

# Interim Final Rule Summary: CMS Community Engagement Requirements

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](#).

- The IFC will be effective July 31, 2026, though federally required implementation dates for community engagement requirements are later (beginning Jan. 1, 2027). Currently, there is an opportunity to submit public comment for the record, and CMS may take these into consideration if the agency determines it needs to alter any parts of the rule in the future. Public comments are due July 31, 2026.

## Background

H.R.1 requires [Medicaid expansion enrollees](#) (Medicaid beneficiaries ages 19-64 who typically meet a higher income threshold than in traditional Medicaid and receive coverage in their state as a result of [Medicaid expansion or waiver](#)) to complete at least 80 hours of work or qualifying activities per month. Other qualifying activities can include community service, work programs, educational programs (at least half time) or a combination of these activities.

The law also provides exemptions to meeting these requirements, such as for those who are “medically frail” — which specifically includes individuals with a substance use disorder (SUD) or a disabling mental disorder — and includes exemptions for individuals participating in a “drug addiction or alcoholic treatment or rehabilitation program.”<sup>1</sup>

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<sup>1</sup> Additional statutory exemptions for community engagement requirements include a former foster youth up to age 26; an Indian or Urban Indian; a California Indian; otherwise determined eligible as an Indian for the Indian Health Service; a parent, guardian or caretaker relative of a disabled individual or dependent child under the age of 13; a veteran with a disability rated as total under section 1155 of title 38, United States Code; someone compliant with any requirements under the SNAP program or is a member of a household that receives SNAP and is not exempt from work requirements; an inmate of a public institution; or an individual who is pregnant or entitled to postpartum medical assistance.

Unless the Secretary grants an extension, states are required to implement work requirements by Jan. 1, 2027, with some states choosing to implement these requirements sooner. (So far, this includes Nebraska [May 1], Montana [July 1], Arkansas [July 1]<sup>2</sup> and Iowa [Dec. 1]).

The IFC seeks to provide further implementation guidance on the statutory requirements provided under H.R.1. For additional information on H.R.1, please visit the [National Council for Mental Wellbeing's H.R.1 Hub](#).

## Key Provisions of the IFC

CMS' IFC provides implementing guidance on H.R.1's community engagement requirements; each section below summarizes a corresponding section provided in the IFC.

### Applicable individuals

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. CMS makes clear that states providing partial Medicaid expansion (such as Wisconsin and Georgia) and other 1115 waivers that offer minimum essential coverage to adults who would otherwise be expansion eligible also must establish community engagement requirements.

As discussed further below, there are several categories of individuals within this population who are excluded from the community engagement requirements.

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<sup>2</sup> Arkansas notes it will [soft launch implementation](#) of new community engagement requirements beginning July 1, 2026, but with no penalties until Jan. 1, 2027.

## Demonstrating community engagement

Statute requires individuals who must meet community engagement requirements to fulfill one of the following 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 6 months that is not less than \$580.

Each subsection below summarizes CMS' definitions for qualifying activities that applicable enrollees must fulfill in order to meet community engagement requirements.<sup>3</sup>

### Work

CMS defines work to mean “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.”

States will need to verify work hours when determining compliance with these requirements.

Notably, work is not limited to traditional employment relationships — an individual does not need to be an employee of a company or organization to meet this definition. Work can be completed in more than one of the above ways, separately or combined, to meet the

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<sup>3</sup> There are also qualifying activities for monthly income and average monthly income for seasonal workers, not included as a subsection in this summary. Briefly:

1. An applicable individual can also meet the community engagement requirement for a month if they have a monthly income that is not less than federal minimum wage (\$7.25 per hour currently), multiplied by 80 hours, which equals \$580 monthly in 2026. CMS requires states to use the same modified adjusted gross income (MAGI)-based household income rules currently used for Medicaid eligibility.
2. An applicable individual can also demonstrate compliance with community engagement for a month if they are a seasonal worker and have an average monthly income over the preceding six months that is not less than federal minimum wage multiplied by 80 hours. CMS directs states to rely on the same MAGI-based income verification processes and data sources used for Medicaid financial eligibility determinations.

community engagement requirement. Self-employment is also permissible for meeting this definition.

Additionally, the unpaid work of a family caregiver who does not qualify as a specified excluded individual (discussed in later sections) can also qualify as unpaid work for these purposes.

