



NEWS RELEASE

**Arizona House of Representatives
Republican Majority Leadership**

1700 West Washington • Phoenix, Arizona • 85007

**Friday, October 3, 2025
FOR IMMEDIATE RELEASE**

House Republicans Expose AHCCCS Chief Medical Officer Serving with Expired Medical License

STATE CAPITOL, PHOENIX – House Republican leaders are raising alarms after discovering that the Chief Medical Officer of Arizona’s Medicaid agency, AHCCCS, is serving with an expired medical license. [Dr. Theresa Costales](#)’ license was due for renewal on April 9, 2025, but was not renewed. Despite this, she continues advising on state health policies affecting more than 2 million Arizonans. Republican leaders say the lapse is a clear failure of oversight by Governor Katie Hobbs’ administration and undermines public trust in state healthcare leadership.

AHCCCS oversees health care services for more than 2 million residents. Dr. Theresa Costales, a psychiatrist, was appointed Chief Medical Officer in January 2025. According to the Arizona Medical Board, her license remained active only during a statutory grace period, which ended on August 9, 2025—at which point the license became [fully expired](#).

The [CMO carries critical responsibilities](#), including serving as an expert witness for the state in legal and regulatory matters and advising on clinical policies that directly affect patients. Medical directors making medical decisions are generally required to hold an active license. For comparison, the [Arizona Department of Corrections requires](#) its Chief Medical Officer applicants to “possess a valid, unrestricted Arizona medical license” as a pre-employment condition.

“A lapse like this should never happen in a healthcare agency responsible for millions of people,” said Speaker of the House Steve Montenegro. **“The public deserves accountability when even the most basic standards aren’t met.”**

“We work every day to protect the health and well-being of Arizonans, yet AHCCCS failed to do something as basic as verify a medical license,” said House Majority Leader Michael Carbone. **“Any citizen can look this up in minutes. That it slipped through the cracks at the highest level of medical leadership is completely unacceptable.”**

“As a healthcare professional, I find it deeply disturbing that someone is allowed to make decisions affecting vulnerable populations without a valid medical license,” said House Majority Whip Julie Willoughby. **“You cannot have a Chief Medical Officer without an active license—it’s that simple. Was this avoidance? Was she afraid her license wouldn’t be**

renewed? Those are serious questions that demand answers. And now, with the controversial HCBS assessment tool rolled out, we must ask: were those reviews overseen by a CMO whose license had already expired? If so, how can families trust the integrity of the data or the decisions that came from it? The developmental disabilities community has already been harmed, and it is outrageous that those decisions may have been shaped by someone without a current medical license.”

“Governor Hobbs’ administration has failed once again to ensure competence and accountability in state government,” said Speaker Pro Tempore Neal Carter. **“This isn’t a small oversight—it undermines public confidence in one of Arizona’s largest healthcare agencies. Arizonans deserve better.”**

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