

FAQ: CMS Community Engagement Requirements Interim Final Rule

On June 1, the Centers for Medicare and Medicaid Services (CMS) released its interim final rule with comment period (IFC) on implementing community engagement requirements (commonly referred to as “work requirements”) as provided under H.R.1.

Additional information on the proposal can be found in the [press release](#) and [fact sheet](#). For more information on H.R.1, please visit the [National Council for Mental Wellbeing’s H.R.1 Hub](#).

- **Implementation timeline:** States must implement community engagement requirements beginning Jan. 1, 2027, although states may elect an earlier implementation date (as some states such as Nebraska, Montana and Iowa have already done). Based on CMS’ individual evaluation of each request, states may also be granted a temporary good faith effort exemption that would extend the deadline to implement these requirements; if a state is granted this exemption, it would expire no later than Dec. 31, 2028.
- **Public comments:** Comments on the IFC are due July 31, 2026. While this is an interim final rule, CMS may take submitted comments into consideration if the agency determines it needs to alter any parts of the rule.

Who is subject to community engagement requirements?

The new Medicaid community engagement requirements apply to individuals who are non-pregnant adults between the ages of 19 and 64 who are not entitled to or enrolled in Medicare and are eligible for or enrolled in the state plan Medicaid adult group or in certain Section 1115 demonstrations that provide minimum essential coverage to adult beneficiaries.

Currently, [43 states and the District of Columbia](#) provide coverage to people in these populations and will be required to implement the community engagement requirements. Individuals who must meet these requirements are referred to as “applicable individuals” under the IFC.

As discussed further below, certain individuals — including some people with mental health and substance use conditions —who do not have to meet community engagement requirements.

How do applicable individuals demonstrate community engagement?

Applicable individuals who must meet community engagement requirements will need to fulfill one of the following requirements within a month:

- Work at least 80 hours.
- Complete at least 80 hours of community service.
- Participate in a work program for at least 80 hours.
- Be enrolled in an educational program at least half time.
- Engage in any combination of these activities for at least 80 hours (however, if an individual is enrolled in an educational program at least half time, states cannot combine it with another activity).
- Have a monthly income that is not less than \$580.
- Be a seasonal worker who had an average monthly income over the preceding six months that is not less than \$580.

What do these activities mean?

- *Work* is broadly defined as “work in exchange for money, work in exchange for goods or services (‘in-kind’ work [which may be non-monetary compensation like housing, meals, and utilities]), and unpaid work other than community service.”
- *Community service* is defined as “unpaid work [completed voluntarily or because of a mandate by court order] with a structured program that is completed for the direct benefit of the community” at a public or nonprofit organization.
- *A work program* includes programs under the Workforce Innovation and Opportunity Act, Trade Act training programs, state-approved employment and training programs (including Supplemental Nutrition Assistance Program [SNAP] Employment and Training programs), certain veterans' employment programs and workforce partnerships.
- *An educational program* includes at least half-time enrollment at a higher education institution, a program of career and technical education, or a high school or program of study that leads to a certificate of high school equivalence. Enrollment status (full time, half time, less than half time) is determined by the school or institution.

How will states verify community engagement requirements have been met?

States will need to verify qualifying community engagement activities and completed hours of participation. For individuals completing a combination of activities, the state will

calculate the hours of qualifying activities to obtain the total combined hours of at least 80 hours in a month.

- States must first rely on available data to confirm hours completed for these requirements, without seeking additional information from the individual. If hours of community engagement activities cannot be verified through available data sources, then states must seek information from the individual to verify.

For new applicants who must meet the community engagement requirements, “a State must require applicable individuals to demonstrate community engagement [...] as a condition of eligibility at the time of their application for medical assistance [...] for at least one, but not more than 3 consecutive months, as specified in the State plan, immediately preceding the month of application.”

For already enrolled beneficiaries, a state must specify the number of months (at least one month, “whether or not consecutive”) for which an enrolled applicable individual must demonstrate community engagement either between eligibility renewals or, if the state chooses, between more frequent verifications of community engagement.

- States may “begin verifying an applicable individual’s compliance with community engagement at the first [eligibility] renewal initiated on or after the State’s implementation date.”
 - See the [National Council’s summary](#) on states’ options to implement eligibility redeterminations (effective Jan. 1, 2027). In this guidance, CMS explicitly confirms that compliance with community engagement requirements must be assessed at each six-month renewal, effectively making renewals the primary enforcement point.
- “Beginning on January 1, 2028, when States are unable to verify [fulfillment of community engagement activities] using reliable information available to the State, States must require documentation when such documentation is reasonably available, and must establish a process to accept other information when there is no reasonably available documentation.”

What exemptions exist for people with mental health and substance use conditions?

There are several categories of exemptions from being required to fulfill community engagement requirements. The IFC refers to people in these populations as “specified excluded individuals.”

- States will determine if someone is a specified excluded individual “at application, renewal, or, if elected by the State, at the time of a more frequent verification of community engagement compliance.”

There are two main categories for specified excluded individuals that someone with a mental health and/or substance use condition may meet to be exempt from community engagement requirements.

