

ARIZONA STATE SENATE

RESEARCH STAFF



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HEALTH AND HUMAN SERVICES COMMITTEE
Telephone: (602) 926-3171

TO: JOINT LEGISLATIVE AUDIT COMMITTEE

DATE: December 9, 2019

SUBJECT: Sunset Review of the Arizona Department of Health Services

Attached is the final report of the sunset review of the Arizona Department of Health Services, which was conducted by the Senate Health and Human Services Committee of Reference. A performance audit of the Arizona Department of Health Services was conducted by the Arizona Office of the Auditor General (Report No. 19-112).

This report has been distributed to the following individuals and agencies:

Governor of the State of Arizona
The Honorable Douglas A. Ducey

President of the Senate
Senator Karen Fann

Speaker of the House of Representatives
Representative Russell Bowers

Senate Members
Senator Kate Brophy McGee, Chair
Senator Sylvia Allen
Senator Heather Carter
Senator Rick Gray
Senator Tony Navarrete
Senator Tyler Pace
Senator Rebecca Rios
Senator Victoria Steele

Secretary of the Senate
Senate Resource Center
Senate Republican Staff
Senate Democratic Staff
Senate Research Staff
Office of the Chief Clerk
House Republican Staff
House Democratic Staff
House Research Staff

Arizona Department of Health Services
Office of the Auditor General
Arizona State Library, Archives and Public Records

Senate Health and Human Services Committee of Reference Report

Arizona Department of Health Services

Background

The Arizona Department of Health Services (DHS) was established by the Legislature in 1973 by consolidating the State Department of Health, the Arizona Health Planning Authority, Crippled Children's Services, the Arizona State Hospital and the Anatomy Board into a single department with various responsibilities (A.R.S. §§ [36-101](#) et seq.).

DHS provides and coordinates public health services and programs for Arizona. Responsibilities of DHS include: 1) protecting and improving public health; 2) implementing prevention and control programs for disease and disabilities; 3) licensing and regulating health care institutions, child care facilities and various health care providers; 4) providing personnel and administrative services such as budgeting, information systems and facilities management for the agency; 5) administering radiation control programs; 6) operating the Arizona State Hospital; 7) overseeing the state laboratory; 8) administering a statewide system of emergency medical services, trauma care and a trauma registry; 9) collecting and maintaining vital records, including birth and death certificates; and 10) publishing public health statistics on a variety of public health measures and trends (A.R.S. §§ [36-104](#) and [36-132](#)).

DHS is set to terminate on July 1, 2020, unless legislation is enacted for its continuation ([A.R.S. § 41-3020.19](#)).

Committee of Reference Sunset Review Procedure

The Senate Health and Human Services Committee of Reference conducted a public meeting on Thursday, November 7, 2019, to review the audit report prepared by the Auditor General, evaluate DHS's responses to the sunset factors and receive public testimony.

Committee Recommendations

The Senate Health and Human Services Committee of Reference recommended that DHS be continued for eight years until July 1, 2028.

Attachments

- A. Meeting Notice
- B. Minutes of Senate Health and Human Services Committee of Reference
- C. Auditor General Presentation
- D. DHS's Presentation
- E. Chairman's Letter requesting the DHS's response to the agency factors
- F. DHS's response to the agency factors pursuant to [A.R.S. § 41-2954, subsection F](#)

Interim agendas can be obtained via the Internet at <http://www.azleg.gov/Interim-Committees>

ARIZONA STATE SENATE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

**SENATE HEALTH AND HUMAN SERVICES COMMITTEE OF REFERENCE FOR THE
SUNSET REVIEW OF THE ARIZONA DEPARTMENT OF HEALTH SERVICES**

Date: Thursday, November 7, 2019

Time: 11:00 A.M.

Place: SHR 1

AGENDA

1. Call to Order
2. Roll Call
3. Sunset Review of the Arizona Department of Health Services
 - Presentation by the Office of the Auditor General
 - a. Sunset
 - b. Procurement and Contract Monitoring
 - c. Medical Marijuana Program
 - d. Arizona State Hospital
 - Response by the Arizona Department of Health Services
 - Public Testimony
 - Discussion
 - Recommendation by the Committee of Reference
4. Adjourn

Members:

Senator Kate Brophy McGee, Chair
 Senator Sylvia Allen
 Senator Heather Carter
 Senator Rick Gray
 Senator Tony Navarrete
 Senator Tyler Pace
 Senator Rebecca Rios
 Senator Victoria Steele

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For questions regarding this agenda, please contact Senate Research Department.
 Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the Senate Secretary's Office: (602) 926-4231 (voice). Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA STATE SENATE

SENATE HEALTH AND HUMAN SERVICES COMMITTEE OF REFERENCE FOR THE SUNSET REVIEW OF THE ARIZONA DEPARTMENT OF HEALTH SERVICES

Minutes of the Meeting
November 7, 2019
11:00 a.m., Senate Hearing Room 1

Members Present:

Senator Kate Brophy McGee, Chair
Senator Heather Carter
Senator Rick Gray
Senator Tony Navarrete
Senator Tyler Pace
Senator Rebecca Rios
Senator Victoria Steele

Members Excused:

Senator Sylvia Allen

Staff:

Cherie Stone, Senate Research Staff
Alanna Bendel, Senate Research Assistant Analyst

Chairman Brophy McGee called the meeting to order at 11:09 a.m. and attendance was taken.

SUNSET REVIEW OF THE ARIZONA DEPARTMENT OF HEALTH SERVICES

Presentation by the Office of the Auditor General

- a. Sunset
- b. Procurement and Contract Monitoring
- c. Medical Marijuana Program
- d. State Hospital

Dot Reinhard, Auditor General's Office, distributed and explained a PowerPoint presentation entitled "Arizona Department of Health Services Performance Audits and Sunset Review, Issued June – September 2019" (Attachment A). Ms. Reinhard addressed the findings of the Performance Audit and Sunset Review (19-112), including subsequent recommendations to the agency. Ms. Reinhard answered questions posed by the Committee.

The Committee discussed their concerns and shared comments on the Performance Audit and Sunset Review.

Cheya Wilson, Auditor General's Office, continued with the PowerPoint presentation (Attachment A) on the Procurement and Contract Monitoring (19-109). Ms. Wilson addressed the findings of the audit, including subsequent recommendations to the agency. Ms. Wilson answered questions posed by the Committee.

Ms. Reinhard and Ms. Wilson answered additional questions posed by the Committee.

The Committee discussed their concerns and shared comments on the Procurement and Contract Monitoring audit report.

Marc Owen, Auditor General's Office, continued with the PowerPoint presentation (Attachment A) on the Medical Marijuana Program (19-107). Mr. Owen addressed the findings of the audit, including subsequent recommendations to the agency. Mr. Owen answered questions posed by the Committee.

Lindsey Perry, Auditor General, answered questions posed by the Committee.

The Committee discussed their concerns and shared comments on the Medical Marijuana Program audit report.

Mr. Owen continued with the PowerPoint presentation (Attachment A) on the Arizona State Hospital (19-111) and addressed the findings of the audit, including subsequent recommendation to the agency.

Ms. Reinhard answered additional questions posed by the Committee.

The Committee discussed their concerns and shared comments on the Arizona State Hospital audit report.

Response by the Arizona Department of Health Services

Dr. Cara Christ, Director, Arizona Department of Health Services, distributed and explained a PowerPoint presentation entitled "Arizona Department of Health Services Overview & Audit Response" (Attachment B). Dr. Christ gave an update regarding the Department's response of the Auditor General's Performance Audits.

Senator Carter offered comments.

Senator Brophy McGee stated that it was customary during sunset reviews that the Department be allowed to present the magnificent successes as well as discussing some concerns. Senator Brophy McGee further stated that the Committee will schedule a hearing per the agency's permission in January or February to highlight all the hardwork that the agency has done.

Colby Bower, Assistant Director, Public Health Licensing, Policy & Intergovernmental Affairs, distributed and explained a PowerPoint presentation entitled "Arizona Department of Health Services Licensing Overview & Audit Response" (Attachment C). Mr. Bower gave an update regarding the Public Health Licensing response of the Auditor General's Performance Audit.

Discussion

The Committee discussed their concerns, shared comments and submitted their suggestions on the need to vote today regarding the continuation of the Arizona Department of Health Services.

Senator Brophy McGee explained that the Arizona Sunset review process requires the legislature to periodically review the purpose and functions of state agencies and to determine whether continuation, revision, consolidation or termination is warranted.

Senator Brophy McGee commented per her expectation, there will be an additional recommendation for legislation.

Senator Brophy McGee answered questions posed by the Committee.

The Committee further discussed their concerns and offered comments.

Senator Brophy McGee clarified that the vote today would be to continue the agency, continue the discussion and to take appropriate legislative action as needed.

Recommendation by the Committee of Reference

Senator Brophy McGee requested a motion on the continuation of the Arizona Department of Health Services.

Senator Carter moved that the Arizona Department of Health Services be continued for eight years until July 1, 2028.

The Committee further discussed their concerns and shared comments on the continuation of the Arizona Department of Health Services.

Senator Carter withdrew her motion.

Senator Carter moved that the Arizona Department of Health Services be continued for eight years until July 1, 2028 and requested a roll call vote. The motion CARRIED with a roll call vote of 4-3-1 (Attachment 1).

Senators Carter, Gray, Navarrete, Rios, Steele and Brophy McGee explained their vote.

Public Testimony

No public testimony took place.

There being no further business, the meeting was adjourned at 1:13 p.m.

Respectfully submitted,

Imee L. Andrew
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at <http://www.azleg.gov>)

Arizona Department of Health Services Performance Audits and Sunset Review

Issued June – September 2019

Presenters:
Dot Reinhard
Cheya Wilson
Marc Owen

Date: November 7, 2019

Madam Chair, Members of the Committee:

My name is Dot Reinhard and I am with the Auditor General's Office.

Today, my colleagues and I will present some key information from our performance audits and sunset review of the Arizona Department of Health Services.

Department's sunset review



Performance Audit and Sunset Review (19-112)

Procurement and Contract Monitoring (19-109)

Medical Marijuana Program (19-107)

Arizona State Hospital (19-111)



We issued 4 performance audits as a part of our Sunset Review. These reports were issued between June and September 2019. As required, we will conduct follow-ups on all these audits, with our 1st follow-up beginning later this month.

Today we will present findings and recommendations from these audits in the order they appear on the screen.

Provide and coordinate Arizona's public health services

Key responsibilities

Public Health Licensing

- Emergency medical care technicians
- Childcare and healthcare facilities

Public Health Preparedness

- Public health emergencies
- Public health epidemics

Women, Infants and Children (WIC) program

Arizona State Hospital



The Department was established to provide and coordinate public health services and programs for the State. Some of its key responsibilities include:

- regulating some health-related occupations, such as emergency medical care technicians;
- regulating childcare and healthcare facilities;
- responding to public health emergencies; and
- helping control public health epidemics.

An example of a program the Department administers is the WIC program, which provides breastfeeding support, community resource information, and nutrition education and assistance.

It also operates the Arizona State Hospital, which provides long-term inpatient psychiatric care to persons with mental illnesses.

Revenues, expenditures, and fund balance Fiscal year 2019

Total net revenues	\$453,412,007
• About 58% from intergovernmental revenue, such as federal grants; 20% from State General Fund appropriations	
Total expenditures and transfers	\$441,821,282
• About 52% aid to organizations for State and federal grants/agreements; 25% payroll and related benefits	
Fund balance, end of year	\$120,291,145



For fiscal year 2019, the Department's net revenues totaled more than \$453 million, with most being from intergovernmental revenue, such as federal grants. About 20% of its revenue came from State General Fund appropriations.

The Department's expenditures totaled approximately \$442 million, with the largest expense being aid to organizations for various State and federal grants and agreements, such as for administering the federal WIC program. About 25% of its expenses were for payroll and benefits.

Meeting objectives, improving efficiency



Appropriately approved and denied applications for medical marijuana cardholders

Appropriately monitored grants

Reducing a nonionizing and x-ray facility inspection backlog

State Hospital

- Accredited
- Established processes—patient admissions, prescribed treatments, and reporting incidents



Our performance audits and sunset review found areas where the Department has met its statutory objective and purpose or is improving. For example, the Department:

- Appropriately approved and denied applications for the medical marijuana cardholders we reviewed.
- Appropriately monitored the grants we reviewed.
- Is working to reduce a nonionizing and x-ray facility inspection backlog.
- And its State Hospital is accredited and has processes for admitting patients, ensuring patients receive prescribed treatment, and reporting incidents.



Arizona Department of Health Services

Performance Audit and Sunset Review (19-112)

I am now going to share some areas of concern from our sunset review report.

Long-term care facility complaints and self-reports

Department's failure to investigate, or timely investigate or resolve, some long-term care facility complaints and self-reports may put residents at risk



First, we found that the Department's failure to investigate, or timely investigate or resolve, some long-term care facility complaints and self-reports may put residents at risk.

Department regulates long-term care facilities

147 long-term care facilities

- Long-term residential, health, and personal care services, and supervision

Department required to

- Investigate complaints and self-reported incidents
- Conduct annual facility recertification survey/inspections



During the audit, the State had 147 federally certified/State-licensed long-term care facilities. Individuals in these facilities may be elderly or have some type of medical issue that prevents them or their families from caring for them at home and requires them to receive long-term residential, health, and personal care services as well as 24-hour supervision.

The Department is required to:

- investigate all complaints and facility self-reported incidents, and
- perform annual recertification surveys for these facilities.

Uninvestigated complaints and self-reports (calendar years 2017 and 2018)

38 of 70 (54%) open and uninvestigated



Department data shows similar results

- 2,767 of 4,958 (56%) open and uninvestigated



We reviewed 70 complaints and self-reports from calendar years 2017 and 2018.

We found that 54% had been open between approximately 6 months and 2 ½ years without an investigation.

The Department's own data for the same time period shows that 56% of the complaints and self-reports it received were open and uninvestigated.

