EXHIBIT J

DEPARTMENT OF HUMAN SERVICES, DIVISION OF MEDICAL SERVICES

SUBJECT: Hospital Based Residential Treatment for Substance Use Disorder (Concerning 20 CAR pts. 570, 624)

DESCRIPTION:

Statement of Necessity

A Substance Abuse Residential Treatment Unit is a specialized unit designed to help individuals with substance use disorders overcome their addiction and achieve long-term recovery. The Office of Substance Abuse and Mental Health within the Arkansas Department of Human Services proposes a rule establishing hospital based residential rehabilitation services to treat Substance Use Disorders (SUD) for those under age twenty-one (21). Inpatient SUD residential treatment unit admissions will follow a 100% prior authorization process to determine medical necessity for inpatient admission utilizing the American Society of Addition Medicine (ASAM) criteria. For an inpatient SUD residential treatment unit that is in a separate licensed unit, the hospital will be reimbursed at the same hospital-specific per diem rate with no cost settlement.

Summary

To establish hospital based residential rehabilitation services to treat substance use disorders requires an amendment to the Arkansas Medicaid State Plan and adding two new sections to the Hospital/Critical Access Hospital/End Stage Renal Disease Medicaid Provider Manual. The State Plan amendment establishes the services as stated above regarding prior authorization and reimbursement for those under age twenty-one (21).

The new sections in the provider manual detail the residential rehabilitation services to treat SUD and the prior authorization process. Section 211.130 details services rendered by a Substance Abuse Residential Treatment Unit based on criteria set forth by ASAM. Section 240.100 details the prior authorization process for the services to be rendered. That process includes transmittal of the beneficiary's records, and what records are needed, to be reviewed by the Arkansas Medicaid Utilization and Clinical Services vendor or, for members of a PASSE, the PASSE utilization management entity. The vendor or the PASSE will determine whether inpatient substance use disorder services are medically necessary and approve or disapprove the inpatient stay. Both the beneficiary and the provider must be enrolled in Arkansas Medicaid at the time a service is provided, and the provider must comply with the regulations set forth in this manual and in official program correspondence. Approval or denial of services must be rendered within two (2) business days of receipt of all information by the vendor or PASSE. Prior authorizations cover a minimum of one (1) day up to a maximum of thirty (30) days. Additional days can be authorized through request for extended stay and based upon medical necessity.

PUBLIC COMMENT: A public hearing was held on this rule on June 17, 2026. The public comment period expired on July 6, 2026. The agency indicated that it received no comments.

This rule was previously filed as an emergency rule with an effective date of June 19, 2026. The proposed effective date for permanent promulgation is September 1, 2026.

FINANCIAL IMPACT: The agency indicated that this rule has no financial impact.

LEGAL AUTHORIZATION: The Department of Human Services has the responsibility to administer assigned forms of public assistance and is specifically authorized to maintain an indigent medical care program (Arkansas Medicaid). See Ark. Code Ann. §§ 20-76-201(1), 20-77-107(a)(1). The Department has the authority to make rules that are necessary or desirable to carry out its public assistance duties. Ark. Code Ann. § 20-76-201(12). The Department and its divisions also have the authority to promulgate rules as necessary to conform their programs to federal law and receive federal funding. Ark. Code Ann. § 25-10-129(b).

Office of Policy and Rules
P.O. Box 1437, Slot S295, Little Rock, AR 72203-1437
P: 501.320.6383 F: 501.404.4619

June 05, 2026

Mrs. Rebecca Miller-Rice
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
#1 Capitol, 5th Floor
Little Rock, AR 72201

Dear Mrs. Rebecca Miller-Rice:

Re: Hospital Based Residential Treatment for Substance Use Disorder

Please arrange for this rule to be reviewed by the ALC-Administrative Rules Subcommittee. If you have any questions or need additional information, please contact me at 501-320-6383 or by emailing Mac.E.Golden@dhs.arkansas.gov.

