ARIZONA DEPARTMENT OF HEALTH SERVICES

Lindsey A. Perry
Auditor General
Office of the Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85045

Dear Auditor General Perry,

Thank you for the opportunity to review the report of the *Performance Audit of the Arizona Department of Health Services Ground Ambulance Regulation* conducted as part of the Sunset Review prescribed in Arizona Revised Statutes 41-2951 et seq.

The findings and recommendations contained in your report have been carefully reviewed by the staff at the Arizona Department of Health Services (ADHS), and in accordance with the instructions provided in your October 9th letter.

The ADHS greatly appreciates the hard work, professionalism, and collaboration of your team during the audit period. We have appreciated the opportunity to receive feedback and valuable insights from you and your team during the audit process and in your final findings and recommendations. During fiscal year 2025, the Department navigated significant operational challenges, including a substantial transition in leadership and staffing within the Bureau of EMS and Trauma System (BEMSTS) that coincided with shortened statutory review timeframes.

We recognize the critical importance that emergency services play in our state and healthcare system and are committed to and appreciate the opportunity to work on process improvements to ensure a high standard of service for all Arizonans.

Sincerely,

Debbie Johnston
Debbie Johnston (Oct 19, 2026 15:51:12 PDT)

Debbie Johnston
Director

Note: As instructed, to comply with the Joint Legislative Audit Committee's procedures, the ADHS final response can be found below. As instructed the Department has provided 1 statement for each recommendation within the provided template. Statement options are: the audit recommendation will be implemented; the audit recommendation will be implemented in a different manner; the audit recommendation will not be implemented.

Finding 1: Department has not effectively regulated certificate holder response times to ensure public needs are met across the State, as required by statute; therefore, System effectiveness cannot be determined, and public health may be at risk.

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

Response explanation: The Department agrees that annual response time reporting requirements have not been consistently implemented and monitored. The Department appreciates the acknowledgment that several factors have contributed to this including significant changes in rules related to response time reporting effective just months prior to fiscal year 2025 and substantial staff turnover including leadership responsible for developing the Bureau of EMS and Trauma System (BEMSTS) policies and procedures and processing Certificate of Necessity (CON) applications and complaints as well as changes to legal representation.

In relation to Issue Number 2 (page 13 of report) and the Department's plan to address standard language outlined on page 15, the Department would like to emphasize that it would not have been possible for all certificates to have standard language including emergent and nonemergent response times in fiscal year 2025 given the department's authority to change response times is limited to the renewal process and/or through a CON requested amendment. Additionally, the Department would like to reiterate that the Bureau of EMS and Trauma System (BEMSTS) monitors response times statewide using dispatch records reported to the department in the Arizona Pre-Hospital Information & EMS Registry System (AZ-PIERS) and publishes this data annually on its EMS incidents dashboard for quality assurance purposes. It should be noted that this data showed that 90 percent of all 911 responses in Arizona for calendar year 2024 (fiscal year 2025) arrived within 15 minutes. The Department acknowledges that statewide performance may not reflect every individual CON service area and is committed to improvements that will strengthen the Department's ability to identify and address local variation and performance.

While the BEMSTS developed a format for standard reporting of response time compliance that was in effect for fiscal year 2025, the Department recognizes and agrees that this system lacks specificity, particularly requirements for consistent reporting of all dispatch calls in accordance with the Arizona Administrative Code. The audit report states that the Department held a "belief" that it lacks authority to use dispatch records in its quality assurance registry for regulating response times, which contributed to incomplete reporting data. The Department clarifies that this position is directly grounded in legal counsel obtained from assigned counsel in the Attorney General's Office and the explicit statutory mandate of A.R.S. § 36-2403, which strictly prohibits the Department from utilizing quality assurance registry dispatch records in disciplinary or regulatory enforcement matters. The Department is actively developing revisions to response time reporting requirements that will

obligate CON holders to submit all dispatch calls as reported to AZ-PIERS, similar to current urbanity reporting practices.