Long-term care facility complaints and self-reported incident allegations

Unsanitary living conditions

Misappropriation of resident property

Improper medication

Abuse or neglect



The allegations in complaints and self-reported incidents can vary, and include things such as unsanitary living conditions, misappropriation of resident property, improper medication, and abuse or neglect.

Some examples of the allegations in the complaints and self-reports we reviewed that were open and uninvestigated included a resident attempting to strangle another resident, unsanitary living conditions, and inadequate staffing levels that caused a resident who was unable to eat or use the restroom without assistance to be soaked in their own urine and have their clothes stained with dried food.

Most investigations we reviewed not timely initiated

Department must initiate investigations within specific time frames



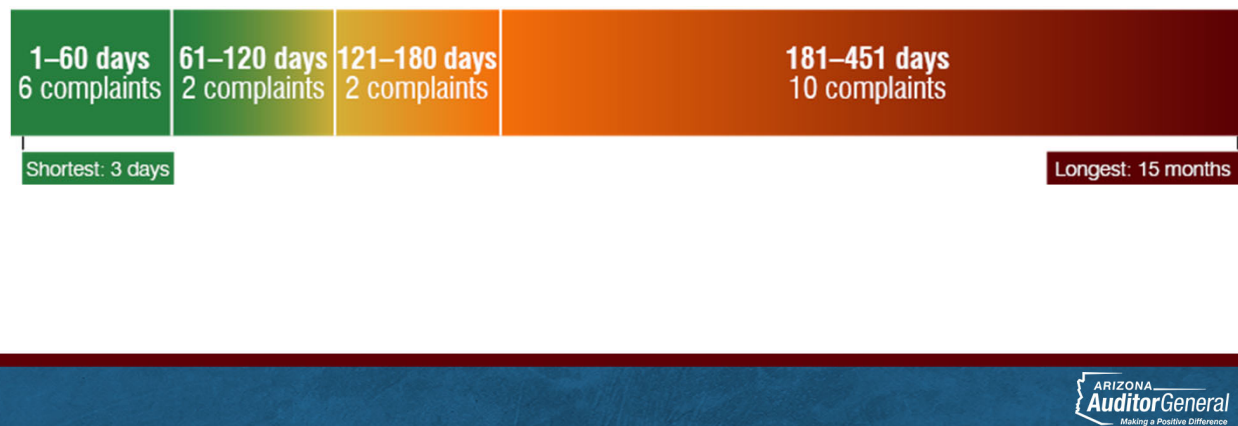
Department did not timely initiate
15 of the 20 investigated
complaints/self-reports (75%)



Twenty of the complaints and self-reports we reviewed were investigated. Both federal and State guidance establish how quickly the State should begin its investigations.

We found the Department did not start its investigations in a timely manner for 75% of the investigated complaints and self-reports we reviewed.

Investigation time frame for the 20 investigated long-term care facility complaints and self-reports we reviewed



Finally, there is no State or federal requirement for how quickly the Department should complete its investigation.

As shown on the screen, for the 20 complaints and self-reports we reviewed that were investigated, the Department took between 3 days and approximately 15 months to investigate.

Several contributing factors



Department

- Placed a priority on annual inspections
- Had not allocated additional staff to complaint handling
- Lacks
 - Updated procedures
 - Sufficient management reports
 - Some time frames



We found several reasons why the Department was not meeting investigation requirements:

- According to the Department, it has placed a priority on performing annual onsite inspections of these facilities because its federal funding is reduced when it does not meet the annual survey time frame.
- The Department had also previously indicated to the federal government that it would increase its complaint-handling staff, but the Department had not done so.
- And, the Department lacks, updated procedures, sufficient management reports, and some time frames that would help it to more effectively identify and manage complaints and self-reports that are not being investigated or resolved timely.

Recommendations



Ensure all long-term care facility complaints and self-reports are prioritized, investigated, and resolved in a timely manner

- Continue efforts to allocate staff
- Implement time frame for completing and closing complaints/self-reports
- Regularly update policies and procedures
- Implement additional management reports

Plans to implement recommendations



Our first recommendation was for the Department to address the factors previously mentioned. The Department indicated it will implement the recommendations.

Recommendations



Legislature should consider forming a task force to study and propose policy

Options to consider

- Appropriate time frames for conducting and closing out investigations
- Reporting performance metrics to the Legislature

Potential task force members

- Legislators, Department representatives, industry members, patient advocates



Our second recommendation was for the Legislature to consider forming a task force to study and propose policy options for timely investigating and processing long-term care complaints and self-reports, such as establishing appropriate time frames or reporting performance metrics.

Potential task force members could be stakeholders, such as legislators, Department representatives, industry members, and patient advocates.

Conflict-of-interest issues



Not meeting some statutory requirements or best practices

- Lacked a special disclosure file
- More than 30 Department-supported boards/commissions/committees not disclosing conflicts

Began addressing during the audit

Recommendation: Continue developing a new conflict-of-interest process



Our second finding reported that the Department was not complying with some conflict-of-interest statutory requirements or best practices. For example, although required by statute, it did not have a special disclosure file to maintain completed disclosures and did not require members of the more than 30 Department-supported boards, commissions, and committees to complete disclosure forms.

The Department began addressing this area during the audit, so we recommended they continue their efforts.

Information technology (IT) security gaps

Public member able to view statutorily confidential data

- 
- Names
 - Birthdates
 - Identification #s

Recommendations: Further align policies and procedures with Arizona Strategic Enterprise Technology Office (ASET) requirements and credible industry standards

Plans to implement 5 of 7 recommendations

- Not implementing role-based training, data classification procedures



In our third finding, we identified some gaps in Department IT security processes. For example, a security weakness on a Department website allowed a member of the public to view statutorily confidential data including names, birthdates, identification numbers, and other information.

We recommended that the Department further align its policies and procedures with ASET requirements and credible industry standards.

The Department indicated it will implement 5 of the 7 the recommendations for this finding. It does not plan to implement the recommendation to require its web application development staff to regularly receive role-based training or the recommendation to revise its data classification policies and procedures. Data classification helps ensure sensitive data is protected from loss, misuse, or inappropriate disclosure.

Implementing these recommendations would help ensure the Department is meeting ASET requirements to safeguard its IT systems and data and may help prevent similar security weaknesses from occurring in the future.

Arizona Department of Health Services

Performance Audit and Sunset Review (19-112)

Presenter: Dot Reinhard

Madam Chair, Members of the Committee:

That concludes my portion of the presentation. Are there any questions?

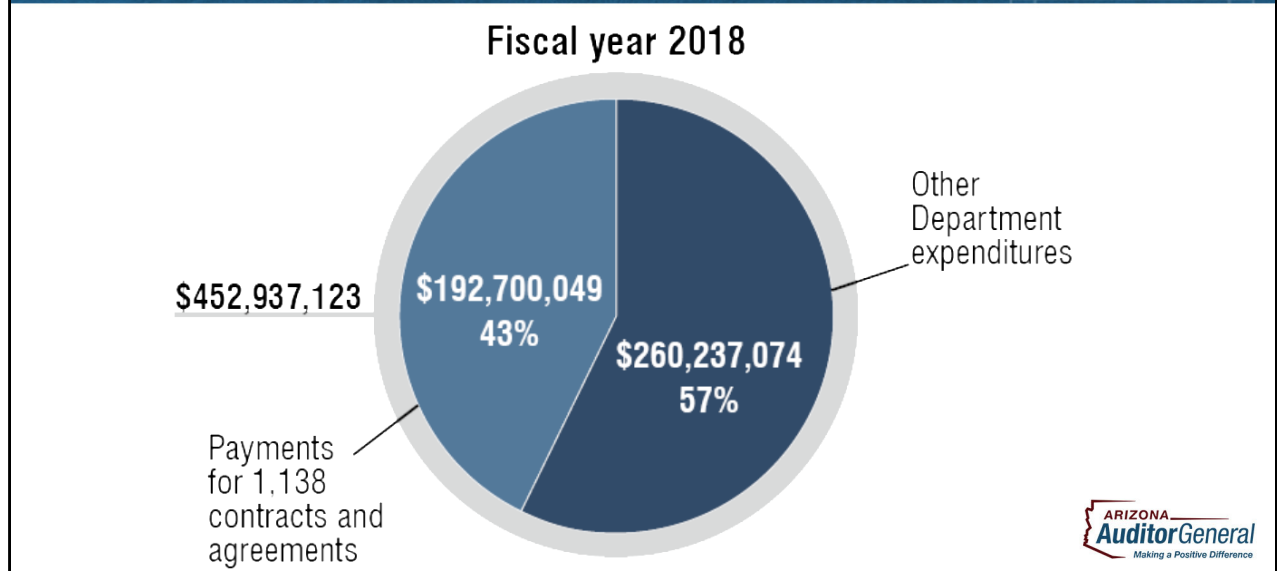
Arizona Department of Health Services

Procurement and Contract Monitoring (19-109)

Madam Chair, Members of the Committee:

My name is Cheya Wilson and I am with the Auditor General's Office. Today, I will be presenting information from our performance audit of the Department of Health Services' Procurement and Contract Monitoring.

Contract/agreement expenditure estimates compared to all other Department spending



The Department spends a significant amount of its total expenditures on contracts and agreements. In fiscal year 2018, the Department spent an estimated \$193 million on more than 1,100 contracts and agreements. This represents more than 43 percent of its total fiscal year expenditures. For the purpose of this presentation, I will use the term “contracts” to refer to both contracts and agreements with public agencies, including intergovernmental agreements with counties or tribes.

Department uses contracts to help accomplish major functions



Examples of Department contracts

WIC
Program
administration by
counties/health
centers

Arizona State
Hospital
Patient clothing and
psychiatrist's
evaluation services

Medical Marijuana
Program
GIS mapping
services



The Department uses contracts with private and public entities to help it accomplish its major functions. For example, the WIC program is administered by counties and private health centers through contracts with the Department. Department contracts also provide Arizona State Hospital patients with goods, such as clothing, and services, such as evaluations by psychiatrists. Also, the Department's Medical Marijuana Program uses a contract for geographic information system (or GIS) mapping services to locate operating and prospective dispensaries.

Procurement Code requirements help to protect the State

Increase transparency

Reduce costs through competition

Prevent unethical conduct

Obtain the best value for the State's money



The Department is required to comply with statutes and rules for State purchasing known as the State Procurement Code. The Code helps protect the State's interests by increasing transparency, reducing costs through competition, preventing unethical conduct, and helping the State obtain the best value for its money.

Department did not follow procurement requirements for 22 of 25 contracts



Example: 11 lacked conflict-of-interest disclosure statements



Today I will be covering key findings and recommendations from our audit of the Department's procurement and contract monitoring. First, we selected a stratified random sample of 25 contracts the Department made payments to in fiscal year 2017 and found that the Department did not follow 1 or more State procurement requirements for 22 of the 25 contracts we reviewed. For example, 11 of these contracts did not include conflict-of-interest disclosure statements for all staff involved in the procurement. Without signed disclosure statements, the Department is unable to assure the public that it considered potential conflicts and that Department staff did not improperly use their position for their or their relative's benefit.

Department incorrectly procured a professional services contract

Selected contractor without establishing selection criteria

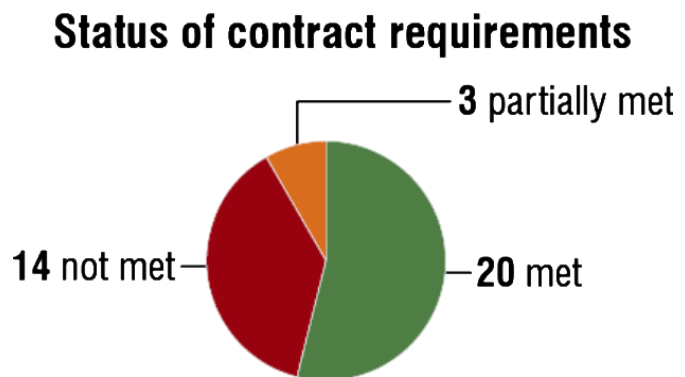
Lacked a signed contract and clearly established contract terms



One of the randomly selected contracts we reviewed was a professional services contract for GIS mapping services that the Department incorrectly procured by not following several requirements. For example, the Department did not establish selection criteria it could use to evaluate and select a contractor. It also lacked evidence that the contract had been signed and that contract terms were established and agreed upon.

Department paid contractors without ensuring all requirements were met

Department did not ensure 17 of 37 contract requirements were met



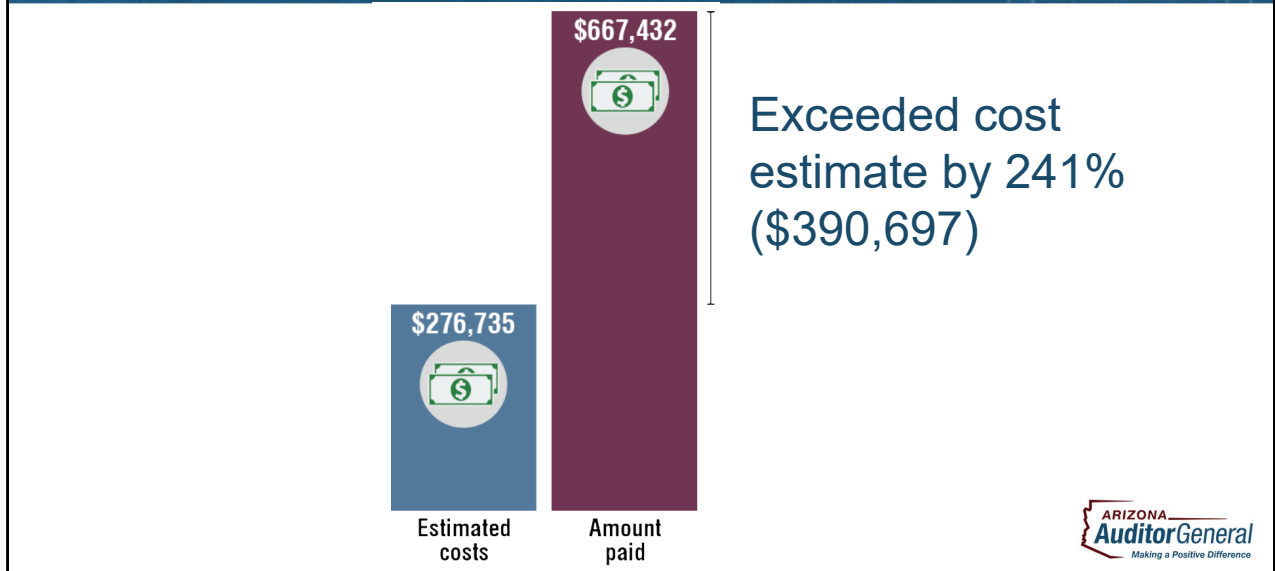
In our second finding, we found that the Department paid contractors without ensuring services were provided and contract requirements were met. We reviewed 37 contract requirements from 12 contracts that received payments in fiscal year 2017 and found that 17 requirements were either not met or were only partially met.