Sincerely,

Mac Golden

Mac Golden
Attorney III
Office of Policy and Rules

Attachments

QUESTIONNAIRE FOR FILING PROPOSED RULES WITH THE ARKANSAS LEGISLATIVE COUNCIL

DEPARTMENT Department of Human Services
BOARD/COMMISSION Office of Substance Abuse and Mental Health
BOARD/COMMISSION DIRECTOR Paula Stone
CONTACT PERSON Mac Golden
ADDRESS P.O Box 1437, Slot S295, Little Rock, AR 72203-1437
PHONE NO. (501) 320-6383 **EMAIL** Mac.E.Golden@dhs.arkansas.gov
NAME OF PRESENTER(S) AT SUBCOMMITTEE MEETING
Paula Stone
PRESENTER EMAIL(S) Paula.Stone@dhs.arkansas.gov

INSTRUCTIONS

In order to file a proposed rule for legislative review and approval, please submit this Legislative Questionnaire and Financial Impact Statement, and attach (1) a summary of the rule, describing what the rule does, the rule changes being proposed, and the reason for those changes; (2) both a markup and clean copy of the rule; and (3) all documents required by the Questionnaire.

If the rule is being filed for permanent promulgation, please email these items to the attention of Rebecca Miller-Rice, miller-ricer@blr.arkansas.gov, for submission to the Administrative Rules Subcommittee.

If the rule is being filed for emergency promulgation, please email these items to the attention of Director Marty Garrity, garritym@blr.arkansas.gov, for submission to the Executive Subcommittee.

Please answer each question completely using layman terms.

****

1. What is the official title of this rule?
Hospital Based Residential Treatment for Substance Use Disorder

2. What is the subject of the proposed rule? 20 CAR Parts 570 and 624

3. Is this rule being filed under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☑

If yes, please attach the statement required by Ark. Code Ann. § 25-15-204(c)(1).

If yes, will this emergency rule be promulgated under the permanent provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☐

4. Is this rule being filed for permanent promulgation? Yes ☑ No ☐

If yes, was this rule previously reviewed and approved under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☐

If yes, what was the effective date of the emergency rule? _____

On what date does the emergency rule expire?_____

5. Is this rule required to comply with a *federal* statute, rule, or regulation? Yes ☐ No ☑

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

6. Is this rule required to comply with a *state* statute or rule? Yes ☐ No ☑

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

7. Are two (2) rules being repealed in accord with Executive Order 23-02? Yes ☐ No ☑

If yes, please list the rules being repealed.
If no, please explain.

Exception from the Governor

8. Is this a new rule? Yes ☐ No ☑

Does this repeal an existing rule? Yes ☐ No ☑
If yes, the proposed repeal should be designated by strikethrough. If it is being replaced with a new rule, please attach both the proposed rule to be repealed and the replacement rule.

Is this an amendment to an existing rule? Yes ☑ No ☐
If yes, all changes should be indicated by strikethrough and underline. In addition, please be sure to label the markup copy clearly as the markup.

9. What is the state law that grants the agency its rulemaking authority for the proposed rule, outside of the Arkansas Administrative Procedure Act? Please provide the specific Arkansas Code citation(s), including subsection(s).

Arkansas Code: §§20-76-201, 20 77-107, and 25-10-129

10. Is the proposed rule the result of any recent legislation by the Arkansas General Assembly?
Yes ☐ No ☑

If yes, please provide the year of the act(s) and act number(s).

11. What is the reason for this proposed rule? Why is it necessary?

The rule details hospital based residential rehabilitation services to treat substance use disorders and details prior authorization for such. Inpatient Substance Use Disorder Residential Treatment Unit admissions will follow a 100% prior authorization process to determine medical necessity for inpatient admission utilizing the American Society of Addition Medicine (ASAM) criteria. For an Inpatient Substance Use Disorder Residential Treatment Unit that is in a separate licensed unit, the hospital will be reimbursed at the same hospital-specific per diem rate with no cost settlement.

12. Please provide the web address by which the proposed rule can be accessed by the public as provided in Ark. Code Ann. § 25-19-108(b)(1).

ar.gov/dhs-proposed-rules

13. Will a public hearing be held on this proposed rule? Yes ☑ No ☐

If yes, please complete the following:

Date: 06/17/2026

Time: 9:30 am

Place: ar.gov/dhspublichearings

Please be sure to advise Bureau Staff if this information changes for any reason.

14. On what date does the public comment period expire for the permanent promulgation of the rule? Please provide the specific date. 07/06/2026

15. What is the proposed effective date for this rule? 9/1/2026

16. Please attach (1) a copy of the notice required under Ark. Code Ann. § 25-15-204(a)(1) and (2) proof of the publication of that notice.

