



September 22, 2025
Thomas Salow
Assistant Director, Public Health Licensing
Arizona Department of Health Services
150 N. 18th Ave., Suite 500
Phoenix, AZ 85007

Re: Comments on Proposed Rulemaking – Licensing Fee Increases (Title 9, Health Services, Chapter 10)

Dear Mr. Salow:

On behalf of the Arizona Hospital and Healthcare Association (AzHHA) and our member hospitals and healthcare institutions across the state, I appreciate the opportunity to provide comments on the Arizona Department of Health Services' proposed licensing fee increases outlined in **Title 9, Chapter 10, Article 1 (R9-10-106, Table 1.3)**.

We understand the Department's need to ensure adequate funding for the Division of Licensing. However, shifting the entire operating cost to providers raises serious concerns. If healthcare institutions are expected to cover the division's full budget, there must be clear assurances that it will operate effectively and reliably in executing its regulatory duties. These concerns are shared not only by AzHHA members but also by other hospitals across the state, underscoring that the challenges with the Division's operations are system-wide.

The timing of this fee increase also raises significant concern. With the recent enactment of H.R. 1, Arizona hospitals are already preparing to absorb additional costs related to changes in federal payment policies. Adding higher state licensing fees on top of these new federal cuts increases financial pressure on hospitals at a time when resources are already stretched thin. We urge the Department to consider this broader context as it finalizes the rule.

Concerns with Licensing Staff Quality and Investigations

Our members have faced issues with the quality and professionalism of licensing staff, as well as inconsistencies in the conduct of investigations. Unclear expectations, uneven rule enforcement, and long delays in processing create operational and financial problems for providers. Raising fees without fixing these long-standing concerns risks further damaging

confidence in the Division's ability to perform its duties. These observations are echoed by other Arizona hospitals outside of our membership, who report the same inconsistencies and challenges with surveyor conduct.

Feedback from our members highlights serious concerns with how surveys and investigations are currently conducted, including the following.

- **Disruption to patient care:** Surveys often last 4–7 days, pulling leadership and staff away from clinical operations. Administrative demands and short turnaround times for information requests divert staff from patient care.
- **Surveyor expertise and consistency:** Many members report that surveyors lack appropriate knowledge of hospital operations and practices. Additionally, surveyors sometimes change citations after the fact.
- **Tone and professionalism:** Facilities have described surveyors as judgmental, unprofessional, and even intimidating. While some surveyors are collaborative, many interactions are defined as adversarial, hostile or fear-based rather than supportive of quality improvement.
- **Process inefficiencies:** Members note that ADHS frequently surveys facilities on low-risk incidents, leading to duplication with other reporting requirements. Many concerns could be resolved via phone or email rather than extended on-site visits.
- **Impact on staff and culture:** Fear-based surveys damage morale. Staff feel that they are treated as potential offenders rather than as trusted professionals, with surveyors overstating risks or refusing to consider evidence of compliance. This undermines a culture of trust and quality improvement.

These concerns underscore the need for fee increases to be accompanied by tangible improvements in licensing operations and enhanced surveyor accountability.

ADHS Should Integrate Accountability and Performance Standards into the Proposed Rule

The rulemaking proposal does not include any commitments from the Department on how it will ensure improved performance or accountability within the Division of Licensing. If healthcare institutions are expected to bear higher costs, they deserve transparency about how those funds will be used and what measurable improvements are expected to result. For example, stakeholders should have clarity on:

- Training and qualifications of licensing staff;
- Timeliness standards for reviewing applications and conducting investigations;

- Establishing clear communication channels for providers; and
- Mechanisms for accountability when errors or delays happen.

Thus, we respectfully request that the Department include the following before finalizing the proposed rule:

1. Integrate performance benchmarks and accountability measures into the licensing system.
2. Create a clear plan for how additional revenue will directly enhance the licensing process.
3. Provide assurances that fee increases will not simply expand administrative processes, but instead improve responsiveness, consistency, and fairness.

Conclusion

Arizona's hospitals and healthcare providers support a practical and effective regulatory system. However, raising fees without guarantees of better performance does not meet the needs of providers who rely on the Division of Licensing to function efficiently. Along with the new cuts from the passage of H.R. 1, the proposed fee hikes could put additional pressure on hospital operations. We urge the Department to collaborate with stakeholders to ensure that any fee increase is tied to tangible improvements in licensing services.

Thank you for the opportunity to submit these comments and for considering them. We look forward to ongoing dialogue with the Department on this critical issue.

Sincerely,

A handwritten signature in black ink, reading "Helena Whitney". The signature is written in a cursive, flowing style.

Helena Whitney
Senior Vice President of Policy and Advocacy
Arizona Hospital & Healthcare Association