Department did not ensure nurses completed 4 of 12 required training areas



For example, 1 unmet contract requirement was for specially trained nurses that provide home visits to high-risk infants, women, and children for the Department's Community Health Nurse Program. Although the contract required the nurses to complete training in 12 specific areas prior to providing services in the community, we found the Department did not ensure the nurses received 4 of these, including the training on conducting a supervised home visit.

Inadequately monitored spending for 1 contract and spent more than proposed



The Department also inadequately monitored spending for 1 contract we reviewed. The GIS mapping services contract and amendments included total estimated costs of \$277,000. However, as of November 2018, the Department had paid nearly \$670,000 for these services, exceeding the estimate by 241 percent. We found that the Department had not monitored its spending to ensure it stayed within the authorized spending amounts.

Department paid for services without ensuring they were received



In our third finding, we looked at whether the Department’s payment processing procedures helped protect the State’s money from loss, theft, waste, and abuse. We found that the Department did not consistently provide adequate oversight to ensure appropriate use of public monies. For example, we reviewed a sample of invoice payments totaling \$4.9 million and found the Department had paid more than \$4 million of this amount without requiring and reviewing supporting documentation that the goods or services were received from the contractor.

Department paid for unauthorized services and overpaid 1 contractor

Prepaid \$10,000 for services in June 2018

Services still not received as of July 2019

Overpaid contractor more than \$12,000

Did not review and approve invoices for accuracy



The Department also paid for unauthorized services and overcharges. In one example, although prepayment is not allowed by State accounting policy, in January 2018 the Department prepaid one contractor \$10,000 for a service that, as of July 2019, the contractor had still not provided. Also, the Department overpaid the GIS mapping contractor more than \$12,000 for services that the contractor had overcharged in its invoice. Although the contractor had identified this error and repaid these monies during the audit, our review found that Department staff had not reviewed the invoice amounts for accuracy prior to paying the contractor and had not required the contractor to submit any supporting documentation with the invoice.

Recommendations

Develop policies and procedures to

- Better ensure compliance with Procurement Code
- Guide its programs' contract monitoring
- Better safeguard public monies

Department plans to implement all recommendations



We recommended that the Department develop policies and procedures to address these issues, including:

- Better ensuring compliance with the Procurement Code,
- Providing guidance to its programs on how to monitor contracts, and
- Better safeguarding public monies with improved review of invoices and supporting documentation.

The Department agreed to implement all our recommendations.

Arizona Department of Health Services

Procurement and Contract Monitoring (19-109)

Presenter: Cheya Wilson

Madam Chair, members of the Committee, that concludes my portion of the presentation. Are there any questions?

Arizona Department of Health Services

Medical Marijuana Program(19-107)

Presenter: Marc Owen

Madam Chair, members of the committee:

My name is Marc Owen and I'm with the Auditor General's Office.

I'll now present information from our performance audit of the Department's Medical Marijuana Program.

Background



Medical Marijuana Act passed in 2010

Medical Marijuana Program

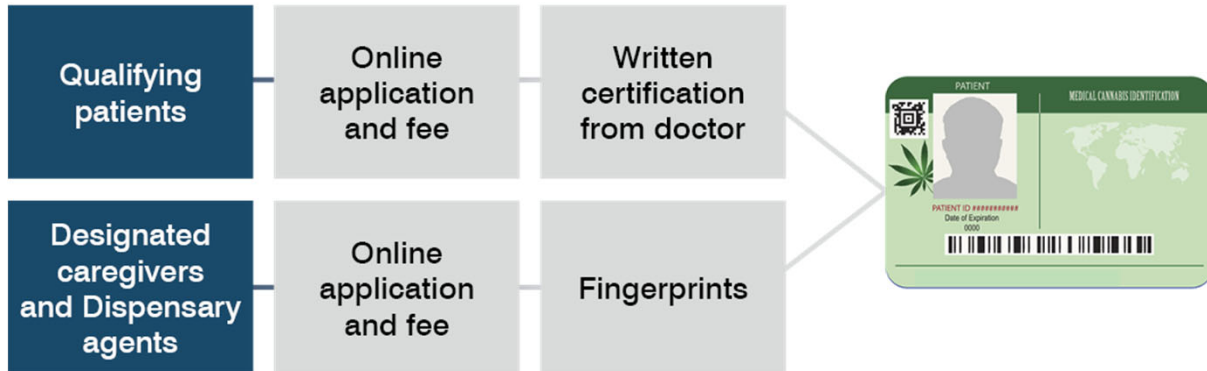
- Issues registry identification cards
- Inspects dispensaries and cultivation sites
- Investigates complaints
- Administers Medical Marijuana Fund



In 2010, the Arizona Medical Marijuana Act was passed by a voter ballot initiative, which legalized the medical use of marijuana in the State.

The Department's Medical Marijuana Program issues medical marijuana registry identification cards to qualifying patients and dispensary agents, inspects medical marijuana facilities, including dispensaries and cultivation sites, investigates complaints against medical marijuana facilities, and administers the Medical Marijuana Fund.

Registry Identification Cards



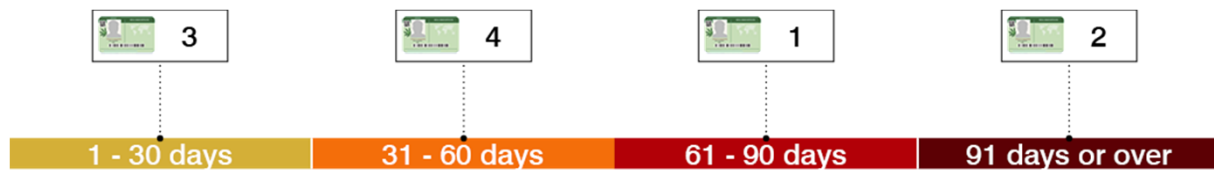
As shown here, to receive a registry identification card, applicants must complete an online application, pay a fee, and provide a physician’s written certification form if applying for a qualifying patient card, or fingerprints for a criminal history background check if applying for a designated caregiver or dispensary agent card.

Based on our review, we found that the Department issued cards in accordance with statutory and rule requirements.

However, there were several other areas where we recommended improvements to the Department’s practices.

Department should take more timely action to revoke cards

Department took between 21 and 243 working days to revoke 10 cards reviewed



First, we found the Department should take more timely action to revoke registry identification cards. The Department can revoke cards for violations of the Act, such as diverting marijuana to someone not authorized to possess it. Statute also requires the Department to immediately revoke the registry identification card of a dispensary agent convicted of certain felony offenses, such as a violent crime.

We found that it took between 21 and 243 working days to revoke the 10 cards we reviewed.

Some inspections not completed timely

Department inspects dispensaries

- Packaging and labeling
- Inventory
- Video surveillance



We also found that the Department did not always inspect medical marijuana facilities in a timely manner.

During an inspection, Department staff assess compliance with statutory and rule requirements, such as whether medical marijuana facilities have adequately packaged and labeled medical marijuana and whether a facility has adequate video surveillance of its buildings.

Although neither statute nor rule specify an inspection frequency, the Department reported that its unwritten goal is to inspect each medical marijuana facility at least once each year. However, 5 of the 17 facilities we reviewed went more than a year without being inspected.

Some complaints inadequately investigated and monitored



Complaints not investigated

Complaints not properly categorized or documented

Noncompliance inconsistently addressed



We also found that some complaints against medical marijuana facilities were incorrectly determined by Department staff to not be within the Department's jurisdiction and, as a result, were not investigated.

In addition, the Department inaccurately categorized some complaints after investigation and inadequately documented some complaint investigations.

Finally, when violations were identified, we found that the Department did not consistently address noncompliance in some cases.

Recommendations

Department should develop or update and implement policies and procedures for:

- Revoking cards
- Inspections
- Complaint handling
- Addressing violations



To address the problems in these areas, we recommended that the Department should develop or update and implement policies and procedures for:

- Revoking registry identification cards;
- Inspecting medical marijuana facilities, including how often inspections should be conducted;
- Handling complaints; and
- Addressing medical marijuana facility noncompliance.

The Department indicated it will implement these recommendations.

Kitchens licensed, but not inspected for food safety

Food safety regulations require ongoing food safety inspections for food establishments

Department reported kitchens close when inspections announced

Recommendation: Department should conduct ongoing and unannounced food safety inspections of infusion kitchens, similar to other food establishments



The Department also issues food establishment licenses for kitchens at medical marijuana facilities that prepare marijuana-infused edible food products.

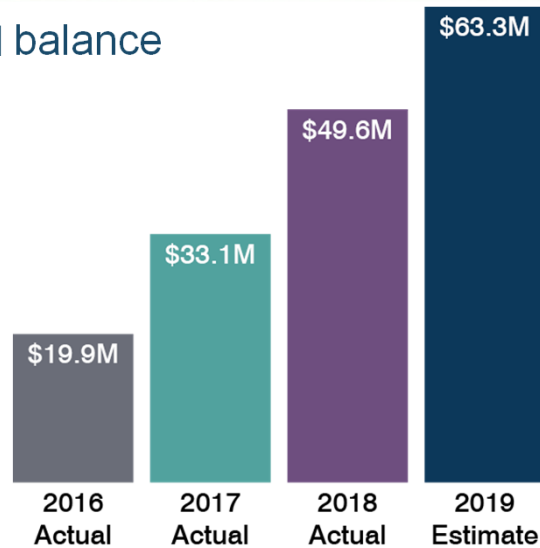
Arizona's food safety regulations require ongoing food safety inspections for food establishments. However, the Department reported that it has not inspected infusion kitchens for ongoing food safety compliance because facilities typically close infusion kitchens on the dates when the Department has announced that it will conduct a medical marijuana inspection.

Therefore, we recommended that the Department should conduct unannounced food safety inspections of infusion kitchens on an ongoing basis, similar to its practices for other food establishments in the State.

The Department did not agree with the finding and indicated it will not implement the recommendation because it does not believe the statutory authority exists to conduct unannounced visits on food establishments within medical marijuana dispensaries.

Program fees deposited into Medical Marijuana Fund

Growing Fund balance



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Making a Positive Difference

We also found that the Department should implement a process for setting Program fees.

The Department charges cardholders and facilities initial and renewal fees to pay for Program costs, and the Department deposits the fees into the Medical Marijuana Fund.

As shown in the blue bar, the Fund's estimated balance had grown to more than 63 million dollars at the end of fiscal year 2019.

Department has not reviewed fees or conducted cost analysis

Without cost information, Department cannot ensure fees are appropriate

Recommendation: Determine Program costs and set fees accordingly



However, the Department has not formally reviewed the Program's fees since they were initially set, nor has the Department conducted a cost analysis of the Program. Without accurate cost information, the Department cannot ensure that its fees are appropriately set, potentially placing an undue cost burden on those who pay fees.

We recommended that the Department should determine the costs for providing its Medical Marijuana Program and then set its fees accordingly.

The Department indicated it will implement the recommendation.

Department misallocated some Medical Marijuana Fund monies



Medical Marijuana Fund monies protected

Some Medical Marijuana Fund monies misallocated

- Fund fully paid some employees' salaries who did not work full-time on Program
- Fund paid entire \$600,000 fee to facilitate CSPMP access

Recommendation: Establish and implement written policies and procedures for allowable use of Fund monies



Finally, we found that the Department misallocated some Fund monies.

Because the Medical Marijuana Act was passed by voter initiative, Fund monies are protected and can only be used for purposes that further the Act.

However, we found that payroll costs for some employees were fully paid from the Fund, even though these employees did not work full time on the Medical Marijuana Program.

In addition, the Fund was used to pay the entire cost of a 600,000-dollar fee to facilitate access to the Controlled Substances Prescription Monitoring Program database, or CSPMP. The CSPMP is managed by the Arizona State Board of Pharmacy. Physicians and pharmacists are required to check the CSPMP before prescribing or dispensing certain substances for medicinal purposes, such as opioids, or prior to certifying a patient for medical marijuana.

We recommended that the Department should establish and implement written policies and procedures regarding the allowable use of Fund monies and guidance for allocating expenditures when multiple programs benefit from the expenditure.

The Department indicated it will implement the recommendation.

Arizona Department of Health Services

Medical Marijuana Program(19-107)

Presenter: Marc Owen

Madam chair, members of the Committee:

That concludes my presentation for the Medical Marijuana Program audit, and I'm available to answer questions.

Arizona Department of Health Services

Arizona State Hospital (19-111)

Presenter: Marc Owen

Madam Chair, members of the Committee:

Again, my name is Marc Owen, and I'll now present information from our performance audit of the Arizona State Hospital.