17. Please attach proof of filing the rule with the Secretary of State, as required by Ark. Code Ann. § 25-15-204(e)(1)(A).

18. Please give the names of persons, groups, or organizations that you anticipate will comment on these rules. Please also provide their position (for or against), if known.

19. Is the rule expected to be controversial? Yes ☐ No ☑

If yes, please explain.

NOTICE OF RULE MAKING

The Department of Human Services (DHS) announces for a public comment period of thirty (30) calendar days a notice of rulemaking for the following proposed rule under one or more of the following chapters, subchapters, or sections of the Arkansas Code: §§20-76-201, 20 77-107, and 25-10-129. The projected effective date of the rule is September 1, 2026, if approved. There is no fiscal impact.

The Office of Substance Abuse and Mental Health issues a rule detailing hospital based residential rehabilitation services to treat substance use disorders for beneficiaries under age twenty-one, and the prior authorization needed for such. A Substance Abuse Residential Treatment Unit is a specialized unit designed to help individuals with substance use disorders overcome their addiction and achieve long-term recovery. Inpatient SUD residential treatment unit admissions will follow a 100% prior authorization process to determine medical necessity for inpatient admission utilizing the American Society of Addition Medicine (ASAM) criteria. For an inpatient SUD residential treatment unit that is in a separate licensed unit, the hospital will be reimbursed at the same hospital-specific per diem rate with no cost settlement.

To establish the above services, OSAMH will submit an amendment to the Arkansas Medicaid State Plan to the Centers for Medicare & Medicaid, and add two new sections to the *Hospital/Critical Access Hospital/End Stage Renal Disease* Medicaid Provider Manual. The State Plan amendment establishes the services as stated above regarding prior authorization and reimbursement for those under age twenty-one (21). The new sections in the provider manual detail the residential rehabilitation services to treat SUD and the prior authorization process based on criteria set forth by ASAM. The prior authorization process is detailed including the records to be submitted to the Arkansas Medicaid Utilization and Clinical Services vendor or, for members of a PASSE, the PASSE utilization management entity. The vendor or the PASSE will determine whether inpatient substance use disorder services are medically necessary and approve or disapprove the inpatient stay. Both the beneficiary and the provider must be enrolled in Arkansas Medicaid at the time a service is provided, and the provider must comply with the regulations set forth in this manual and in official program correspondence. Approval or denial of services must be rendered within two (2) business days of receipt of all information by the vendor or PASSE. Prior authorizations cover a minimum of one (1) day up to a maximum of thirty (30) days. Additional days can be authorized through request for extended stay and based upon medical necessity.

The proposed rule is available for review at the Department of Human Services (DHS) Office of Policy and Rules, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437. You may also access and download the proposed rule at ar.gov/dhs-proposed-rules. Public comments can be submitted in writing at the above address or at the following email address: ORP@dhs.arkansas.gov. All public comments must be received by DHS no later than July 6, 2026. Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

A public hearing will be held online by remote access. Public comments may be submitted at the hearing. The details for attending the online public hearing appear at ar.gov/dhspublichearings.

If you need this material in a different format, such as large print, contact the Office of Policy and Rules at 501-320-6428. The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated, managed and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color or national origin. **4502292178**

Paula Stone, Director
Office of Substance Abuse and Mental Health

From: Legal Ads
To: Lisa Teague
Cc: Jack Tiner; Mac Golden; Lakeya Gipson; Elaine Stafford
Subject: Re: Full Run Ad (rule 347)
Date: Friday, June 5, 2026 7:28:44 AM
Attachments: image001.png

Scheduled for Sun 6/7, Mon 6/8, and Tues 6/9. Thanks.

Gregg Sterne, Legal Advertising
Arkansas Democrat-Gazette
legalads@arkansasonline.com

From: "Lisa Teague" <Lisa.Teague@dhs.arkansas.gov>
To: "legalads" <legalads@arkansasonline.com>
Cc: "Jack Tiner" <jack.tiner@dhs.arkansas.gov>, "Mac Golden" <Mac.E.Golden@dhs.arkansas.gov>, "Lakeya Gipson" <Lakeya.Gipson@dhs.arkansas.gov>, "Elaine Stafford" <elaine.stafford@dhs.arkansas.gov>
Sent: Thursday, June 4, 2026 2:42:57 PM
Subject: Full Run Ad (rule 347)

Good afternoon,

Please run the attached Notice of Public Hearing in the *Arkansas Democrat-Gazette* on the following days:

- Sunday, June 7, 2026
- Monday, June 8, 2026
- Tuesday, June 9, 2026

I am aware that the print version will only be provided to all counties on Sundays.

