

Overview of CMS Guidance on H.R. 1 Section 71107: Eligibility Redeterminations

On March 6, the Centers for Medicare and Medicaid Services (CMS) distributed a [State Medicaid Director Letter \(SMDL\)](#) containing statutorily required guidance on Section 71107 of [H.R. 1](#).

Section 71107 of H.R. 1 requires states to conduct more frequent Medicaid eligibility redeterminations for most adults in the Medicaid expansion population. While H.R. 1 clearly mandates eligibility renewals once every six months for these individuals starting Jan. 1, 2027, this guidance provides several key clarifications and implementation details.

The following is an overview of key takeaways from the SMDL.

State Options for Renewal Processes

H.R. 1 requires states to begin the renewal process for individuals already enrolled in Medicaid whose renewals are currently "scheduled on or after the first day of the first quarter that begins after Dec. 31, 2026." The SMDL points out that "scheduled" could refer to the date on which the renewal is "scheduled to be initiated in 2027 or could instead refer to the act of setting a future initiation date" for individuals enrolled on Jan. 1, 2027.

As a result, the agency is giving states two options for when to begin the renewal process for currently enrolled Medicaid expansion beneficiaries.

Renewal Process Option 1

Under Option 1, states would shorten the eligibility period for beneficiaries whose renewal is set to be initiated on or after January 1, 2027, to provide the individual as close to a 6-month eligibility period as possible from the effective date of their last eligibility determination.

This would mean that anyone who enrolled or last renewed in the first half of 2026 would have their renewal date moved up to January 2027, cutting short what would otherwise have been 12 months of coverage. For anyone whose last renewal date occurred in the second half of 2026, their renewal date would be moved to a date in 2027 which would give them as close to six full months of coverage from their last renewal date as possible. In both cases, states would be required to send affected enrollees a notice of reduced benefits with a 10-day advance notice and fair hearing rights.

This option would greatly increase state workloads by concentrating a large wave of renewals in early 2027, at the same time that states must also implement work requirements.

Below are two examples CMS has provided (*p. 8-9 of the SMDL*) to show how Option 1 would work:

- *Example 1:* Jill is enrolled in the “adult expansion group” before January 1, 2027, and her eligibility period is May 1, 2026, to April 30, 2027. The state elects to immediately transition beneficiaries already enrolled in the “adult expansion group” on January 1, 2027, to a 6-month renewal cycle. Because Jill’s eligibility period began more than 6 months before January 1, 2027, the state would initiate Jill’s renewal on January 4, 2027 (the first business day after the New Year’s Day holiday). If Jill continues to be eligible for the “adult expansion group” and meets all factors of eligibility, the state would grant Jill a 6-month eligibility period based on the date on which Jill’s eligibility is renewed.
- *Example 2:* Max is enrolled in the “adult expansion group” before January 1, 2027, and his original 12-month eligibility period is November 1, 2026, to October 31, 2027. The state elects to immediately transition beneficiaries already enrolled in the “adult expansion group” on January 1, 2027, to a 6-month renewal cycle. Because Max has not yet received 6 months of coverage, the state adjusts Max’s eligibility period from 12 to 6 months, and his eligibility period now ends April 30, 2027. The state notifies Max of his new renewal date and initiates the renewal on March 1, 2027, with the cohort of renewals due in April 2027. If Max continues to be eligible for the “adult expansion group” and meets all factors of eligibility at his next renewal, the state would grant Max a 6-month eligibility period, May 1, 2027, through October 31, 2027.

States will have to weigh several operational considerations if they choose this option. Many individuals will have been enrolled for an extended time as of January 1, 2027, such that it is impossible to initiate and complete their renewals to give them a full 6-month eligibility period. For those individuals, states would need to reschedule renewal initiation dates promptly and shorten eligibility periods to be as close to 6 months as is practically feasible. States would also need to identify which individuals' renewal initiation dates need to be rescheduled, initiate a large volume of renewals as early as January 4, 2027 (the first business day of the year), and maintain that renewal schedule going forward.

Renewal Process Option 2

Under Option 2 (which will likely be the less administratively burdensome approach for most state), states would begin establishing six-month renewal dates starting with renewals initiated in January 2027. Since states typically begin the ex parte verification

process 60–90 days in advance, this means continuing their current process but simply setting the next eligibility period to end in six months rather than twelve. This option preserves existing coverage periods for enrollees and would be significantly less administratively burdensome for states to implement.

CMS provides an example to illustrate what this option would look like in practice:

- Jane is enrolled in the “adult expansion group” before January 1, 2027, and her Medicaid eligibility period is August 1, 2026, through July 31, 2027. She is subject to the community engagement requirements that become applicable in January 2027, and her state elects to verify one month of community engagement at renewal. The state takes approximately 90 days to complete all steps in the renewal process before the end of an eligibility period and initiates Jane’s renewal on May 3, 2027, as was already planned. The state determines she continues to be eligible for the “adult expansion group,” and that she meets the community engagement requirements that became applicable on January 1, 2027. Because Jane’s previously scheduled renewal process was initiated in May 2027 based on the date her eligibility period ends (July 31, 2027), the state schedules Jane’s next renewal for January 31, 2028, which is 6 months after the date on which her new eligibility period begins, August 1, 2027.

Other State Considerations

The SMDL also highlights additional considerations for states ahead of next year’s implementation of Section 71107, as follows:

- **Due process implications of shortening eligibility periods** (p. 9): As noted above, CMS explains that shortening an existing 12-month eligibility period to transition an individual to a 6-month cycle constitutes an appealable action, requiring advance notice (at least 10 days) and fair hearing rights.
- **Work requirement linkage** (p. 5): CMS explicitly confirms that compliance with community engagement (work) requirements must be assessed at each 6-month renewal, effectively making renewals the primary enforcement point.
- **Household misalignment clarification** (pp. 10-11): CMS makes clear that states may not shorten or extend eligibility periods solely to align renewal dates across household members, even where this results in mixed 6-/12-month renewal cycles within the same household.
- **Section 1115 clarification** (p. 4): The 6-month renewal requirement applies only in states that cover the full Medicaid expansion adult group under the state plan or an

MEC-equivalent 1115; states operating partial expansion demonstrations are excluded.

- **Operational and compliance warnings tied to future fiscal penalties** (*p. 12*): CMS links states' readiness for 6-month renewals to future eligibility error disallowances and restrictions on good-faith waivers beginning in FY 2030, signaling a stricter enforcement posture.