State Hospital responsibilities and facilities



Long-term inpatient psychiatric treatment

3 separate facilities

- Civil Hospital—accredited
- Forensic Hospital—accredited
- Arizona Community Protection and Treatment Center (ACPTC)—licensed



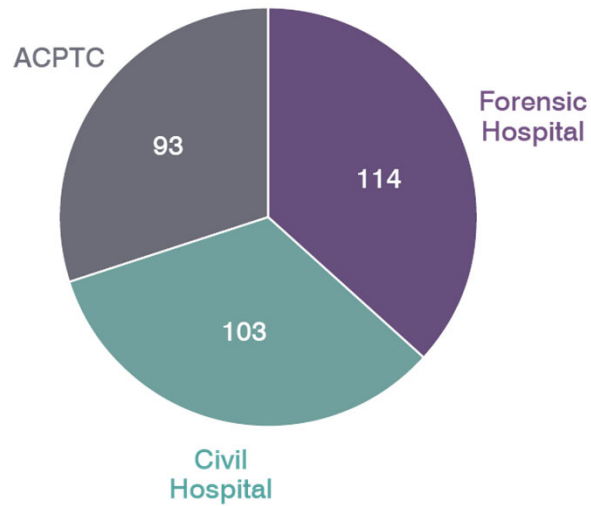
The State Hospital is a Division within the Department and provides long-term inpatient psychiatric treatment to those with mental illnesses.

The State Hospital is divided into 3 separate facilities:

1. In the Civil Hospital, patients have been determined to be a danger to themselves or others, gravely disabled, and/or acutely disabled.
2. The Forensic Hospital provides treatment to patients who have been court-ordered to receive treatment as a result of their involvement with the criminal justice system due to a mental health issue.
3. The Arizona Community Protection and Treatment Center, or ACPTC, is a transitional facility for those with a mental disorder who have been determined by the courts to be “Sexually Violent Persons.”

The Civil and Forensic Hospitals are accredited by an external healthcare accrediting body. The ACPTC is licensed by the Arizona Department of Health Services.

State Hospital Population-July 2019



As shown on the screen, as of July 2019, the forensic hospital housed 114 patients, the civil hospital 103 patients, and the ACPTC 93 residents.

Assaultive patient behavior



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



We found that the State Hospital has not fully assessed the effectiveness of its assault response and reduction strategies.

Assaultive patient behavior



Hospital has implemented strategies to address and reduce assaults

- Training staff to de-escalate patient crisis situations
- Providing structured patient activities

Hospital has not fully evaluated its strategies



Some of the patients at the State Hospital may have a predisposition for violent behaviors. As such, the State Hospital has implemented multiple strategies to respond to or reduce patient violence, such as training to its staff to de-escalate patient crisis situations and providing structured patient activities.

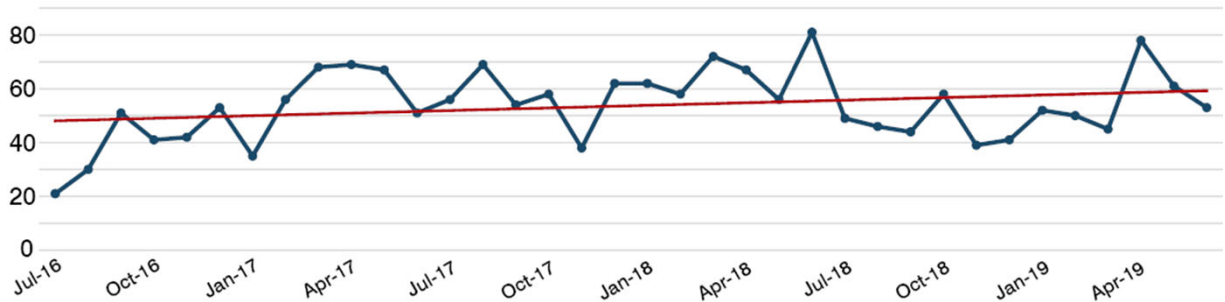
However, the State Hospital has not fully evaluated the extent to which its strategies are achieving their desired outcomes.

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.

Assaultive patient behavior



Physical Assaults



The number of physical assaults at the State Hospital has fluctuated from month to month, with the trend of assaults slightly increasing since July 2016, as illustrated by the red line on the slide. A physical assault is any unwanted touch or physical contact, including person-to-person contact, as well as objects thrown by one individual that hit another.

Recommendation



Develop, implement, and document a structured approach for evaluating its assault response and reduction strategies:

- Assessing whether strategies are achieving desired outcomes
- Use evaluation results to identify ways to improve strategies



We recommended that the State Hospital develop, implement, and document a structured approach for evaluating its assault response and reduction strategies, including:

- Assessing and determining whether the strategies are achieving their desired outcomes.
- Using evaluation results to identify ways to improve the strategies.

The Department indicated it will implement the recommendation.

Additional areas reviewed



Civil Hospital admissions

Ensuring patients receive prescribed treatment

Recommendations from 2015 investigation



Our audit of the State Hospital addressed 3 additional areas. Although we did not identify recommendations in these areas, I'll briefly review them for your information.

Patients admitted to Civil Hospital based on various factors

Factors for admission

- Benefit from available treatment
- Court order for treatment
- At least 25 days of local treatment
- Availability of suitable aftercare placement

Civil Hospital admissions we reviewed took an average of 24 days



First, the State Hospital admits individuals into its Civil Hospital through an application process and considers admission based on various factors, including 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.

Based on the Civil Hospital admissions we reviewed, we found that it took an average of 24 days from the time the application was received until the day the patient was admitted.

Processes to help ensure patients receive prescribed treatment



- Treatment planning reviews provided timely
- Annual patient assessments provided timely
- Progress notes documented ongoing changes in patient conditions and treatment



We also found that 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.

Based on our review in these areas, we found that patients received their treatment plan reviews and annual assessments within the time frames specified by rule or by State Hospital policy. We also found that progress notes documented ongoing changes in patient conditions and treatment, including patient progress toward or away from treatment plan goals.

2015 Independent Investigation



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



Lastly, we reviewed the State Hospital's efforts to implement the recommendations resulting from 2015 independent investigation of incident reporting and investigation practices. The investigation was conducted by former Arizona Supreme Court Justice Ruth McGregor, who made 6 recommendations in a November 2015 report. We found that the State Hospital has implemented, or implemented in a different manner, 5 of the 6 McGregor report recommendations.

McGregor recommendations

1. Establish method to follow incidents from beginning to conclusion
2. Develop a summary tracking system for investigations
3. Clearly identify incident reporting goals and reduce types of incidents reported
4. Improve training for preparing incident reports
5. Improve training for preparing security department logs
6. Ensure applicable security events and police assistance are reported in an incident report



The State Hospital did not implement the 3rd recommendation because it did not narrow the types of incidents reported in its incident reporting form or 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.

Arizona Department of Health Services

Arizona State Hospital (19-111)

Presenter: Marc Owen

Madam Chair, Members of the Committee:

That concludes my presentation, and I'm available to answer questions.

Arizona Department of Health Services

Overview & Audit Response

Senate Committee Of Reference



ADHS is a nationally accredited, award winning, nationally recognized public health agency.



ADHS Overview



- 6 Divisions
- Approximately 1,800 Staff
- Over 300 Distinct Programs
- 4 Main Campuses
- Virtual and Traveling Employees

- Prevention
- Preparedness
- Licensing
- CLIA Certified / ISO Accredited Public Health Reference Lab
- Licensed and Accredited State Hospital

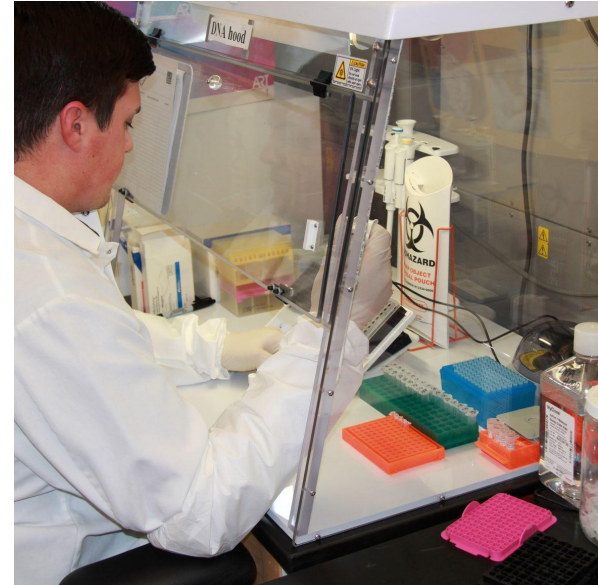


Prevention Overview

- WIC
- SNAP-Ed/AZ Health Zone
- Home Visiting Programs
- Maternal Mortality
- Tobacco and Vape
- Student Loan Repayment Program
- Folic Acid Program
- Diabetes
- Healthy Aging
- Chronic Pain Management
- Women and Children's Health
- Arizona Perinatal Trust



- Arizona State Public Health Laboratory
- Newborn Screening
- Epidemiology and Disease Control
- Public Health Emergency Preparedness
- Public Health Statistics
- Lead Screening Program
- Emergency Medical Services and Trauma System
- Smoke Free Arizona
- Arizona Biomedical Research Centre
- Environmental Health



- Medical Facilities
- Residential Facilities
- Childcare
- Radiation Control
- Long Term Care
- Professional Licensure
- Medical Marijuana
- Vital Records

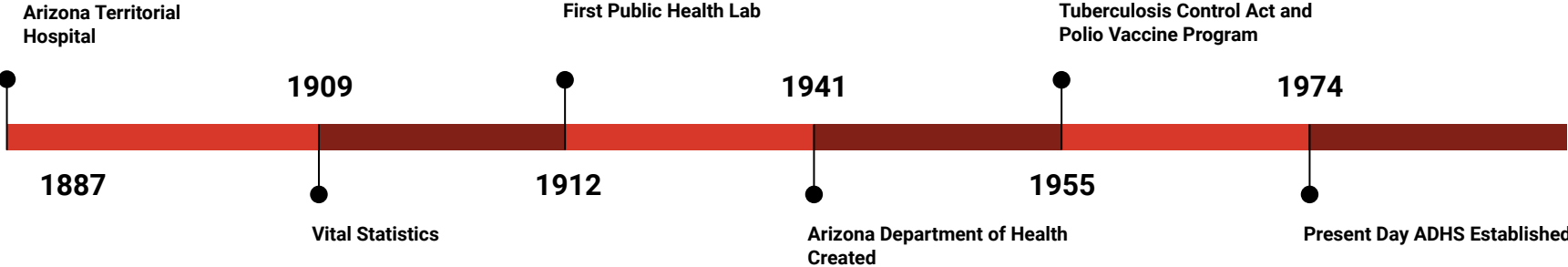


Arizona State Hospital Overview

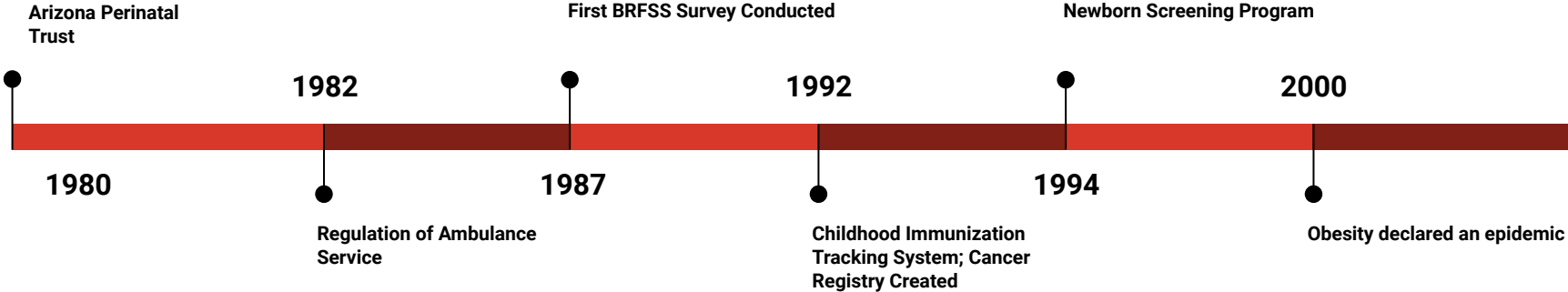
- 3 Distinct Programs and Campuses
 - Civil Hospital
 - Forensic Hospital
 - Arizona Community Protection and Treatment Center (ACPTC)
- Restoration to Competency
- Pre Trial Detainee
- Patient Census = Approximately 300
- 28,000 Visitors a year
- 45 Buildings
- Almost exclusively General Fund



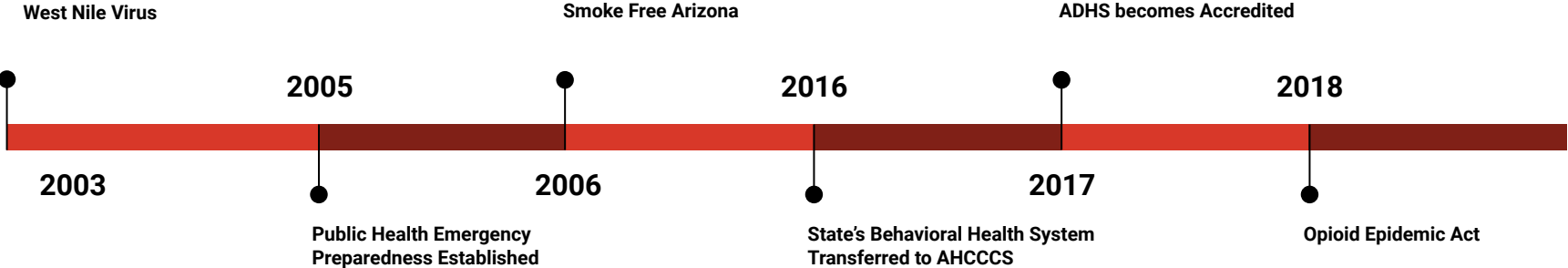
Arizona Public Health Milestones (1887-1974)



Arizona Public Health Milestones (1980-2000)



Arizona Public Health Milestones (2003-2018)



ADHS FY 2020 Strategic Plan

Department of Health Services

Fiscal Year 2020 Strategic Plan 2-pager

Agency Director: Cara M. Christ, MD
Strategic Planner: Carla Berg
Last modified: 07/15/2019

Vision: Health and Wellness for all Arizonans.

Mission: To promote, protect, and improve the health and wellness of individuals and communities in Arizona.