Invoice to: **AR Dept of Human Services**

P.O. Box 1437

Slot S535

Little Rock, AR 72203

ATTN: Lakeya Gipson

(Lakeya.Gipson@dhs.arkansas.gov)

From:	Lisa Teague
To:	Arkansas Register
Cc:	Jack Tiner; Mac Golden; Lakeya Gipson; Daisy Reyes; JAMIE EWING
Subject:	DHS/OSAMH-Proposed Filing -Hospital Based Residential Treatment for Substance Use Disorder (r. 347)
Date:	Friday, June 5, 2026 11:25:00 AM
Attachments:	SOS Initial- SUD.pdf image001.png

Attached is the proposed rule for "Hospital Based Residential Treatment for Substance Use Disorder". The public notice will appear in the Arkansas-Democrat Gazette June, 7,8, and 9, 2026. The public comment period ends July 6, 2026. Please post.

Thank you,

Lisa Teague
Rules & Regulations Coordinator
Arkansas Department of Human Services
Office of Policy and Rules

P: 501.396.6428
lisa.teague@dhs.arkansas.gov

humanservices.arkansas.gov

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT Department of Human Services
BOARD/COMMISSION
PERSON COMPLETING THIS STATEMENT Andy Morgan
TELEPHONE NO. (501) 534-4125 **EMAIL** andy.morgan@dhs.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE Hospital Based Residential Treatment for Substance Use Disorder

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 no, please explain:

   (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 reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

   (d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

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?

Current Fiscal Year	**Next Fiscal Year**
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?

Current Fiscal Year	**Next Fiscal Year**
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 $ 0.00	Total $ 0.00

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

Current Fiscal Year	**Next Fiscal Year**
$ 0.00	$ 0.00

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

Current Fiscal Year	**Next Fiscal Year**
$ 0.00	$ 0.00

Hospital Based Residential Treatment for Substance Use Disorder

Statement of Necessity

A Substance Abuse Residential Treatment Unit is a specialized unit designed to help individuals with substance use disorders overcome their addiction and achieve long-term recovery. The Office of Substance Abuse and Mental Health within the Arkansas Department of Human Services proposes a rule establishing hospital based residential rehabilitation services to treat Substance Use Disorders (SUD) for those under age twenty-one (21). Inpatient SUD residential treatment unit admissions will follow a 100% prior authorization process to determine medical necessity for inpatient admission utilizing the American Society of Addition Medicine (ASAM) criteria. For an inpatient SUD residential treatment unit that is in a separate licensed unit, the hospital will be reimbursed at the same hospital-specific per diem rate with no cost settlement.

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TOC required

211.130 Residential Rehabilitation Services to Treat Substance Use Disorders **9-1-26**

Substance Abuse Residential Treatment Unit is a specialized unit designed to help individuals with substance use disorders overcome their addiction and achieve long-term recovery. These programs are based on the criteria set forth by the American Society of Addiction Medicine (ASAM), which provides guidelines for the assessment, treatment, and ongoing care of individuals with addiction.

ASAM criteria is a comprehensive framework that considers multiple dimensions of an individual's addiction and treatment needs. It assesses the severity of the addiction, the individual's physical and mental health, their social support system, and other factors that may impact their recovery journey. Based on this assessment, the appropriate level of care is determined which must meet residential treatment under the supervision of a physician, with twenty-four (24) supervision, and availability of 24/7 nursing staff to monitor individuals.

In the substance abuse residential treatment unit, individuals reside in a structured and supportive environment where they receive intensive and comprehensive evidence-based treatment for their addiction. The program typically involves a combination of evidence-based individual therapy, group therapy, educational sessions, skill-building activities, and support groups. These therapeutic modalities help individuals understand the underlying causes of their addiction, identify triggers and high-risk situations, and develop healthier ways of thinking and behaving.