The Department is committed to updating its policies and procedures for the collection, review, and correction of response times in accordance with requirements outlined in statute and rule.

Recommendation 1: Review and assess complete and accurate response time data from certificate holders.

Department response: The audit recommendation will be implemented.

Response explanation: The Department acknowledges that while the BEMSTS developed a format for reporting of response time analysis of CON holders in response to the new requirements, this system did not include the reporting of dispatch call data for verification of certificate holder response times. The BEMSTS plans to update its reporting requirements to include all dispatched calls of CON holders as described in A.A.C. R9-25-908.

Recommendation 2: Establish emergent and nonemergent response time requirements for all certificate holders, consistent with recommended practices, including updating certificates for the certificate holders that do not have both emergent and nonemergent response time requirements through the certificate renewal process or when a certificate holder submits an amendment application.

Department response: The audit recommendation will be implemented.

Response explanation: The Department has already started working with CON holders to update response times consistent with statute and rule definitions through the renewal and amendment process, whichever comes first. The Department wishes to clarify that it will establish emergent and nonemergent response time requirements for all certificate holders where it is required. Response time requirements are as defined in A.A.C. R9-25-901(37) are specific to calls through 9-1-1 or similar system dispatch and interfacility transport of a patient with a time-critical condition.

Recommendation 3: Upon establishing emergent and nonemergent response time requirements as outlined in recommendation 2, hold certificate holders accountable to their emergent and nonemergent response time requirements, as required by statute and Department rules.

Department response: The audit recommendation will be implemented.

Response explanation: Upon establishing emergent and nonemergent response time requirements across certificates, the Department will review response times against CON holder certificate requirements in alignment with A.A.C. R9-25-907 and including a corrective action plan where appropriate as described in A.A.C. R9-25-908(G).

Ensure actions for certificate holders with similar violations for response time noncompliance are consistent or document its reasons for deviation, including aggravating or mitigating factors considered, consistent with recommended practices, including when:

Recommendation 4: Approving corrective actions submitted by certificate holders.

Department response: The audit recommendation will be implemented in a different manner.

Response explanation: The Department agrees that corrective action plans for response time noncompliance should be applied consistently. The Department emphasizes the distinction between corrective actions (defined as administrative/remedial measures under R9-25-908) and formal enforcement actions (defined under R9-25-911). The Department will ensure that it is consistent in its approach to determining when a corrective action plan is required for failure to meet response time requirements for CON holders. The corrective action plans will be applied consistently based on clear statutory and rule factors, and written documentation of aggravating or mitigating factors will be maintained whenever formal enforcement deviations occur. The Department would like to clarify that the specific corrective action within an action plan will vary among CON holders, as these are agreements between the Department and the CON holder and are based locally.

Recommendation 5: Taking enforcement actions.

Department response: The audit recommendation will be implemented.

Response explanation: The Department agrees that enforcement actions for response time noncompliance should be applied consistently. The Department emphasizes the distinction between corrective actions (defined as administrative/remedial measures under R9-25-908) and formal enforcement actions (defined under R9-25-911). The Department agrees to ensure that it is consistent in its approach to enforcement actions for certificate holders noncompliance utilizing a progressive enforcement approach.

Recommendation 6: Taking renewal actions for certificate holders that are on corrective action plans or under enforcement action.

Department response: The audit recommendation will be implemented.

Response explanation: The Department will implement clear guidelines for reviewing and renewing certificates during the renewal timeframe and ensure that actions taken are consistent.

Recommendation 7: Ensure corrective and enforcement actions for certificate holders result in compliance with response time requirements or, as needed, take additional action(s) to ensure certificate holders comply with response time requirements.

Department response: The audit recommendation will be implemented in a different manner.

Response explanation: The Department will ensure that it establishes corrective action plans with certificate holders not in compliance with their response times in accordance

with statute and rules. The Department would like to clarify that corrective action may not be necessary in all circumstances of non-compliance as is contemplated in mitigating factors identified in statute and rule. Additionally, the Department cannot guarantee that corrective actions or enforcement actions will result in response time compliance. The Department can ensure that it will take progressive enforcement action consistently as authorized in statute and rule for continued non-compliance.