Agency Description: The award-winning, nationally accredited Arizona Department of Health Services (ADHS) is responsible for leading Arizona's public health system including responding to disease outbreaks, licensing health and child care facilities, operating the Arizona State Hospital, and improving the overall health and wellness of all Arizonans.

Executive Summary: The Arizona Department of Health Services (ADHS) identified five strategic priorities to reach our vision:

Improving Health Outcomes: through identifying the needs and aligning services to our vulnerable populations; and ensuring agreements improve health outcomes.

Promoting and Supporting Public Health and Safety: by preparing for emerging public health threats, addressing quality of care issues and public health risks including the opioid epidemic and investigating complaints at licensed facilities; and promoting healthy relationships and non-violent behavior.

Improving the Public Health Infrastructure: by enhancing our workforce through improved employee engagement.

Maximizing Agency Effectiveness: by integrating the AMS into agency practices and optimizing agency IT infrastructure.

Implementing the Arizona Health Improvement Plan: to address strategic action items for our leading public health issues.

Summary of 5 Year Strategic Priorities

#	Multi-Year Strategy	Start Year	Progress / Successes
1	Improve Health Outcomes	2018	FY18 Health in all Policies implemented to increase Healthy AZ Workplace participation. Pain Management and Sober Living licensing fully implemented. Completed 2019 State Health Assessment.
2	Promote and Support Public Health and Safety	2016	Implementation of Opioid Action Plan were implemented to address health risks and Opioid Response was consistently achieved goal for quality improvement. Consistently achieved goal for quality improvement. Call downs to respond to emergency.
3	Improve Public Health Infrastructure	2017	Achieved 2017 accreditation in September 2017. Accredited for accreditation sustenance. Improvement and goal for FY18 and FY19 Employee engagement completed along with Communications Plan. Engagement from 1.7 in 2012 to 3.6 in 2019.
4	Maximize Agency Effectiveness	2017	Continued strengthening of agency implementation. Fully integrated the Arizona Regulatory Agency into ADHS in FY18 and application processing and inspections. Reduced time-frames for processing non-ionizing applications from approximately 60 to 6 days.
5	Implement the Arizona Health Improvement Plan (AzHIP)	2015	Implemented obesity & tobacco AzHIP FY18 action items. Established and maintained cadence of updates to AzHIP dashboards. Strengthened structured discussions with Steering Committee and stakeholders and held 2nd annual AzHIP Summit in January 2019.

#	Multi-Year Strategy	Start Year
1	Improve Health Outcomes	2018
2	Promote and Support Public Health and Safety	2016
3	Improve Public Health Infrastructure	2017
4	Maximize Agency Effectiveness	2017
5	Implement the Arizona Health Improvement Plan (AzHIP)	2015



ARIZONA DEPARTMENT OF HEALTH SERVICES

ADHS FY 2020 Strategic Plan

Department of Health Services

Fiscal Year 2020 Strategic Plan 2-pager

Current Annual Focus

Strategy #	FY20 Annual Objectives	Objective Metrics	Annual Initiatives
1	Establish agreements to improve health outcomes	Maternal mortality plan action items	Improve knowledge, education, and access to care for pregnant and postpartum women. Support workforce, workforce capacity, and systems of care.
1	Support State Hospital as a Center of Psychiatric Excellence	ASH Performance Audit score	Staff education on current and upcoming requirements. Ongoing review of POCs developed from Audits to evaluate survey readiness and compliance.
1	Align services with needs of vulnerable populations	ACEs plan action items	Integrate knowledge of trauma into culture and practices to become a Trauma-Informed Organization. Characterize data for root cause and analysis of protective factors.
2	Prepare for and respond to public health emergencies	Opioids plan action items Hepatitis A case count	Workforce and CME on Arizona Pain & Addiction Curriculum. Launch MAT. Complete first State Drug Overdose Fatality Review Report. Workforce and CME on Hepatitis A. Breakthrough increased vaccination, coordination of outreach, and business of providers.
2	Address public health risks	Immunizations plan action items Licensing facility complaint response	Implement strategies to increase vaccination rates. Determine best practices for improving vaccination rates. Design interventions to promote vaccination. Implement action items to respond to complaint to disposition in licensing facilities.
2	Promote healthy and safe communities	STD plan action items ASH assault rate	Improve access to STD screening and treatment. Increase workforce capacity to prevent congenital syphilis and congenital HIV. Ongoing NVCI staff training, clinical interventions.
3	Enhance public health workforce	Employee Engagement Plan action items ASH staff turnover Reciprocity action items	Continue to host quarterly Engagement Charms. Complete Employee Retention Plan. Continue implementation of Compensation Plan with increased use. Undertake administrative rule reform to achieve interstate reciprocity for public health professionals to reduce barriers to licensure in Arizona while protecting the public.
4	Optimize agency resources	IT plan action items	Implement priority cloud optimization, Team Drives, and statewide security.
5	Implement action items for high-impact strategies	AzHIP action items completed on time	Complete action items where ADHS is lead organization. Utilize work group meetings. Submit for engagement.

FY20 Annual Objectives	Objective Metrics
Establish agreements to improve health outcomes	Maternal mortality plan action items
Support State Hospital as a Center of Psychiatric Excellence	ASH Performance Audit score
Align services with needs of vulnerable populations	ACEs plan action items
Prepare for and respond to public health emergencies	Opioids plan action items Hepatitis A case count
Address public health risks	Immunizations plan action items Licensing facility complaint response
Promote healthy and safe communities	STD plan action items ASH assault rate
Enhance public health workforce	Employee Engagement Plan action items ASH staff turnover Reciprocity action items
Optimize agency resources	IT plan action items
Implement action items for high-impact strategies	AzHIP action items completed on time



Improving Public Health Infrastructure:

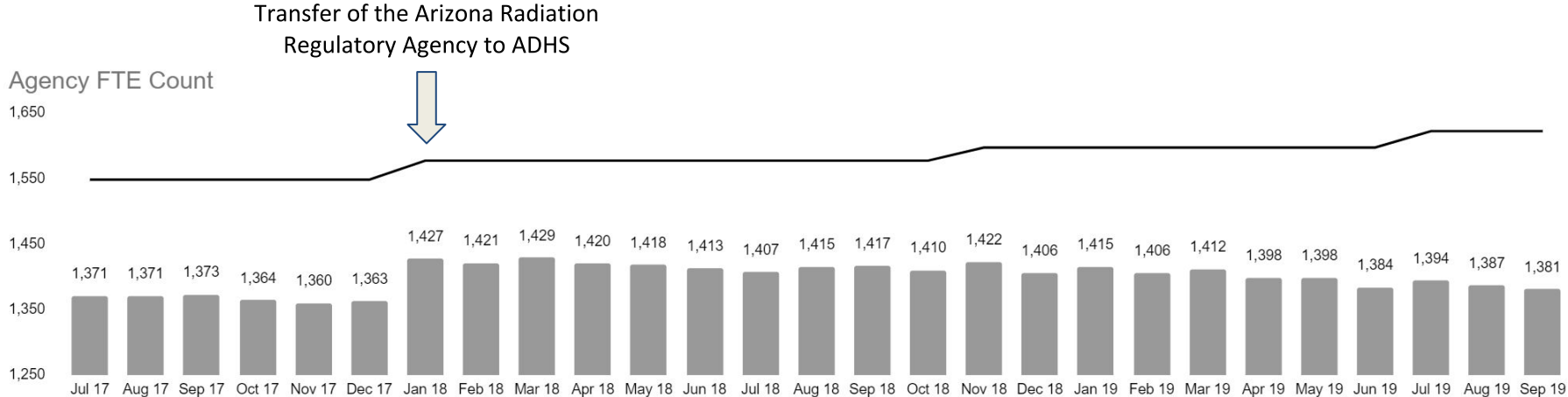
- Recruiting and Retaining Top Talent
- Educating and Training Next Generation

Health Trends:

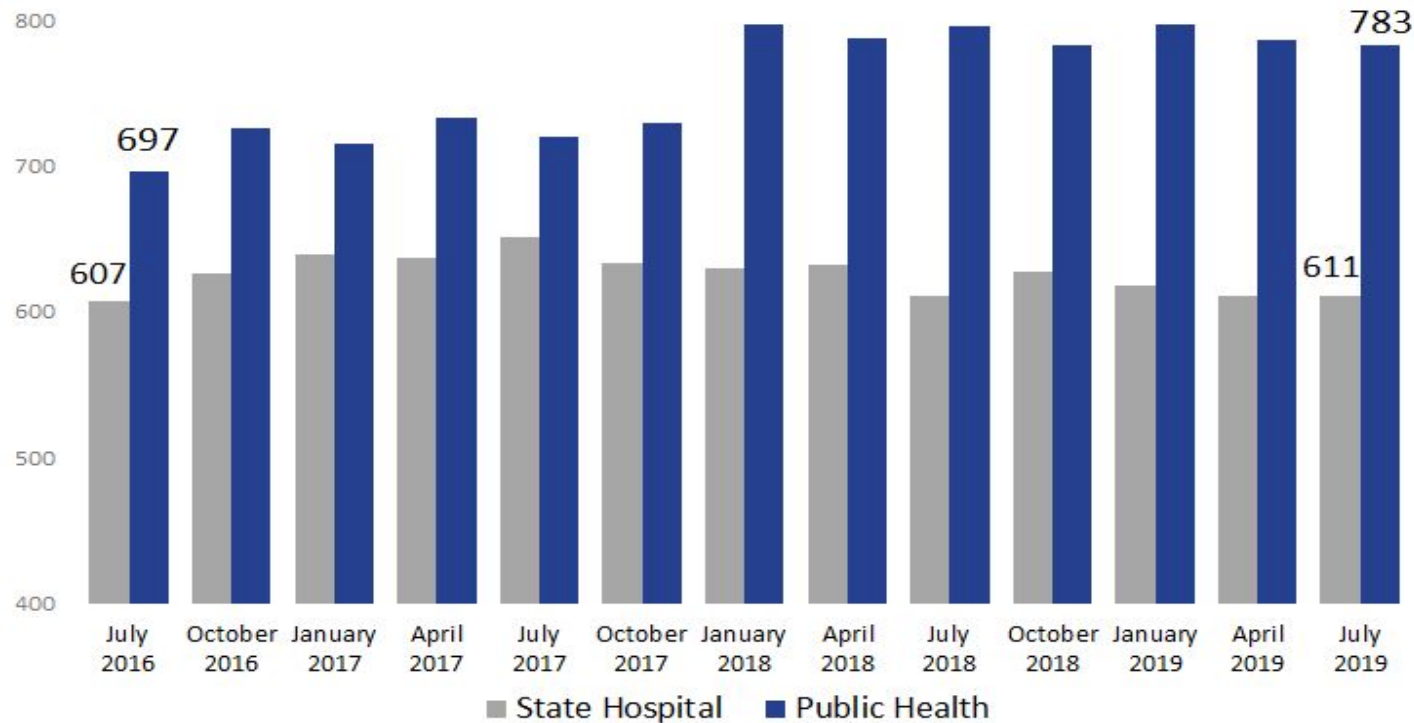
- Increasing number of opioid deaths
- Rising suicide numbers
- Emerging public health issues



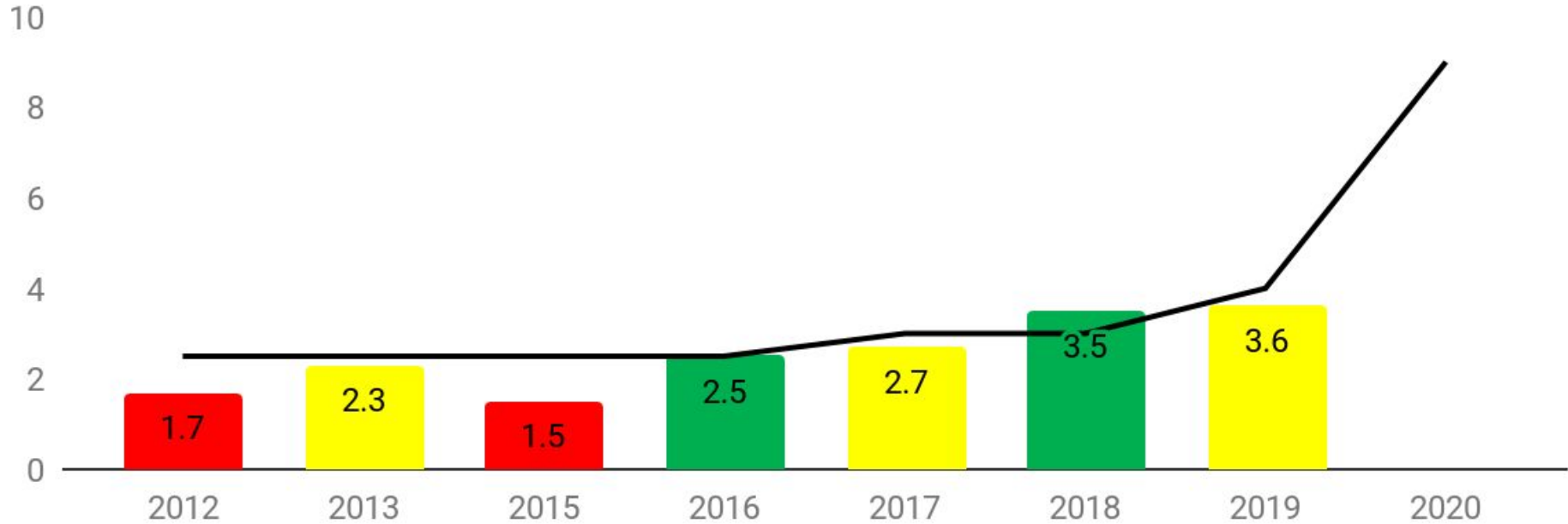
Infrastructure Opportunity - Employee Retention



