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December 12, 2025

Zane Garcia-Ramadan
Assistant Director
Division of Developmental Disabilities
1789 West Jefferson, 4th Floor
Mail Drop 2HA1
Phoenix, Az 85007

SUBJECT: Notice of Mandated Corrective Action Plan: Home and Community Based Settings Rule Heightened Scrutiny Process

Dear Mr. Garcia-Ramadan,

To finalize the state's compliance with the Home and Community Based Settings (HCBS) Rules' Heightened Scrutiny process, the Centers for Medicaid and Medicare (CMS) has reviewed the state's heightened scrutiny setting package submissions, including settings that receive quality monitoring by the Division of Developmental Disabilities (DDD). The CMS findings detailed in this Corrective Action Plan for those settings are the responsibility of DDD to address. Per CMS [HCBS Rules requirements](#) and the [State Transition plan](#), AHCCCS must demonstrate settings that meet the Heightened Scrutiny criteria have overcome the presumption that they are institutional in nature. Therefore, the HCBS Rules quality monitoring assessment, and related documentation, must demonstrate the settings are not isolating members from their communities and not violating members rights under the HCBS Rules, unless there is health and safety risk documented in the Person-Centered Service Plan (PCSP).

AHCCCS and CMS have agreed to the actions outlined for each finding below. DDD is obligated to complete the remediation process and submit required documentation that supports evidence of compliance. The documentation must be sent to Danielle Ashlock via email (Danielle.Ashlock@azahcccs.gov), with a cc to your AHCCCS Operations and Compliance Officer, no later than close of business on **February 27, 2026**. Please note that some remediation steps may necessitate PCSP meetings and/or provider site visits.

Any reference to an attestation in the findings is AHCCCS' responsibility. AHCCCS will summarize the documentation for all the settings to attest to the state's compliance with the Heightened Scrutiny criteria. DDD obligation is to provide documentation as evidence to support the compliance of each setting addressing CMS' setting-specific findings.

In addition to remediating the findings below, CMS is requiring the state to develop and implement training for staff in all settings that are required to comply with the HCBS Rules. AHCCCS is mandating the health plans to work collaboratively to develop and implement training. The health plans must, at a minimum, avail themselves of the Workforce Development Administrators, but may include other resources as deemed necessary. By close of business on **February 27, 2026** each health plan must submit a jointly developed training plan, in addition to the remediation documentation and evidence detailed above, that includes, at a minimum, the following information:

- Staff competencies to inform curriculum development,
- Training curriculum outline,
- Tools for supervisors to use when evaluating the staff competencies,
- Implementation methods, including tracking provider compliance and annual refresher training,
- Timeline for the completion of the training content, and
- Timeline for completion of the initial deployment of the training, including any health plan specific responsibilities

AHCCCS will review and approve the training plan prior to directing the health plans to finalize and implement the training. AHCCCS also retains final approval rights of the training curriculum.

AHCCCS has scheduled a meeting on December 18, 2025, at Noon with Health Plan Compliance Officers and HCBS Quality Management leads to address any questions regarding this notice. In addition to the meeting, you may also reach out to Danielle Ashlock (Danielle.Ashlock@azahcccs.gov) at any time throughout this process.

Sincerely,

DocuSigned by:



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Meggan LaPorte, CPPO, MSW

AHCCCS Chief Procurement Officer

cc: Kristen Moore, DDD Contract Compliance Officer
Jenna Girdosky, AHCCCS Operations Compliance Officer
Jakenna Lebsock, AHCCCS Assistant Director
Dara Johnson, AHCCCS Program Development Officer
Danielle Ashlock, AHCCCS ALTCS Project Manager

<p>Name of Setting: Chandler/Gilbert Arc (CGArc) Address: 671 S Valero Street Chandler, AZ 85225</p>
<p>CMS Finding #1</p>
<p>Attestation from the state through the review of person-centered service plans and/or interviews with individuals residing in the setting that:</p> <ul style="list-style-type: none"> • the setting is selected by the individual from among a variety of setting options including non-disability specific settings t [42 CFR 441.301 (c)(4)(ii)]; and • the setting options are identified and documented in the person-centered service plan and are based on the individual's needs, preferences, and, for residential settings, resources available for room and board. [42 CFR 441.301(c)(4)(ii)].
<p>Remediation</p>
<ol style="list-style-type: none"> 1. Division of Developmental Disabilities (DDD) shall review the PCSPs for each member residing in the setting to ensure documentation in the PCSP details choices the member made in their home selection. If that documentation is not present, the PCSP must be updated in consultation with the member/Health Care Decision Maker to reflect that decision. 2. A copy of the PCSP, with the required information highlighted, shall be provided to AHCCCS. 3. DDD shall create a remediation plan outlining steps to be undertaken to ensure documentation in the PCSP, for all members residing in provider owned and controlled settings, will include details regarding the member’s choice to reside in a particular setting based upon their needs, preferences and resources for room and board. The remediation plan shall be provided to AHCCCS.
<p>CMS Finding #2</p>
<p>Confirmation that any modifications to the additional conditions under 441.301(c)(4)(vi)(A) through (D) are supported by a specific assessed need and justified in the person-centered service plans. [42 CFR 441.301(c)(4)(vi)(F)].</p>
<p>Remediation</p>
<ol style="list-style-type: none"> 1. DDD shall review the PCSPs for each member residing in the setting to ensure documentation in the PCSP does include an individualized assessment (not based on diagnosis) of health and safety risks in the “Modifications to Plan Through Restriction of Member’s Rights” section. If that documentation is not compliant, the PCSP must be updated in consultation with the member/Health Care Decision Maker. 2. A copy of the PCSP, with the required information highlighted shall be provided to AHCCCS. 3. DDD shall create a remediation plan outlining steps to ensure documentation in the PCSP in the “Modifications to Plan Through Restriction of Member’s Rights” section is member specific and not based on diagnosis. DDD shall also create a remediation plan to ensure meaningful review of the PCSPs during the HCBS Rules quality monitoring assessment process to ensure rights restrictions are documented and individually implemented in provider owned and controlled settings.
<p>CMS Finding #3</p>
<p>Attestation that the setting ensures an individual's rights of privacy, dignity and respect, and freedom from coercion and restraint [42 CFR 441.301(c)(4)(iii)].</p>
<p>Remediation</p>
<ol style="list-style-type: none"> 1. DDD shall create a remediation plan with the provider outlining the steps that will be taken to bring the provider into compliance including any training or documentation that might be implemented to ensure members rights of privacy, dignity and respect, and freedom from coercion and restraint based upon evidence criteria outlined in the HCBS Rules quality