Develop and implement policies and procedures for implementing the System, including:

Recommendation 8: Reviewing and assessing certificate holders' complete and accurate response time data to determine compliance with their response time requirements.

Department response: The audit recommendation will be implemented.

Response explanation: Written policies and procedures are being updated to govern the review and assessment of self-reported annual response time data to verify compliance.

Recommendation 9: Establishing both emergent and nonemergent response time requirements for all certificate holders, including during its renewal process.

Department response: The audit recommendation will be implemented.

Response explanation: The Department agrees to update its policies and procedures for establishing response times for certificate holders in alignment with statute and rule. This includes updating procedures for reviewing response time for initial, amendment and renewal applications.

Recommendation 10: Approving corrective action plans submitted by certificate holders that are noncompliant with their response time requirements, such as when Bureau staff should approve a corrective action plan with a requirement to amend response time requirements, including requirements for documenting the factors considered in making the determination to approve the corrective actions.

Department response: The audit recommendation will be implemented.

Response explanation: The department will develop policies and procedures for reviewing response time compliance and when corrective action plans should be in place according to statute and rule. This process will include documenting the rationale for specific corrective actions as proposed by the CON holder and reviewed and approved by the department.

Recommendation 11: Taking enforcement actions against certificate holders in noncompliance with response time requirements and documenting aggravating and mitigating factors that were considered for any deviation when certificate holders have similar violations.

Department response: The audit recommendation will be implemented.

Response explanation: Policies and procedures will be formalized to define enforcement workflows for response time violations and ensure written justification is recorded for any case-specific deviations.

Recommendation 12: Renewing certificate holders that are on a corrective action plan for response time noncompliance or have continued noncompliance with response time requirements following corrective or enforcement action, including specifying who can approve the renewal and the length of renewal.

Department response: The audit recommendation will be implemented.

Response explanation: The Department will implement clear guidelines for reviewing and renewing certificate holders currently under a corrective action plan, including approval hierarchies and renewal terms.

Recommendation 13: Revise its standard format for receiving response time data to obtain the information necessary to verify certificate holders' self-reported response time information for all required calls.

Department response: The audit recommendation will be implemented.

Response explanation: The Department is developing a standardized annual reporting template and verification process to ensure self-reported response time data can be validated against supporting documentation.

Question 4: How long did it take the Department to process initial certificate applications we reviewed in fiscal year 2025?

The Department did not make a decision to approve or deny 4 of 6 applications within 180 days, as required by statute.

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

Response explanation: The Department acknowledges statutory time frame challenges for initial applications during fiscal year 2025. The Department would like to acknowledge that application time frames were reduced from 420 days to 180 days at the start of fiscal year 2025. At this same time the department had significant loss of staffing in the section that processes CON applications including, the CON section chief, CON manager, application analysts, the Deputy Bureau Chief and the Bureau Chief. This loss of staff also coincided with significant changes to CON application requirements. Despite the significantly shortened time frame and staff challenges in the BEMSTS, the Bureau is taking steps to streamline application review workflows and tracking mechanisms including implementing a new licensing management system for processing applications and updating standard work. The Department believes that an updated system that allows for improved application processing, workflows and tracking is critical to ensuring the Department can achieve the 180-day timeframes.

Recommendation 14: Approve or deny all certificate-of-necessity initial applications within 180 days, as required by statute.

Department response: The audit recommendation will be implemented.

Response explanation: The Department will adhere to the 180-day statutory time frame for initial certificate-of-necessity applications, utilizing statutory tolling periods when additional information is requested from applicants. The Bureau would like to clarify that its ability to ensure it can meet this statutory time frame is contingent upon ensuring that it has the staffing and resources necessary to meet the requirements.

Recommendation 15: Develop and implement policies and procedures outlining the process for receiving, reviewing, and approving or denying initial certificate-of-necessity applications, including procedures for tracking and monitoring application-review progress and timeliness.