Infrastructure Opportunity - Employee Retention

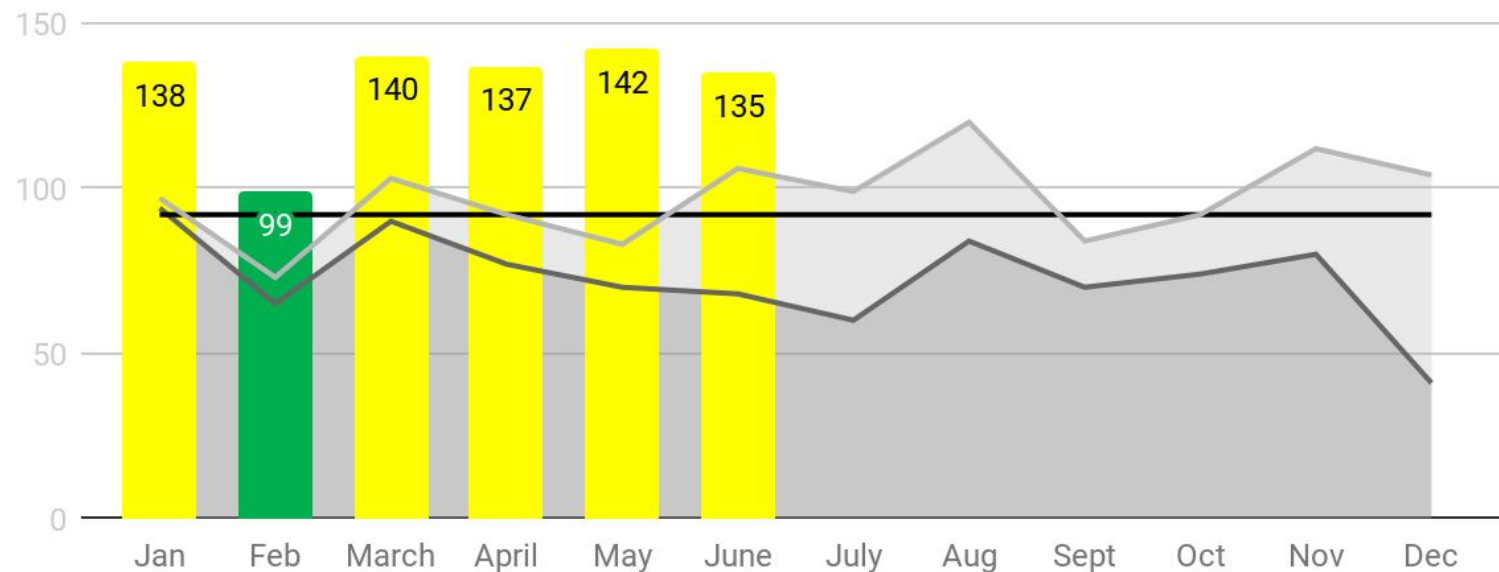


Engagement Ratio on Employee Engagement Survey - C3



2019 Confirmed Opioid Deaths

4 Month Lag

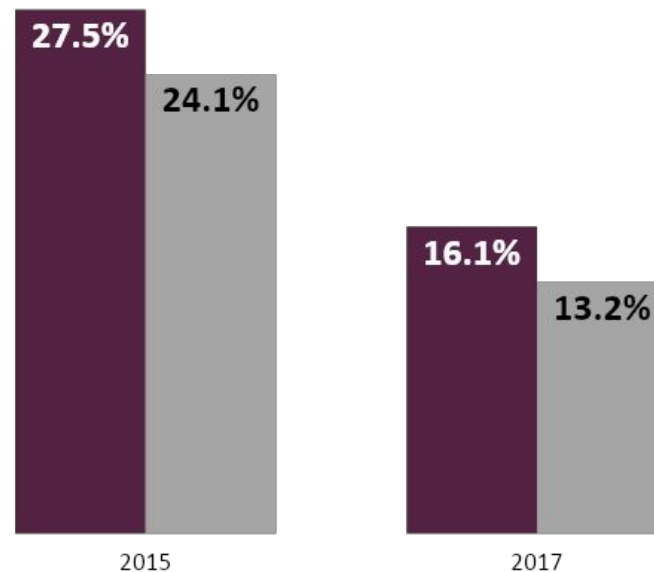


- Suicide - increasing rates over past 12 years, now the 8th leading cause of death
 - Agency is working on a plan to address
- Social Isolation - risk factor for a number of poor health outcomes
 - Agency is working on a plan to address
- Vaping - increasing use among teens and a national Vape-related Respiratory Disease outbreak
 - ADHS is monitoring
- Maternal mortality & morbidity - increasing mortality in the U.S.
 - New grants and new efforts
- Provider shortage areas - mental health and primary care
 - Student Loan Repayment program has 100% increase in applications
 - Arizona is maximizing federal drawdown of resources



Emerging Health Issues - Vape

While **1 in 2** teens have ever used an electronic vapor product, **16.1%** report current use. Current use of electronic vapor products has **decreased** from 27.5% in 2015. (**AZ** vs. **U.S.**)



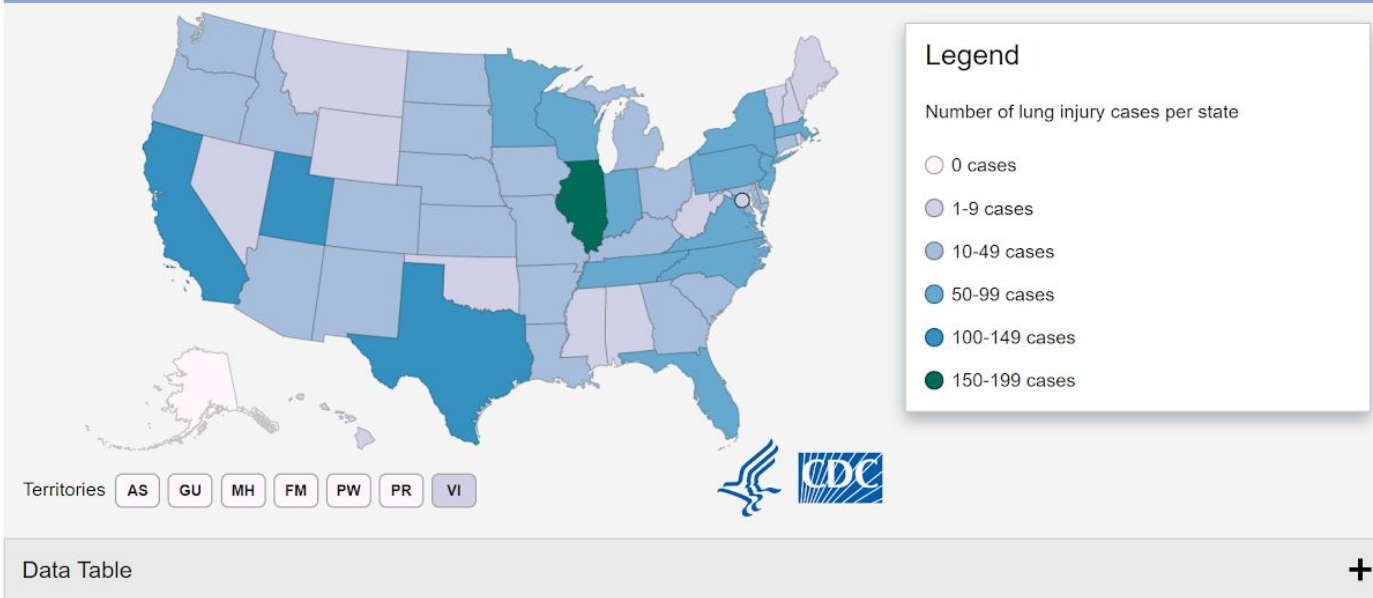
2015 – 2017 YRBSS



ARIZONA DEPARTMENT
OF HEALTH SERVICES

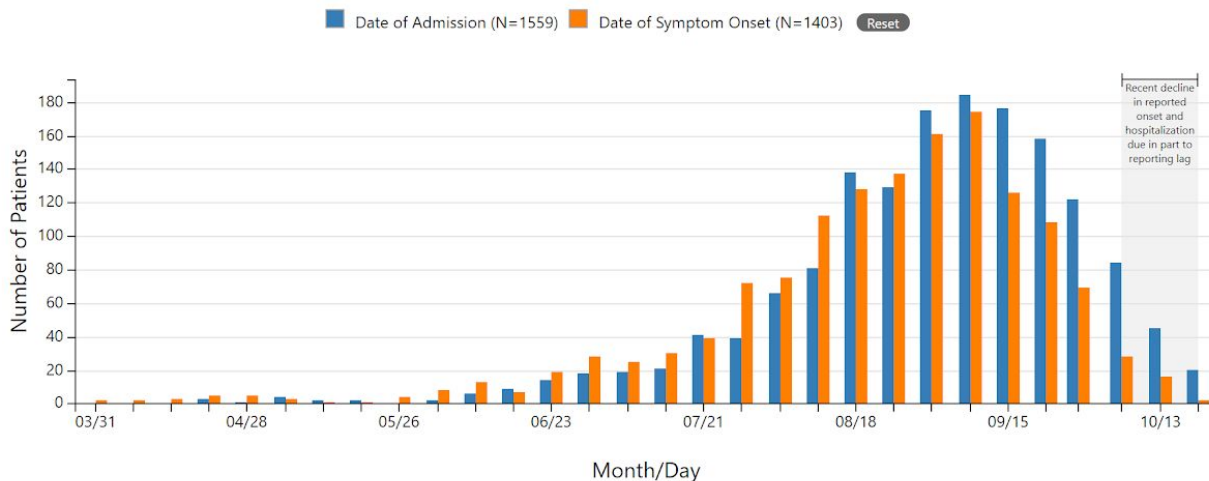
Emerging Health Issues - Vape

Number of Lung Injury Cases Reported to CDC as of October 29, 2019



Emerging Health Issues - Vape

Dates of symptom onset and hospital admission for patients with lung injury associated with e-cigarette use, or vaping — United States, March 31–October 26, 2019





ARIZONA DEPARTMENT OF HEALTH SERVICES

Health and Wellness for All Arizonans

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Google Custom Search



Vaping-Related Respiratory Illness Outbreak

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Vaping-Related Respiratory Illness Outbreak



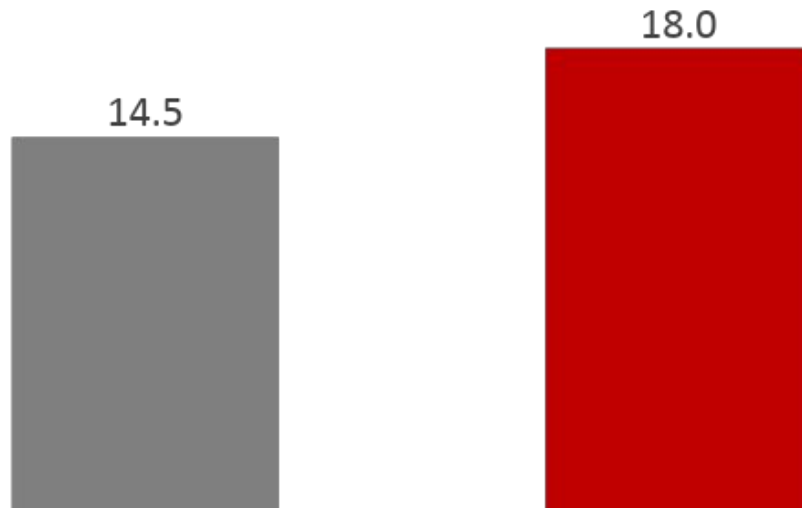
- There have been 13 cases reported in Arizona. No deaths have been reported in Arizona.
 - There have been 1,888 cases reported by 49 states (all except Alaska), the District of Columbia, and the U.S. Virgin Islands. There have been 37 deaths confirmed in 24 states.
-
- If you are experiencing symptoms consistent with vaping-related respiratory illness, seek medical care immediately.
 - Healthcare providers should report suspected cases of vaping-related respiratory illnesses in hospitalized patients to the Poison Control at **1-800-222-1222**.

Feedback & Support

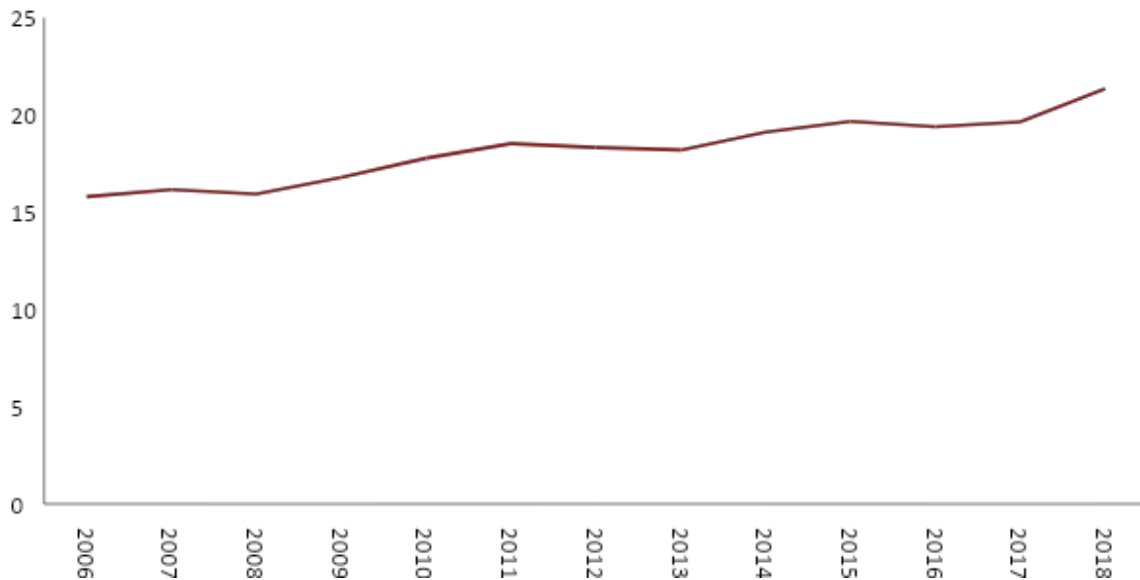


ARIZONA DEPARTMENT
OF HEALTH SERVICES

Arizona's rate of suicide per 100,000 people was **24% higher** than that of the U.S. in 2017