<p>monitoring assessment tools. The plan shall also detail DDD’s validation of the completed remediation plan. The plan and supporting documentation shall be provided to AHCCCS.</p>
<p>CMS Finding #4</p>
<p>Confirmation through review of provider policies and/or observational data collected by the state during the onsite visit that individuals sharing units have a choice of roommates in that setting [42 CFR 441.301(c)(4)(vi)(B)(2)]. MCO verified the provider’s HCBS policy and that members can make roommate requests during PCSP meetings and monthly roommate reviews. The state should provide how the setting will assure that individuals are provided choice initially for roommate selection.</p>
<p>Remediation</p>
<ol style="list-style-type: none"> 1. DDD shall review the PCSPs for each member residing in the setting to ensure documentation in the PCSP details choices the member made in their roommate selection. If that documentation is not compliant, the PCSP must be updated in consultation with the member/Health Care Decision Maker. 2. A copy of the PCSP, with the required information highlighted, shall be provided to AHCCCS. 3. DDD shall create a remediation plan outlining steps to ensure documentation in the PCSP and the setting’s service plan, if applicable, will include details regarding the member’s choice to in roommate selection initially and upon move-in. DDD shall also provide a copy of the plan and policy language or other documentation to demonstrate the provider’s compliance to AHCCCS.

<p align="center">Name of Setting: Lauren's Institute For Education/ L.I.F.E. Address: 1305 S Gilbert Rd</p>
<p>CMS Finding #1</p>
<p>Attestation from the state through the review of person-centered service plans and/or interviews with individuals residing in the setting that:</p> <ul style="list-style-type: none"> • the setting is selected by the individual from among a variety of setting options including non-disability specific settings t [42 CFR 441.301 (c)(4)(ii)]; and • the setting options are identified and documented in the person-centered service plan and are based on the individual's needs, and preferences. [42 CFR 441.301(c)(4)(ii)]
<p>Remediation</p>
<ol style="list-style-type: none"> 1. DDD shall review the PCSPs for each member receiving services in the setting to ensure documentation in the PCSP details choices the member made in their home selection. If that documentation is not present, the PCSP must be updated in consultation with the member/Health Care Decision Maker to reflect that decision. 2. A copy of the PCSP, with the required information highlighted, shall be provided to AHCCCS. 3. DDD shall create a remediation plan outlining steps to be undertaken to ensure documentation in the PCSP, for all members receiving services in provider owned and controlled settings, will include details regarding the member’s choice to reside in a particular setting based upon their need and preferences. The remediation plan shall be provided to AHCCCS.
<p>CMS Finding #2</p>
<p>Confirmation that the setting supports full access of individuals to control their personal resources [42 CFR 441.301(c)(4)(i)]. The state indicates that individuals are provided support and the MCO indicated there was a bank log but it is not clear how the state determined the setting supports full access of individuals to control their personal resources.</p>
<p>Remediation</p>

1. DDD shall create a remediation plan with the provider outlining steps to ensure the setting supports members to have control over their personal resources. DDD shall also provide a copy of the remediation plan, an explanation that documents how the provider has demonstrated compliance, and any supporting policy language or other evidence of compliance. .

CMS Finding #3

Confirmation that individuals have access to food at any time (<https://www.medicaid.gov/sites/default/files/2019-12/exploratory-questions-non-residential.pdf>). The state indicates that the MCO verified the setting policy that states the Snack Shack opens for about 30 minutes each day unless the schedule is affected by staffing. The state should confirm that individuals have access to food at any time outside the 30 minute window that people can buy snacks.

Remediation

1. DDD shall create a remediation plan with the provider outlining steps the setting will take to clearly demonstrate that each setting supports members to control their own schedules and activities, free from designated snack times or other constraints not supported by the PCSP. DDD shall also provide a copy of the remediation plan, an explanation that documents how the provider has demonstrated compliance, and any supporting policy language or other documentation, including specific examples of how the setting ensured members have access to food/meals/drinks at any time, to demonstrate the provider's compliance to AHCCCS.