

September 25, 2025

Lindsey A. Perry, Auditor General  
Arizona Auditor General  
2910 N. 44<sup>th</sup> St., Ste. 410  
Phoenix, AZ 85018

Dear Auditor General Perry:

Enclosed is the Arizona Health Care Cost Containment System's (AHCCCS) response to the Auditor General's performance audit of the Arizona Department of Economic Security's Division of Developmental Disabilities (Report 25-114).

We appreciate the professionalism and collaborative approach demonstrated by your office throughout the audit process. AHCCCS is committed to addressing the audit finding and implementing the recommendations outlined in the report. Our response details our planned actions and strategies to ensure continued compliance and improvement that will further support our efforts to serve Arizona residents effectively.

Thank you for the opportunity to review and respond to the audit report. We value your office's continued partnership and oversight.

Sincerely,



Kristen Challacombe  
Interim Director

**Finding 1:** Although AHCCCS has conducted some oversight of the Department, it did not adequately oversee the Department's assessment and triage of quality-of-care concerns to ensure the Department classified, investigated, and resolved incidents in accordance with policy.

AHCCCS response: The Auditor General's finding is agreed to.

Response explanation: As indicated in the explanations below, AHCCCS is committed to reviewing and updating its processes to ensure effective oversight.

**Recommendation 4:** Provide training and additional guidance to the Department to ensure it understands AHCCCS policy requirements related to classifying and investigating quality-of-care concerns, including providing the Department with its review of incident classifications from our sample.

AHCCCS response: The audit recommendation will be implemented.

Response explanation: As part of the Corrective Action Plan (CAP) review process, AHCCCS regularly meets with the Department to ensure its understanding of policy requirements related to classifying and investigating quality-of-care concerns. AHCCCS is currently reviewing its training and guidance processes to make enhancements, which includes providing the Department with its review of incident classifications from the Auditor General's sample.

**Recommendation 5:** Ensure the Department provides all incidents, including both quality-of-care and non-quality-of-care incidents, as required by AHCCCS policy.

AHCCCS response: The audit recommendation will be implemented.

Response explanation: AHCCCS has been working with the Department to ensure all incidents, including both quality-of-care and non-quality-of-care, are submitted to the QM Portal since it was discovered that this was not being done. AHCCCS will continue to collaborate with the Department to verify that all incidents are reported. AHCCCS is also evaluating its current review process to proactively detect when incidents are not being reported.

**Recommendation 6:** Ensure its weekly review sample includes incidents that the Department did not classify as quality-of-care concerns, as required by AHCCCS policy.

AHCCCS response: The audit recommendation will be implemented.

Response explanation: AHCCCS agrees with the intent and content of the recommendation. With the Department now submitting all incidents into the QM Portal, AHCCCS will have a full population to be able to sample from, including incidents that the Department did not classify as quality-of-care concerns, in accordance with its established weekly review process. Additionally, as indicated in Recommendation 5, AHCCCS is also evaluating its review process to identify ways to proactively detect when incidents are not being reported.

**Recommendation 7:** Ensure operational reviews include analysis of Department's policies and procedures compared to AHCCCS requirements and expectations.

AHCCCS response: The audit recommendation will be implemented.

Response explanation: AHCCCS agrees with the intent and content of the recommendation and will review its current practices to ensure its operational review process includes a thorough comparison of the Department's policies and procedures to AHCCCS' requirements and expectations.