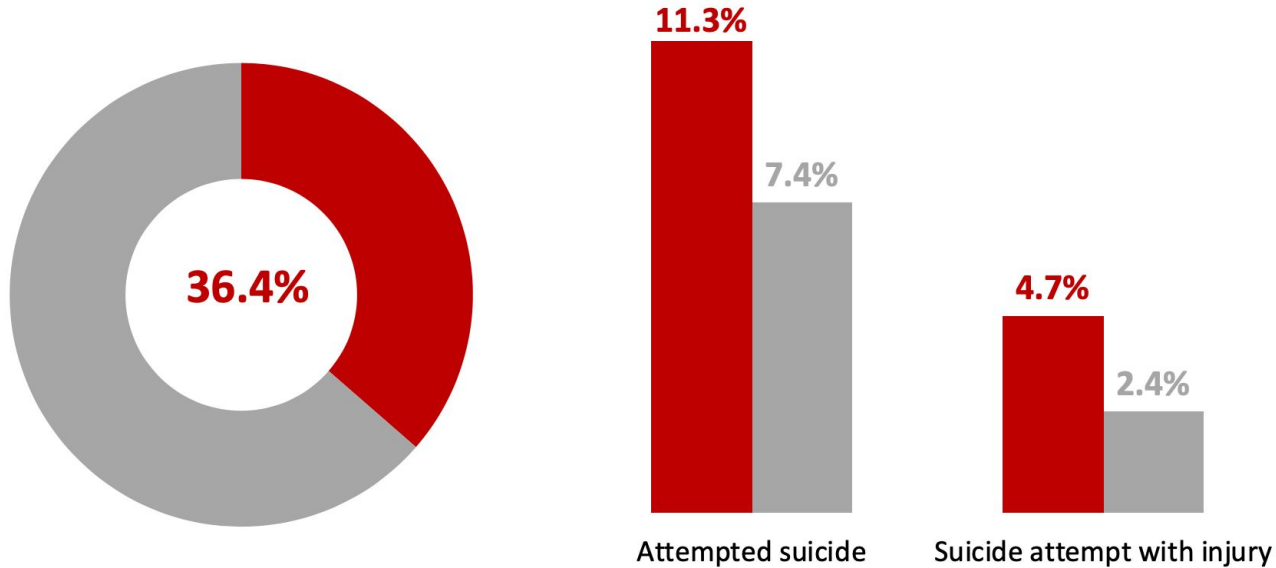
The rate of suicides per 100,000 residents occurring in Arizona continues to rise.



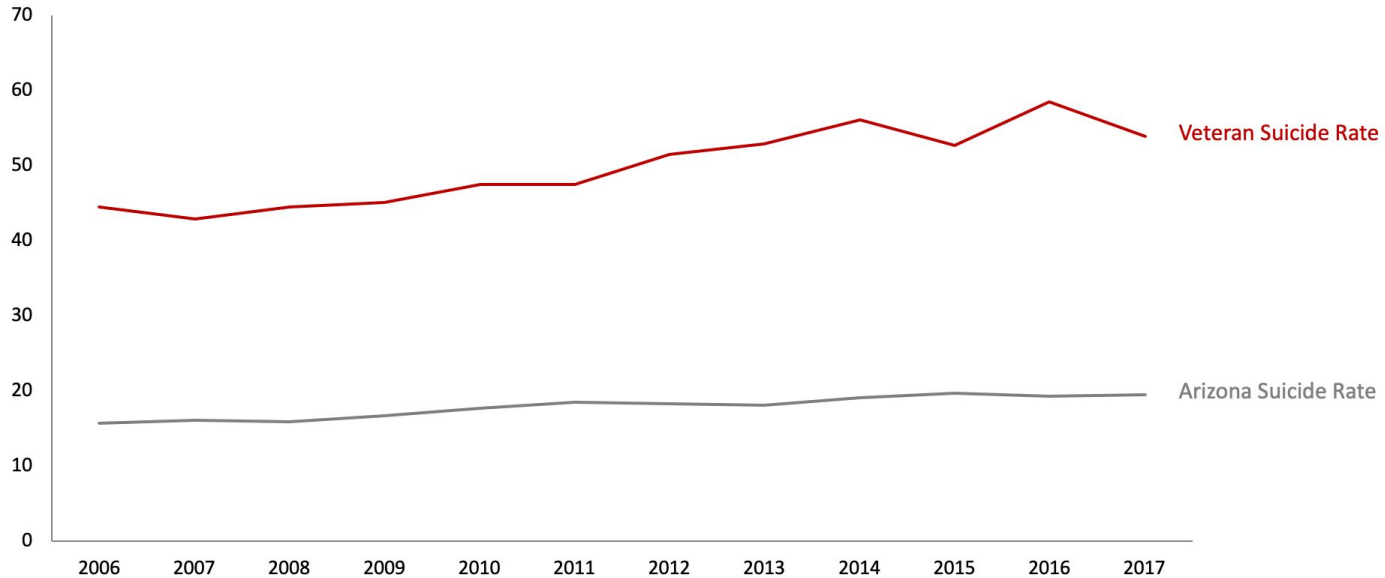
Health Trends - Increasing Suicide

36.4% of students report feeling sad or hopeless almost every day for 2 weeks or more in a row so that they stopped doing some usual activities.

Additionally, more than 1 in 10 Arizona youth indicating attempting suicide with 4.7% requiring medical treatment as a result of a suicide attempt. (AZ vs. U.S.)



The suicide rate among veterans is significantly higher than the overall suicide rate in Arizona.



Budget Overview

FY 2020 Budget
Approx. \$479M

Funds
41

Special Line Items
28

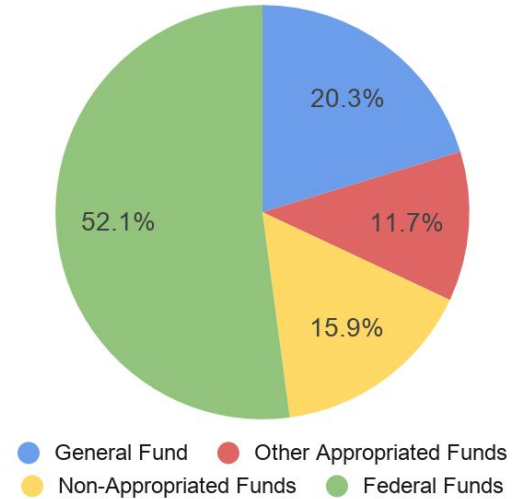
% of Non-General Fund Sources

79.70%

FY 2020 Budget by Fund Type



Budget Composition



General Fund Composition

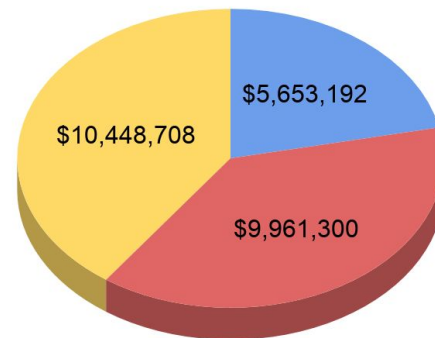
Total General Fund (GF)
\$97,158,300



Arizona State Hospital (ASH)
\$71,095,100



% of Total ADHS Budget
5.44%
Remaining General Fund
\$26,063,200



● Public Health Operating
● Special Line Items (15) ● Administration

ASH Federal Cost Recovery


- Medicaid Disproportionate Share
 - State GF receives approx. **\$20M/annually**
- IMD Exclusion limits Medicaid cost recovery
 - *Individuals between 21-64 ineligible*

Adjusted GF Usage
\$77,220,200

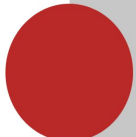
Adjusted ASH GF Usage
51,157,000



Nationally Recognized Public Health Agency



Top Performing
Emergency
Preparedness
team in the
nation



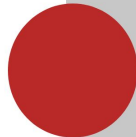
1st in the
Nation -
Real Time Data
Collection on
Opioid Epidemic



Top Honors
in our
Healthy
Worksite
Efforts




Hosted
CDC Director
and
U.S. Surgeon
General
in 2019



National awards
for the
Infant at Work
program



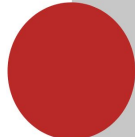
2018 & 2019
Platinum Award
from
Healthy Arizona
Worksites
Program



National Leader
on Opioid
Epidemic
Response



2018
Governor's
Impact Award
for leading
statewide
opioid response



National Awards
for our efforts in
Vital Records



2018 in Review



1.1 M

Lab Tests Performed



153

Outbreaks Investigated



50K

Home Visits Conducted



80K

Applications Processed



188K

Clinical Services
Provided at ASH



28K

Visitors at ASH



60%

Reduction in Teen Births
(10 Years)



78%

Reduction in
Licensing App Time



12K

Onsite Surveys
Conducted



86%

Services Provided
Online



15

Trauma Centers
Designated



100%

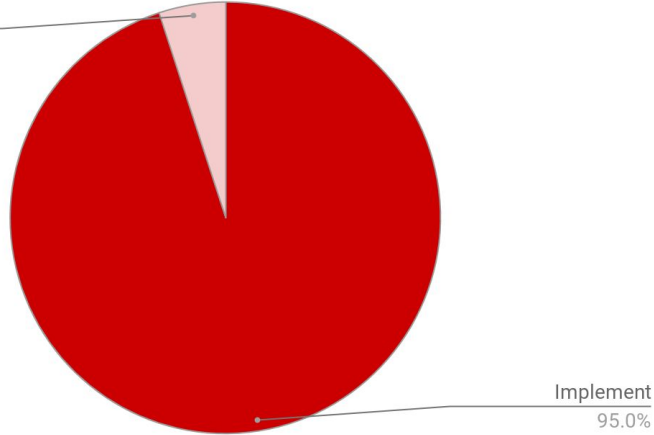
Increase in Student Loan
Repayment Apps



Audit Summary

Overall Agreement to Implement Recommendations 57/60

Not Implement
5.0%



Implement
95.0%

Three Recommendations of Disagreement

- Unannounced Inspections at Medical Marijuana Dispensary Kitchens - ADHS is running legislation to address this issue
- Annual Role Based Training for IT Staff
- Data Classification Policies and Procedures



Audit Tracker

Arizona Department of Health Services Audit Tracker

Overall Medical Marijuana Sunset ASH Procurement

This tracker can be used to see the progress for each of the items for the audits that the Arizona Department of Health Services are working through.

■ Not Started ■ In Progress ■ Complete

Category	Not Started	In Progress	Complete
Medical Marijuana	20%	67%	13%
Sunset Factor	18%	71%	12%

Feedback & Support

10:14 AM
11/09/2019



Audit Tracker

Arizona Department of Health Services Audit Tracker

Overall | **Medical Marijuana** | Sunset | ASH | Procurement

Sunset Factor Audit Tracking

18% | 71% | 12%

Status
■ Not Started ■ In Progress ■ Complete

1a	Allocate or reallocate staff to prioritize, investigate, and resolve long-term care facility complaints	Licensing	In Progress
1b	Develop and implement a time frame for completing investigations and closing long-term care facility complaints and self-reports	Licensing	In Progress
1c	Update policies and procedures for long-term care facility complaint and self-report investigations	Licensing	In Progress
1d	Develop and implement additional bi-monthly management reports to monitor timeliness of long-term care facility complaints and self-reports	Licensing	Complete
1e	Ensure that any complaints and self-reports that are investigated during an annual survey or outside of the annual survey are initiated and investigated acc...	Licensing	In Progress

Feedback & Support

10:16 AM
11/09/2019



Thank you!

Dr. Cara Christ

Director | Arizona Department of Health Services

E-Mail: cara.christ@azdhs.gov



6/11/2019

Director Cara Christ
Arizona Department of Health Services
150 N. 18th Avenue
Phoenix, Arizona 85007

Dear Director Cara Christ:

The sunset review process prescribed in Title 41, Chapter 27, Arizona Revised Statutes, provides a system for the Legislature to evaluate the need to continue the existence of state agencies. During the sunset review process, an agency is reviewed by legislative committees of reference. On completion of the sunset review, the committees of reference recommend to continue, revise, consolidate or terminate the agency.

The Joint Legislative Audit Committee (JLAC) has assigned the sunset review of the Arizona Department of Health Services to committees of reference comprised of members of the Senate Health and Human Services and the House of Representatives Health & Human Services. JLAC has directed the Auditor General to conduct a performance audit of the Arizona Department of Health Services.

Pursuant to A.R.S. § 41-2954, the committee of reference is required to consider certain sunset factors in deciding whether to recommend continuance, modification or termination of an agency. In addition to the 12 sunset factors, which are addressed in the Auditor General performance audit, please provide your agency's written response to the required factors as listed below:

1. An identification of the problem or the needs that the agency is intended to address.
2. A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.
3. An identification of any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.
4. An assessment of the consequences of eliminating the agency or of consolidating it with another agency.
5. The extent to which the agency potentially creates unexpected negative consequences that might require additional review by the committee of reference, including increasing the price of goods, affecting the availability of services, limiting the abilities of individuals and businesses to operate efficiently and increasing the cost of government.

Your response should be received by September 1, so we may proceed with the sunset review and schedule the required public hearing. Please submit the requested information to:

Cherie Stone
Arizona State Senate
1700 West Washington

Phoenix, Arizona 85007

Thank you for your time and cooperation. If you have any questions, please feel free to contact me at (602) 926-4486 or Cherie Stone, the Senate Health and Human Services Research Analyst, at (602) 926-3171.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kate McGee". The signature is fluid and cursive, with a large initial "K" and "M".

