ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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October 16, 2026

The Honorable Warren Petersen, President
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

The Honorable Steve Montenegro, Speaker
Arizona State House of Representatives
1700 W. Washington
Phoenix, AZ 85007

Re: Report on Modified or Rejected Administrative Law Judge Conclusions of Law

Dear President Petersen and Speaker Montenegro:

A.R.S. 41-1092.08(B) provides that, within thirty days of receiving an administrative law judge's decision, the head of the agency may review the decision and accept, reject or modify it. If the head of the agency rejects or modifies the decision, the agency head must provide a written justification for the rejection or modification of each Finding of Fact or Conclusion of Law.

Subsection (B) also requires that if the agency head rejects or modifies a Conclusion of Law, the written justification shall be sent to the President of the Senate and the Speaker of the House of Representatives.

Most, if not all, administrative law judge decisions and the associated decision of the agency head regarding the AHCCCS program include information that is confidential under State and Federal law. See 45 CFR Part 164, 42 CFR 431.300 et. seq., AAC R9-22-512 and AAC R9-22-309. As such, AHCCCS cannot provide the full text of the administrative law judge decisions or the agency decision. As a practical matter, redacted versions of the justification for a modification or rejection of an administrative law judge's Conclusion of Law are not comprehensible without the full context of Findings of Fact and Conclusions of Law made by the administrative law judge.

For that reason, AHCCCS is providing quarterly summary information. We apologize for the

unfortunate delay due to an inadvertent oversight in our reporting protocol. For the quarter ending June 30, 2025, AHCCCS reviewed 315 administrative law judge decisions. AHCCCS has identified fifty-two matters where the agency modified an administrative law judge's Conclusions of Law which were rejected and or modified to clarify legal standards, cite to applicable legal authority and reflect legal authority in support of the conclusion of law and agency decision.

Please feel free to contact me if you have any questions about this report.

Sincerely,

R. Lynne Emmons

Lynne Emmons
Chief Operating Officer, AHCCCS

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Ben Henderson, Director, Governor's Office of Strategic Planning and Budgeting
Meaghan Kramer, Senior Policy Advisor, Office of the Governor
Roberta Harrison, Interim Director, AHCCCS