Medically frail: Under the “medically frail” exclusion, people who have a “disabling mental disorder” or a substance use disorder (SUD), **and** “whose condition significantly impairs the individual’s ability to comply with the community engagement requirement,” do not need to meet community engagement requirements. *(Please note that a diagnosis alone does not mean someone will be exempt from meeting community engagement requirements.)*

- CMS does not list further definitions for what it means to have a disabling mental disorder or SUD. States are required to develop a list of “diseases, diagnoses, disorders, or other health conditions” to help determine if an individual may meet the above outlined criteria for exclusion. It is likely these lists will generally “take the form of health care code sets (for example, ICD-10 codes, etc.) [and] must be revised on a regular basis based on States’ implementation experiences.”
 - CMS states that “it would be reasonable for States to consider certain conditions as SUDs, including alcohol use disorder, opioid use disorder, and stimulant use disorder provided an individual’s SUD significantly impairs their ability to comply with community engagement requirements.” However these examples are not exhaustive.
 - CMS also notes that “the Interdepartmental Serious Mental Illness Coordinating Committee (ISMICC), DSM-5, and ICD-10 criteria for serious mental illness (SMIs) are commonly used to define and classify disabling mental disorders, and States may find [them] to be useful resources for setting criteria to identify individuals with disabling mental disorders.”
- However, for someone with a SUD, individuals who have been in recovery for five or more years would *not* be eligible for this exclusion

Individuals participating in a drug addiction or alcoholic treatment and rehabilitation program: Individuals are excluded from community engagement requirements if they are “participating in a drug addiction or alcoholic treatment and rehabilitation program [that is] conducted by a private non-profit organization, or a publicly operated community mental health center [...] to provide treatment that can lead to the rehabilitation of drug addicts or alcoholics.”

- “States will need to determine which rehabilitation and treatment programs meet this definition.”
- CMS also allows states to “establish a minimum time commitment, consistent with appropriate clinical guidelines, for participation in such a program.”

How will states determine who meets exemptions for people with mental health and substance use conditions?

Before states attempt to verify an individual's compliance with community engagement requirements, states must first determine if the requirements apply to that individual (e.g. if that individual meets the criteria for a specified excluded individual — such as having a disabling mental health condition or substance use disorder under the medically frail exclusion).

“States must establish processes and use reliable information available to the State without requiring, where possible, additional information to verify that an individual meets the definition of a specified excluded individual at application and renewal[,] or if the State receives information indicating a change in circumstances for the individual that may affect eligibility.”

- “States must reverify that an individual is medically frail [...] at least every 12 months.”
- However, “States may not reverify a specified excluded individual's status as such between regular scheduled renewals as part of the more frequent verification process (if elected by the state), unless the State has information indicating the individual's status has changed.”

“When determining whether an individual qualifies as a specified excluded individual on the basis of being medically frail [...], the State must verify both the presence of a condition or diagnosis that meets the [specified criteria above] **and** that the condition or diagnosis significantly impairs the individual's ability to comply with community engagement requirements.”

- “States should consider incorporating plain language [, concise] screening questions in Medicaid applications and other program applications and forms for use at application and renewal to identify individuals who may be medically frail.”
- “States may use an approach that relies on lists of qualifying diagnosis codes combined with utilization data and other factors, such as severity of conditions, to determine medical frailty or otherwise having other special medical needs.”
- “However, in some cases, reliable claims information may not be available to the State for individuals who are medically frail [...], particularly in cases where an individual recently obtained a diagnosis and medical services, but the claims data are lagging. For this reason, the absence of adjudicated claims or encounter data altogether, as well as the absence of particular claims or types of claims in available adjudicated claims data, may not be used to determine ineligibility for the exclusion based on medical frailty or other special medical needs.”

- “States may accept provider documentation from many types of practitioners [...] credentialed by the State, that are qualified to determine that an individual’s condition qualifies them as medically frail or having other special medical needs under State scope of practice laws.”

Overall, states must first use reliable information available to the state, including “adjudicated claims and encounter data [...] for the preceding 12 months,” and states may not deny the exclusion solely because claims data are absent or do not include a particular diagnosis code. If reliable information is unavailable, states must provide the individual an opportunity to submit documentation or other information, including provider documentation.

- “States *may* require documentation or accept other information (even if documentation is reasonably available) to verify an individual’s [...] status as a specified excluded individual through December 31, 2027.” This is to say, states *will be permitted to accept self-attestation in limited circumstances through 2027.*
- In determining medical frailty, “beginning on January 1, 2028, States may only use a statement or other information provided under penalty of perjury one time during an individual’s period of enrollment, to verify eligibility as a specified excluded individual on the basis of medical frailty or having other special medical needs. [...] Once a statement or other information provided under penalty of perjury has been used on or after January 1, 2028, to verify eligibility for an exclusion based on being medically frail or having other special medical needs, at the next regularly scheduled renewal, in the absence of available information, the State must require the individual provide documentation demonstrating the individual’s current medical frailty status.”

How does CMS address compliance with privacy laws and 42 CFR Part 2?

“States must comply with all applicable data sharing and privacy laws [and must] ensure they do not violate the civil rights protections under the ADA, section 504 of the Rehabilitation Act [...], section 1557 of the Affordable Care Act [...], or any other applicable Federal or State civil rights laws.”

CMS also recognizes “the intersection of 42 CFR part 2 and the medically frail exclusion for individuals with SUDs. [...] States must ensure that they take appropriate steps to safeguard Medicaid beneficiary and applicant information used in the specified excluded individual identification and verification processes [...], and that the information is accessed, stored, and handled consistent with all applicable Federal requirements.” CMS plans “to provide states with technical assistance on the intersection of 42 CFR part 2 and the community engagement requirement.”