Senator Kate Brophy McGee

cc: Representative Nancy Barto, House Health & Human Services, Chair
Ingrid Garvey, House Health & Human Services, Analyst

Arizona Department of Health Services
Additional Information for Sunset Review A.R.S. § 41-2954 F

1. An identification of the problem or the needs that the agency is intended to address.

The Arizona Department of Health Services (ADHS) is charged with promoting, protecting and improving the health and wellness of all Arizonans as we provide public health services throughout their entire lifecycle. The Department, through approximately 300 programs it administers, serves all 7.1 million Arizonans. Many people often don't recognize the impact that public health has on every facet of our daily lives. There are many ways ADHS helps improve the lives of all Arizonans, including:

- Protecting the health and lives of all Arizonans by controlling outbreaks and epidemics
- Educating people on healthy habits, such as nutritious eating and getting physical activity
- Assisting people with tobacco cessation and disease self-management
- Ensuring safe food and water
- Testing virtually all newborns for metabolic diseases and serving as the State's only reference laboratory
- Improving access to physical and behavioral health
- Leading the state's medical and public health response to and recovery from disasters and public health emergencies
- Monitoring hospitals, nursing homes, assisted living centers, ambulances, childcare centers, and other licensed facilities and professionals
- Documenting every vital event in Arizona including all births, deaths and adoptions

We also operate the Arizona State Hospital (ASH), which provides high acuity, inpatient psychiatric services to our state's most vulnerable residents.

ADHS is proud to be a part of Arizona's strong public health system, providing safe parks, clean air, clean water, safe meals, and a healthy environment to raise our families. The work we do adds value to our state and brings health and wellness to all Arizonans. ADHS has been recognized nationally as a leader in public health initiatives and is accredited by the National Public Health Accreditation Board (PHAB).

2. A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.

The Department's objectives and anticipated accomplishments are detailed in Attachment A: ADHS Fiscal Year 2020 Strategic Plan and the [Department's FY18 Annual Report](#), which is posted online.

Some highlights of our priorities and accomplishments in FY 2018 include:

- Preparing and responding to public health threats and emergencies in Arizona
 - 5,902 doses of naloxone administered by EMS and first responders
 - 1,103,904 lab tests performed at the State Public Health Laboratory
 - 2,612,413 doses of vaccine administered to protect against vaccine-preventable diseases
 - 121,500 disease reports tracked
 - 153 outbreaks investigated
- Promoting the health and wellness of all Arizonans
 - 49,372 home visits to at-risk families
 - 55,765 HIV tests administered through ADHS prevention efforts

- 85.6% of mothers screened for postpartum depression within the first 6 months postpartum
- 204 employers recognized as Healthy Arizona Worksites
- 60.1% reduction in teen birth rates in the past 10 years
- \$8,600,000 of fruits and vegetables provided to mothers, children, and babies
- Protecting and regulating health and childcare services
 - 80,450 applications processed
 - Reduced the time it takes to process an initial license application by 78% across all license types
 - 12,610 surveys conducted
 - 4,452 complaints investigated
 - 99% of high priority complaints were responded to on time
 - 1,207 ambulance inspections conducted
 - 186,002 medical marijuana patients certified
 - 99% of childcare centers and group homes are Empower Providers
- Assessing the Health Status of Arizona
 - 81,826 births registered in CY 2018
 - 60,768 deaths registered in CY 2018
- Providing safe, effective and compassionate psychiatric care to those who suffer from mental illnesses
 - 358 unique patients served
 - 188,424 clinical services provided
 - 28,837 visitors to the ASH campus
- Providing an excellent customer experience
 - 86% of services are now provided online
 - 480 public records requests completed

3. An identification of any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.

The Department coordinates and collaborates with other agencies to accomplish its objectives and goals, and, many times takes a leadership role in cross-agency responses. While other agencies also provide public health services and collaborate with the Department, the Department works to ensure there is no duplication of services or conflict between its programs or others.

For example, Arizona's 15 counties each operate public health departments who work collaboratively with ADHS to advance public health priorities. Statutes (A.R.S. §§ 36-181 through 36-191) provide that local county health departments are responsible for "essential public health services." ADHS delegates, contracts, and provides limited fiscal support to county health departments, who are on the frontline of public health in Arizona's local communities.

In other areas, ADHS collaborates and coordinates with other partners on efforts that require public health expertise. State agencies like AHCCCS, Department of Veterans' Services and DES and private sector partners such as Arizona's hospitals and health care providers provide direct delivery of health care services to Arizonans. ADHS may work with these partners to provide public health leadership on their various initiatives, often leaving the direct delivery of services to those entities charged with those functions. ADHS collaborates with these partners in a variety of manners, providing specific leadership

and functional expertise, but it does not duplicate efforts conducted by other entities. Examples of this coordination are highlighted below.

Example 1: Opioid Epidemic

This is an example of coordination between ADHS, AHCCCS, the Governor's Office of Youth Faith and Family, community groups, health care providers, law enforcement, tribes, and academic institutions. The Department coordinated response efforts by coordinating with the Governor's office to issue the declaration of a public health emergency, leading the activities directed through the executive order, activating its Health Emergency Operations Center (HEOC), developing a statewide plan as part of the response, and completing the elements of the plan. Through collaboration with our partners, ADHS was able to provide the public health expertise to the response while supporting activities that other entities are responsible for, such as AHCCCS' enhancement of the State's substance abuse network, AzPOST's training of law enforcement officers to provide naloxone, and working with the Department of Corrections' to help ensure the safety of their released inmates at high risk for opioid overdose. Details of the ongoing response and activities can be found on the [ADHS Opioid Dashboard](#).

Example 2: Health Care Facility Inspections/Licensing

While conducting a facility license inspection at a health care institution, there are many facets that play a role in the care delivered. Our surveyors may learn of actions taken or not taken by professionals that are licensed by a professional board, such as doctors, nurses, behavioral health professionals. These regulated professionals fall outside the scope of the Department's regulatory authority. When this occurs, our licensing team makes referrals of these findings to the appropriate regulatory bodies for possible follow up and action. If there is a bad outcome or a facility that is not in compliance with the rules or regulations, the Department will notify our colleagues at AHCCCS. Based on the information provided, AHCCCS can take action on that provider or facility's ability to participate in the Medicaid program. AHCCCS will notify the licensing team of any actions they take. ADHS also maintains [AZCareCheck](#), which provides the public with information on recent survey findings to help inform decision making of where to receive care.

Example 3: Emergency Response

During an emergency in the state in which the State Emergency Operations Center is activated, ADHS coordinates with DEMA to lead Emergency Support Function (ESF) 8 of the State Emergency Response and Recovery Plan. As the ESF 8 lead, ADHS supports all public health and healthcare aspects of an emergency response including coordination with agencies like AHCCCS, DES, and Agriculture. Functions coordinated by ADHS during state emergencies include assessment of public health and medical needs, health surveillance, medical surge coordination, patient movement, behavioral healthcare, mass fatality management, and health and medical supply procurement and/or distribution. ADHS participates in statewide emergency preparedness exercises including those related to Palo Verde Nuclear Generating Station and infectious disease outbreaks and routinely coordinates ESF 8 functions during emergencies due to wildland fires.

4. An assessment of the consequences of eliminating the agency or of consolidating it with another agency.

The Arizona Department of Health Services is the state's lead public health agency, responsible for protecting, promoting and improving the health of all Arizonans. Terminating the Department would have a negative impact on the public's health, safety, and welfare. The Department works with numerous federal, state, local, and tribal organizations to reduce threats to public health, prepare and respond to public health emergencies, assists with community recovery from emergencies, and respond

to everything from disease outbreaks to vaccine shortages, suspected bioterrorist activities and threats to opioid epidemics and suicide. The Department also has a lead role in preventing disease and injuries and providing services to children and families to improve the health of future generations.

Eliminating the Department could include consequences such as reductions in immunizations, poorly qualified/trained personnel to carry out essential emergency functions, lack of coordination throughout the State to handle essential public health functions (outbreaks, natural disasters, and epidemics), and no reference laboratory support to identify outbreaks and sources of illness. Additionally, people would not be able to secure birth or death certificates.

The Department is unique in the regulatory functions it performs for healthcare and childcare facilities. There are no other agencies that have the expertise to inspect for compliance or complete complaint investigations. Not regulating healthcare and childcare facilities could result in actual harm to the citizens of Arizona by allowing providers to provide care or services that do not meet health standards. Financially, if the Department did not license some facilities, they would not be eligible for Federal Reimbursement programs, such as Medicaid or Medicare. This may result in some providers closing down and not being able to provide reliable service, impacting access to health and childcare services. This would have a ripple effect and potentially impact Arizona's workforce and business community.

5. The extent to which the agency potentially creates unexpected negative consequences that might require additional review by the committee of reference, including increasing the price of goods, affecting the availability of services, limiting the abilities of individuals and businesses to operate efficiently and increasing the cost of government.

The Department strives to achieve its mission by striking the appropriate balance of regulating as necessary to protect public health and safety (in accordance with its statutory mandates) without establishing unreasonably burdensome regulations that would impact the ability of individuals and businesses to operate efficiently in the state or raise the prices of goods or limit availability of services. The Department regularly evaluates its regulatory processes and implements efforts to streamline regulations. The Department engages stakeholders about its regulatory changes to ensure it considers potential burdens to businesses and individuals when establishes any regulatory process. For example, the Department supported Laws 2017, Chapter 122, which eliminated the license renewal process, which streamlined the regulatory process for health care institutions. In addition, the Department makes every effort to mitigate situations that create negative consequences of its mandated actions. The Department works collaboratively with stakeholders on the implementation of new initiatives, ensuring business and individual perspectives are considered and reflected. While the Department occasionally establishes new regulations on health professions, it only does so when mandated by the Legislature.

Vision: Health and Wellness for all Arizonans.

Mission: To promote, protect, and improve the health and wellness of individuals and communities in Arizona.

Agency Description: The award-winning, nationally accredited Arizona Department of Health Services (ADHS) is responsible for leading Arizona's public health system including responding to disease outbreaks, licensing health and child care facilities, operating the Arizona State Hospital, and improving the overall health and wellness of all Arizonans.

Executive Summary: The Arizona Department of Health Services (ADHS) identified five strategic priorities to reach our vision:

Improving Health Outcomes: through identifying the needs and aligning services to our vulnerable populations; and ensuring agreements improve health outcomes.

Promoting and Supporting Public Health and Safety: by preparing for emerging public health threats, addressing quality of care issues and public health risks including the opioid epidemic and investigating complaints at licensed facilities; and promoting healthy relationships and non-violent behavior.

Improving the Public Health Infrastructure: by enhancing our workforce through improved employee engagement.

Maximizing Agency Effectiveness: by integrating the AMS into agency practices and optimizing agency IT infrastructure.

Implementing the Arizona Health Improvement Plan: to address strategic action items for our leading public health issues.

Summary of 5 Year Strategic Priorities

#	Multi-Year Strategy	Start Year	Progress / Successes
1	Improve Health Outcomes	2018	FY18 Health in all Policies implemented to increase Healthy AZ Workplace participation. Pain Management and Sober Living licensing fully implemented. Completed 2019 State Health Assessment.
2	Promote and Support Public Health and Safety	2016	FY18 100% of Opioid Action Plan were implemented to address public health risks and Opioid Response was continued in FY19. Consistently achieved goal for quarterly employee after hours call downs to respond to emergencies.
3	Improve Public Health Infrastructure	2017	Achieved national public health accreditation in September 2017. Annual reports have been submitted for accreditation sustainability with a focus on quality improvement and goal of reaccreditation in 2022. FY18 and FY19 Employee Engagement action items completed along with Agency Engagement Communications Plan. Engagement score has increased from 1.7 in 2012 to 3.6 in 2019.
4	Maximize Agency Effectiveness	2017	Continued strengthening of agency-wide AMS implementation. Fully integrated the Arizona Radiation Regulatory Agency into ADHS in FY18 and improved application processing and inspections. Reduced the time-frames for processing non-ionizing applications from approximately 60 to 6 days.
5	Implement the Arizona Health Improvement Plan (AzHIP)	2015	Implemented obesity & tobacco AzHIP FY18 action items. Established and maintained cadence of updates to AzHIP dashboards. Strengthened structured discussions with Steering Committee and stakeholders and held 2nd annual AzHIP Summit in January 2019.

Strategy #	FY20 Annual Objectives	Objective Metrics	Annual Initiatives
1	Establish agreements to improve health outcomes	Maternal mortality plan action items	Improve knowledge, education, and access to care for pregnant and postpartum women. Support workforce, workforce capacity, and systems of care.
1	Support State Hospital as a Center of Psychiatric Excellence	ASH Performance Audit score	Staff education on current and upcoming requirements. Ongoing review of POCs developed from Audits to evaluate survey readiness and compliance.
1	Align services with needs of vulnerable populations	ACEs plan action items	Integrate knowledge of trauma into culture and practices to become a Trauma-Informed Agency. Characterize data for root cause and analysis of protective factors.
2	Prepare for and respond to public health emergencies	Opioids plan action items	Implement GME and CME on Arizona Pain & Addiction Curriculum. Launch MAT mentoring program. Issue first State Drug Overdose Fatality Review Report.
		Hepatitis A case count	Work to control statewide outbreak through increased vaccination, coordination of outreach to priority groups, and awareness of providers.
2	Address public health risks	Immunizations plan action items	Implement solutions to reduce non-medical exemption rates. Determine best practices for improving vaccination coverage. Implement campaigns to promote vaccination.
		Licensing facility complaint response	Implement action items to improve response from initial complaint to disposition in licensing facilities.
2	Promote healthy and safe communities	STD plan action items	Improve access to STD screening and treatment among high risk groups. Build capacity to prevent congenital syphilis and control the spread of STDs.
		ASH assault rate	Ongoing NVCI staff training, clinical intervention, behavioral and nursing care planning.
3	Enhance public health workforce	Employee Engagement Plan action items	Continue to host quarterly Engagement Champion meetings and develop an Agency Employee Retention Plan.
		ASH staff turnover	Continue implementation of Compensation Plan with messaging to increase incentive use.
		Reciprocity action items	Undertake administrative rule reform to achieve interstate reciprocity for licensed professionals to reduce barriers to licensure in Arizona while protecting the public.
4	Optimize agency resources	IT plan action items	Implement priority cloud optimization, Team Drives, and statewide security controls.
5	Implement action items for high-impact strategies	AzHIP action items completed on time	Complete action items where ADHS is lead organization. Utilize work group meetings and Summit for engagement.