ARIZONA Auditor General
Making a Positive Difference

Arizona Healthcare Cost Containment System

Review of Selected Behavioral Health Services

42-Month Followup of Performance Audit Report 22-111

The September 2022 Arizona Health Care Cost Containment System (AHCCCS) performance audit was the second of 3 audit reports we issued as part of AHCCCS' sunset review.[1] Our September 2022 performance audit of selected behavioral health services found that AHCCCS reported providing behavioral health services to more than 583,000 members in fiscal year 2021 and had contracted for assessments of its behavioral health performance and various services but did not ensure all peer specialists met qualification and supervision requirements, potentially jeopardizing the quality of services provided to members. We made **1** recommendation to the AHCCCS.

AHCCCS's status in implementing 1 recommendation

Implementation status	Number of recommendations
– Partially implemented	1 recommendation

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on AHCCCS' efforts to implement the recommendations from the September 2022 report.

[1] The first audit found that AHCCCS terminated health insurance coverage for some Native American children contrary to regulations and failed to timely disenroll members from healthcare coverage who were no longer eligible, resulting in unnecessary spending. The third audit provided responses to the statutory sunset factors and found that AHCCCS contracts with health plans to provide healthcare services to members in the State but had not timely investigated fraud or abuse incidents and reviewed health plans, correctly made all eligibility determinations, ensured health plans oversee providers in 2 key areas, and established all Housing Program and Administrator oversight processes. For more information on these audits, including any applicable followup reports, see Reports 22-103 and 22-112.

Recommendations to the AHCCCS

Finding 1: AHCCCS did not ensure all peer specialists met qualification requirements, and some of these and other peer specialists were not supervised, potentially jeopardizing the quality of peer support services provided to members

1. AHCCCS should ensure that peer specialists meet qualification requirements and are supervised as required by developing and implementing monitoring processes, such as assessing compliance with these requirements during its 3-year reviews of contracted health plans.

- Status: **Partially implemented at 42 months.**

  Similar to what we reported in our last 30-month followup issued in April 2025, AHCCCS has continued to direct its contracted health plans to oversee the provision of peer support services provided by peer specialists. Specifically, AHCCCS contractually requires its health plans to conduct reviews of peer specialist providers to ensure that these providers have developed and implemented policies and procedures that establish various requirements for peer specialists, including ensuring that peer specialists are qualified and supervised.[2]

  To facilitate the review of peer specialist providers, AHCCCS randomly selects a sample of contracted peer specialist providers, provides the sample to its health plans, and requires the contracted health plans to determine if the sampled peer specialist providers have developed and implemented policies and procedures that include:

  - Minimum qualifications for peer specialists and other credentialing requirements, such as lived experience of mental health conditions or substance abuse and a general willingness to share this experience.
  - Requirements for documenting both clinical and administrative supervision of peer specialists, such as describing whether supervision was provided individually or as a group.
  - Requirements for a minimum of 8 hours of continuing education and ongoing learning per year.

  Additionally, AHCCCS has developed written procedures for overseeing health plans' reviews of peer specialist providers, including reviewing documentation that the health plans submit to AHCCCS and following up as necessary to determine if contracted health plans:

[2] AHCCCS contracts with private health plans to oversee network providers who employ individual peer specialists to provide peer support services.

- Completed required reviews of the randomly selected contracted providers.
- Identified deficiencies and worked with its contracted providers to address these deficiencies.
- If deficiencies were not addressed, a corrective action plan was developed by the contracted provider.

Our review found that AHCCCS followed its process for reviewing its contracted health plans' reviews of contracted providers for calendar year 2025.[3] Specifically, AHCCCS received a summary of findings from its contracted health plans summarizing the results of reviews completed of its contracted providers.[4] These summaries included information on the number of providers that passed or failed reviews and corrective actions for providers that did not meet compliance standards. For example, 1 contracted health plan reported to AHCCCS that 2 of its 7 providers did not specify within their policies and procedures the clinical and administrative supervision requirements during the health plan's initial review. Further, the health plan issued a corrective action plan requiring each provider to address the individual areas of noncompliance by specifying the number of required clinical and administrative supervision hours within its policies. The contracted health plan also reported it met with each individual provider to assess each provider's progress and indicated that all identified corrective actions had been implemented.

Lastly, AHCCCS reported that it held quarterly meetings with contracted health plans to follow up on the progress of peer specialist providers found to be noncompliant and the status of outstanding corrective actions identified by the contracted health plans. However, AHCCCS did not provide documentation of these meetings. AHCCCS reported it held its last meeting in July 2026 and reported it would not meet again until December 2026. Therefore, we were unable to confirm that AHCCCS has continued to follow up with its contracted health plans to help ensure the peer specialist provider's clinical and administrative supervision requirements are met.

[3] AHCCCS last reviewed its contracted health plans' reviews of contracted providers in December 2025.

[4] In calendar year 2025, AHCCCS had 6 contracted health plans that provide peer support services.