

REPORT HIGHLIGHTS



August 2026 | OAS-24-09-002

Arizona Did Not Ensure That Selected Medicaid Managed Care Organizations Complied With Mental Health and Substance Use Disorder Parity Requirements Related to Prior Authorization

Why OIG Did This Audit

- Individuals seeking care for mental health and substance use disorder (MH/SUD) conditions often find that treatment operates in a separate, and often very disparate, system than treatment for medical/surgical (M/S) care, even under the same health insurance coverage.
- Federal statute and regulations prohibit coverage limitations that apply more restrictively to MH/SUD benefits than to M/S benefits; these are called parity requirements. A prior OIG audit found that [CMS](#) did not ensure that eight selected States complied with parity requirements related to Medicaid managed care MH/SUD and M/S care.
- This audit determined whether Arizona ensured that three selected Medicaid managed care organizations (MCOs) complied with parity requirements related to prior authorization for MH/SUD services provided to Medicaid enrollees during the contract period October 1, 2022, through September 30, 2023 (audit period).

What OIG Found

- One of the three MCOs complied with Arizona requirements to perform an annual parity analysis, which found that limitations related to the prior authorization of MH/SUD services were no more restrictive than those applied to M/S services. However, the remaining two MCOs did not perform annual parity analyses and were unable to demonstrate compliance with parity requirements related to prior authorization for MH/SUD services.
- Arizona's written policies regarding how to establish compliance with parity requirements were unclear and Arizona's oversight did not adequately ensure that MCOs complied with parity requirements. As a result, Arizona could not ensure that all services delivered to MCO enrollees complied with parity requirements.

What OIG Recommends

We recommend that Arizona improve its policies and procedures to (1) clarify that MCOs are required to annually perform parity analyses, (2) require MCOs to submit the results of the analyses with reliable supporting documentation (e.g., data) for Arizona's review, and (3) review the MCOs' annual parity analyses and supporting documentation.

Arizona concurred with the second and third parts of our recommendation and described actions it has taken and plans to take in response, but did not concur with the first part of our recommendation because its policies and procedures already require MCOs to annually perform parity analyses.