Department response: The audit recommendation will be implemented.

Response explanation: Updated standard operating procedures and tracking logs are being implemented to actively monitor application timeline milestones and ensure compliance with statutory review time frames.

Question 5: How does the Department determine whether certificate holders reasonably demonstrate a need for a GPS waiver?

The Department does not have policies and procedures for receiving, evaluating, and either approving or denying the reasonability of a certificate holder's inability to have a GPS-monitoring device in each vehicle.

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

Response explanation: The Department agrees on the need to formalize written policies regarding GPS waiver requests and evaluation criteria.

Recommendation 16: Develop and implement policies and procedures for receiving, evaluating, and approving or denying GPS waiver applications, including its process for determining how a certificate holder can reasonably demonstrate it is unable to have a GPS-monitoring device in each vehicle.

Department response: The audit recommendation will be implemented.

Response explanation: Written policies and evaluation criteria will be implemented to review, evaluate, and issue decisions on GPS waiver applications based on objective standards of reasonability.

Question 7: How long did it take the Department to notify certificate holders of a complaint and investigate complaints we reviewed against certificate holders in fiscal year 2025?

The Department took between 2 and 125 days to notify certificate holders that it received a complaint and took between 0 and 239 days after receiving all

necessary information from the certificate holder to investigate the complaint and make a determination of substantive or nonsubstantive.

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

Response explanation: The Department acknowledges time frame variations during fiscal year 2025 complaint processing and is updating complaint tracking and investigation procedures to ensure statutory deadlines are met due to a number of factors including the lack of a reliable reporting system for processing complaints and investigations, and the considerable staff changes in the section that manages enforcement. Specifically at the beginning of fiscal year 2025, the Bureau lost the manager of enforcement, the assistant manager, the Deputy Bureau Chief, the Bureau Chief and several investigation staff. The Bureau is currently reviewing and updating its standard work for enforcement and investigations including working on the development of a new licensing system that will improve the ability of the department to track investigations, track timeframes and responses.

Recommendation 17: When a complaint is determined to be within its jurisdiction, notify certificate holders of customer complaints received and request documentation from certificate holders within 15 days of receiving the complaint, as required by statute.

Department response: The audit recommendation will be implemented.

Response explanation: The Department agrees it will enforce internal controls to ensure certificate holders are formally notified of verified customer complaints within 15 days of receipt as required by A.R.S. § 36-2245.

Recommendation 18: Develop and implement policies and procedures for receiving, investigating, tracking, and monitoring complaints received against certificate holders.

Department response: The audit recommendation will be implemented.

Response explanation: The Department has already begun work on updating policies and procedures for receiving, investigating, tracking and monitoring complaints. The Bureau is in the process of developing and implementing a new licensing management system that will have an enforcement module supporting this work.

Recommendation 19: Develop and implement time frames for noncustomer complaints by either adhering to statutory time frames for customer complaints or developing alternative time frames in Department policies and procedures.

Department response: The audit recommendation will be implemented.

Response explanation: The Department will establish explicit policy time frames for noncustomer complaint investigations that align with statutory standards or administrative procedures.

Question 8: Did the Department take consistent and appropriate enforcement actions against certificate holders with substantiated complaints during fiscal year 2025?

The Department's files lacked supporting documentation to allow us to definitively conclude that it took consistent and appropriate actions for the complaints we reviewed.

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

Response explanation: The Department agrees that complete supporting documentation must be systematically retained in enforcement case files. The Bureau will include a process for clearly documenting enforcement actions taken and factors that contributed to enforcement in alignment with statute and rule.

Recommendation 20: Develop and implement policies and procedures for taking enforcement actions against certificate holders with an identified violation of statute or rule as a result of a complaint investigation, including documenting any aggravating and/or mitigating factors that were considered for any deviation when certificate holders have similar violations.

Department response: The audit recommendation will be implemented.

Response explanation: Comprehensive policies will be finalized to govern enforcement decision-making, and documentation standards for investigation records.