ASAM criteria also emphasizes the importance of ongoing care and support following residential treatment. Aftercare planning is a crucial component of the program, which involves collaborating with the family and individual to develop a comprehensive discharge plan. This may include referrals to outpatient treatment, home and community-based resources, 12-step programs, or other support networks to ensure continuity of care and long-term recovery.

240.100 Prior Authorization for Residential Rehabilitation Services to Treat Substance Use Disorders **9-1-26**

All rehabilitation only admissions for treatment of substance use disorder are prior authorized, the admitting facility must transmit copies of the beneficiary's records to the current contractor.

Beneficiary's records to be transmitted must include:

A. Facility-based certification of need using (ASAM) criteria ;

B. Individual plan of care;

C. Medical history;

D. Full diagnosis using the Diagnostic and Statistical Manual of Mental Disorders (DSM) 5th addition or most recent version ;

E. Basis for diagnosis;

F. Summary of beneficiary's psychiatric and substance use history, emphasizing the chronological development of symptoms and of complications;

G. Statement of prognosis and identification of beneficiary's strengths and weaknesses in relation to prognosis;

H. Identification of specific goals and methods for continued inpatient treatment, specific criteria for discharge to a less restrictive setting, and estimate of length of stay required to satisfy these criteria; and

I. Any additional information pertaining to the beneficiary's medical or psychosocial status and need for inpatient psychiatric services.

The submitted information will be reviewed by the AR Medicaid Utilization and Clinical Services vendor or for members of a PASSE the PASSE utilization management entity. The AR Medicaid vendor or PASSE will determine whether inpatient substance use disorder services are medically necessary and approve or disapprove the inpatient stay. Both the beneficiary and the provider must be enrolled in Arkansas Medicaid at the time a service is provided, and the provider must comply with the regulations set forth in this manual and in official program correspondence.

Within two (2) business days of receipt of all information, the AR Medicaid UM vendor or the PASSE will notify the facility services are medically necessary and whether coverage is approved or denied. Prior authorizations are effective for a specific period. Prior authorizations cover a minimum of one (1) day up to a maximum of thirty (30) days. Additional days beyond 30 can be authorized through request for extended stay and based upon medical necessity.

TOC required

211.130 Residential Rehabilitation Services to Treat Substance Use Disorders 9-1-26

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1. Inpatient Hospital Services (continued)

Substance Use Disorder Residential Treatment provided in Acute Care Hospitals for Individuals under age 21

For Inpatient Substance Use Disorder Residential Treatment Unit admissions will follow a 100% prior authorization process to determine medical necessity for inpatient admission utilizing the American Society of Addition Medicine (ASAM) criteria. Inpatient Substance Use Disorder Residential Treatment Unit Services are not covered when provided in an Institution for Mental Disease (IMD).

1. Inpatient Hospital Services (continued)

Substance Use Disorder Residential Treatment provided in Acute Care Hospitals for Individuals under age 21

For Inpatient Substance Use Disorder Residential Treatment Unit admissions will follow a 100% prior authorization process to determine medical necessity for inpatient admission utilizing the American Society of Addition Medicine (ASAM) criteria. Inpatient Substance Use Disorder Residential Treatment Unit Services are not covered when provided in an Institution for Mental Disease (IMD).

1. Inpatient Hospital Services (continued)

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1. Inpatient Hospital Services (continued)

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL SERVICES

Revised: July 1, 2026

~~Revised: October 1, 2014~~

~~April 1, 2026~~

1. Inpatient Hospital Services (Continued)

Substance Use Disorder Residential Treatment provided in Acute Care Hospitals for Individuals under age 21

Effective for dates of service on or after July 1, 2026, for Inpatient Substance Use Disorder Residential Treatment Unit that is in a separate licensed unit within the acute care hospital, the hospital will be reimbursed for this unit at the same hospital-specific per diem rate of $850.00 with no cost settlement.

1. Inpatient Hospital Services (Continued)

Substance Use Disorder Residential Treatment provided in Acute Care Hospitals for Individuals under age 21

Effective for dates of service on or after July 1, 2026, for Inpatient Substance Use Disorder Residential Treatment Unit that is in a separate licensed unit within the acute care hospital, the hospital will be reimbursed for this unit at the same hospital-specific per diem rate of $850.00 with no cost settlement.