

# Exhibit J

## DEPARTMENT OF HUMAN SERVICES, COUNTY OPERATIONS

### **SUBJECT: Arkansas Works Program Updates**

**DESCRIPTION:** This revises Medical Services policy to comply with the Arkansas Works Waiver by reinstating the original eligibility income limit for the program to 138% of the federal poverty level, removing references to employer sponsored insurance, and adding extenuating circumstances as a good cause exemption for the work and community engagement requirement.

Additionally, new language provides for possible consequences of repayment, disqualification, and prosecution for fraud if a recipient provides false or incomplete information. If a case is selected for a Quality Assurance Review, additional verification from the recipient may be required.

**PUBLIC COMMENT:** The Department did not hold a public hearing. The public comment period ended on May 22, 2018. The Department received no public comments.

The emergency rule was approved by the Executive Committee on April 19, 2018, with an effective date of May 1, 2018.

The proposed effective date for permanent promulgation is August 1, 2018.

**FINANCIAL IMPACT:** There is no financial impact.

**LEGAL AUTHORIZATION:** The Department of Human Services (DHS) is authorized to “make rules and regulations and take actions as are necessary or desirable to carry out the provisions of this chapter [Public Assistance] and that are not inconsistent therewith.” Arkansas Code Annotated § 20-76-201 (12). DHS is also authorized to promulgate rules as necessary to conform to federal rules that affect its programs as necessary to receive any federal funds. *See* Ark. Code Ann. § 25-10-129(b).

Part of the proposed amendments to existing rules is specifically authorized by Act 6 of the first Extraordinary Session of the 91<sup>st</sup> General Assembly and Arkansas Works Section 1115 Demonstration #11-W-00287/6. The Arkansas Works Program, created by Act 1 of the Second Extraordinary Session of 2016, empowered the Department to seek a waiver. *See* Ark. Code Ann. § 23-61-1004(a). The Department is authorized to promulgate and administer rules to implement the Arkansas Works Program. *See* Ark. Code Ann. § 23-61-1004(c).

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS  
WITH THE ARKANSAS LEGISLATIVE COUNCIL**

DEPARTMENT/AGENCY Arkansas Department of Human  
DIVISION County Operations  
DIVISION DIRECTOR Mary Franklin  
CONTACT PERSON Larry Crutchfield  
ADDRESS PO Box 1437, Slot S332, Little Rock AR 72203  
PHONE NO. 501-682-8257 FAX NO. 501-682-1597 E-MAIL [larry.crutchfield@dhs.arkansas.gov](mailto:larry.crutchfield@dhs.arkansas.gov)  
NAME OF PRESENTER AT COMMITTEE MEETING Kristie Hayes  
PRESENTER E-MAIL [kristie.hayes@dhs.arkansas.gov](mailto:kristie.hayes@dhs.arkansas.gov)

**INSTRUCTIONS**

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Donna K. Davis  
Administrative Rules Review Section  
Arkansas Legislative Council  
Bureau of Legislative Research  
One Capitol Mall, 5<sup>th</sup> Floor  
Little Rock, AR 72201

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1. What is the short title of this rule?

Arkansas Works Program Updates

This proposed rule change revises Medical Services policy to comply with the Arkansas Works Waiver by reinstating the original eligibility income limit for the program to 138% of the Federal Poverty Level, removing references to Employer Sponsored Insurance, and adding extenuating circumstances as a good cause exemption for the work and community engagement requirement.

2. What is the subject of the proposed rule?

3. Is this rule required to comply with a federal statute, rule, or regulation?

Yes

No

If yes, please provide the federal rule, regulation, and/or statute citation.

Act 6 of the first Extraordinary  
Session of the 91<sup>st</sup> General  
Assembly and Arkansas Works  
Section 1115 Demonstration  
#11-W-00287/6

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act?

Yes  No

If yes, what is the effective date of the emergency rule?

05/01/18

When does the emergency rule expire?

8/19/18

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act?

Yes  No

5. Is this a new rule? Yes  No

If yes, please provide a brief summary explaining the regulation. \_\_\_\_\_

Does this repeal an existing rule? Yes  No

If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. \_\_\_\_\_

Is this an amendment to an existing rule?

