation and this Supplemental Agreement. Among other methods, the Monitor will fulfill this responsibility by conducting annual independent evaluations of whether classmembers are receiving appropriate and needed services, as provided below.

34. Until the Court determines that ADHS has complied with all provisions of the Exit Stipulation, or until the Monitor determines that the data generated from ADHS' quality management system is substantially similar to the data produced by the Monitor's independent reviews, whichever is sooner, the Office of the Monitor will conduct annual independent

compliance reviews of the Exit Stipulation and the Supplemental Agreement. These reviews will include assessments of clinical teams' performance and compliance with the rules governing Individual Service Plans, client rights, and the provision of special assistance. The first review will commence not sooner than October 15, 1999. The reviews shall determine, at a minimum:

- a. whether the needs of classmembers are being met;
- b. whether the clinical teams are operating consistent with ADHS' rules;
and
- c. whether the standards described in ¶32 for assessing compliance with ADHS' rules are being met.

35. The parties shall have a reasonable opportunity to comment on the persons and methodology proposed by the Monitor for her compliance reviews described in the preceding paragraph.

36. ADHS will fund the Monitor's independent compliance reviews described in ¶34, above. The Monitor shall propose a budget for each review, which shall not exceed \$100,000 and which shall be submitted to the Court for its approval, after comments by the parties.

37. As provided in ¶¶16 and 21 of the Appointment Order, the Monitor may make recommendations to the Court and the parties concerning the delivery of client services and the operation of clinical teams and case managers.

VIII. INTERPRETATION AND ENFORCEMENT

38. Any party make seek a modification of this Agreement pursuant to Ariz. R. Civ. Pro. 60. The Court retains the inherent authority to interpret, clarify, modify, or enforce this Exit Stipulation. The parties agree to confer for at least thirty days and seek to resolve any dispute before seeking an interpretation, clarification, modification, or enforcement of this Exit Stipulation.

39. This Agreement will be effective when it has been approved and signed by the Court, and only if the Court approves it without modification. The plaintiffs and ADHS reserve the right to appeal from any order that modifies or alters this Agreement.

40. The parties to this Agreement reserve all of their right and remedies, except as limited in this Agreement. The parties agree that impossibility is a defense in any type of court action to enforce or compel compliance with this Supplemental Agreement.

Signed, this ___th day of December, 1998.

For the plaintiffs:

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