Yes  No

If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Arkansas Code 20-76-201

7. What is the purpose of this proposed rule? Why is it necessary? This proposed rule change revises Medical Services policy to comply with the Arkansas Works Waiver by reinstating the original eligibility income limit for the program to 138% of the Federal Poverty Level, removing references to Employer Sponsored Insurance, and adding extenuating circumstances as a good cause exemption for the work and community engagement requirement.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

<http://humanservices.arkansas.gov/resources/legal-notices>

9. Will a public hearing be held on this proposed rule? Yes  No

If yes, please complete the following:

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Place: \_\_\_\_\_

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)  
5/22/18

11. What is the proposed effective date of this proposed rule? (Must provide a date.)  
08/01/18

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice. See attached

13. Please provide proof of filing the rule with the Secretary of State and the Arkansas State Library as required pursuant to Ark. Code Ann. § 25-15-204(e). See attached

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known. Unknown at this time.

**FINANCIAL IMPACT STATEMENT**

**PLEASE ANSWER ALL QUESTIONS COMPLETELY**

**DEPARTMENT** Department of Human Services

**DIVISION** Division of Medical Services

**PERSON COMPLETING THIS STATEMENT**

Brian Jones

**TELEPHONE** 501-537-2064

**FAX** 501-682-3889

**EMAIL:** Brian.jones@dhs.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

**SHORT TITLE OF THIS RULE** Arkansas Works Program Updates

1. Does this proposed, amended, or repealed rule have a financial impact? Yes  No
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes  No
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes  No

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;
- (b) The reason for adoption of the more costly rule;
- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

(d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation?

<u>Current Fiscal Year</u>		<u>Next Fiscal Year</u>	
General Revenue	_____	General Revenue	_____
Federal Funds	_____	Federal Funds	_____
Cash Funds	_____	Cash Funds	_____
Special Revenue	_____	Special Revenue	_____
Other (Identify)	_____	Other (Identify)	_____
Total	_____	Total	_____

(b) What is the additional cost of the state rule?

<u>Current Fiscal Year</u>		<u>Next Fiscal Year</u>	
General Revenue	\$ 0 _____	General Revenue	\$ 0 _____
Federal Funds	\$ 0 _____	Federal Funds	\$ 0 _____
Cash Funds	_____	Cash Funds	_____
Special Revenue	_____	Special Revenue	_____
Other (Identify)	_____	Other (Identify)	_____
Total	_____	Total	_____

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ _____	\$ _____

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ 0 _____	\$ 0 _____

No Financial Impact as the proposed rule change is made to streamline and clarify business processes.

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes  No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
  - (a) justifies the agency's need for the proposed rule; and
  - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
  - (a) the rule is achieving the statutory objectives;
  - (b) the benefits of the rule continue to justify its costs; and
  - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

**EMERGENCY REGULATIONS**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF COUNTY OPERATIONS  
AMENDING ADMINISTRATIVE REGULATIONS**

**NUMBER AND TITLE:** Arkansas Works Program Updates

**PROPOSED EFFECTIVE DATE:** 05/01/2018

**STATUTORY AUTHORITY:**

Act 6 of the First Extraordinary Session of the 91<sup>st</sup> General Assembly and Section 1115 Demonstration Waiver #11-W-002876/6.

**NECESSITY AND FUNCTION:**

The proposed rule change revises Medical Services policy to comply with the Arkansas Works Waiver by restoring the original eligibility income limit to 138% of the Federal Poverty Level, removing references to Employer Sponsored Insurance, and adding extenuating circumstances as a good cause exemption for the work requirement.

**PAGES FILED:** Attached you will find the Questionnaire, Financial Impact Statement and Medical Services policy sections A-100, A-110, A-330, A-340, B-270, D-500, E-110, E-268, E-269, F-200, F-201, G-190, Appendix X and Appendix Y.



Mary Franklin  
Division of County Operations

**Promulgation date:** April 10, 2018

**Contact Person:** Larry Crutchfield

**RECEIVED**

APR 20 2018

BUREAU OF  
LEGISLATIVE RESEARCH