## **Community service**

CMS defines community service 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 under the auspices of public or nonprofit organizations (including embedded activities of the program that allow an individual to develop skills necessary to complete community service).”

States are responsible for determining which activities qualify as community service and will need to establish processes to verify an individual’s community service activities and hours.

CMS does not include a list of specific fields in the definition, to avoid inadvertently limiting states or individuals from seeking community service in emerging fields. However, activities are not permitted to serve a partisan purpose (listed examples of activities serving a partisan purpose include volunteering for a political candidate or committee).

While qualifying community service activities do not need to be supervised, CMS requires that community service be completed within a structured program at a public or nonprofit organization that is able to monitor and provide sufficient oversight for activities; organizations must have a process in place to track the community service completed by individuals.

## **Work program**

CMS defines a work program as participation in one of the following:

- 1 “A program under title I of the Workforce Innovation and Opportunity Act”
- 2 “A program under section 236 of the Trade Act of 1974”
- 3 “A program of employment and training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4) of section 6 of the Food and Nutrition Act of 2008, other than a supervised job search program or job search training program” (However, a program under this subsection may “include supervised job search or job search training as subsidiary activity, as long as the job search activity is less than half the required hours” of the program.)
- 4 “A program of employment and training for veterans operated by the U.S. Department of Labor or the U.S. Department of Veterans Affairs”

- 5 “A workforce partnership under subsection (d)(4)(N) of section 6 of the Food and Nutrition Act of 2008” (i.e., workforce partnerships under SNAP)

States will need to verify work program activities and hours. States also must “provide information about work programs that meet these requirements as part of the outreach sent to certain individuals regarding how to comply with the community engagement requirement.”

CMS “separately note[s] that programs outside of these aforementioned work programs, such as those operated by health providers that do not qualify under the part of the definition related to programs operated or supervised by a State, are not included in this definition. Also, while some States may partner with managed care plans to provide a range of supported employment services to individuals receiving home and community-based services under section 1915(c) waivers or as a part of 1915(i) State plan services, these Medicaid-covered employment services are different from work programs,” and CMS states that “they do not independently satisfy the work program community engagement requirement.”

Additionally, CMS clarifies that “if the unemployment insurance job search activities are conducted in a manner that is consistent with the requirements of the work program, then they will count towards meeting the community engagement requirement. [This encourages] States to work with their State workforce agencies to establish data sharing and align job search activities and requirements.”

## **Educational program**

An applicable individual demonstrates community engagement if the individual is enrolled in an educational program at least half time. CMS defines an educational program as one of the following:

- “An institution of higher education as defined in section 101 of the Higher Education Act of 1965”
- “A program of career and technical education as defined in section 3(5) of the Carl D. Perkins Career and Technical Education Act of 2006”
- “A high school as defined in title VIII of the Elementary and Secondary Education Act”
- “A State-approved program of study leading to a certificate of high school equivalence for an applicable individual who has not received a high school diploma”

CMS clarifies that enrollment status (full time, half time, less than half time) in an educational program is determined by the school or institution. An individual’s enrollment status begins on the first day of the school term for that program, continues through periods of vacation and recess, and ends at the end of the month when a student leaves the program.

For students enrolled in an educational program less than half time, they may combine this activity with other community engagement activities to fulfill the community engagement

requirement. CMS provides further information on how states are to calculate the time spent for students enrolled less than half time.

### **Combination of activities**

“An applicable individual demonstrates community engagement if the [they engage] in any combination of work, community service, participation in a work program, and enrollment in an educational program less than half-time” for a total of at least 80 hours in a month.

The state must determine and calculate the hours of qualifying activities to obtain the combined total of at least 80 hours of community engagement activities in a month.

### **Mandatory exceptions for certain individuals**

There are “mandatory exceptions for applicable individuals include if, for part or all of a month, the individual was: (1) under the age of 19; (2) entitled to, or enrolled for benefits under Medicare part A, or enrolled for benefits under Medicare part B; (3) described in any of the mandatory eligibility groups [...]; or (4) a specified excluded individual” (described further below). Individuals are also exempt if they were an inmate of a public institution at any point during the three-month period ending on the first day of the specified month.

CMS makes a distinction between “mandatory exceptions” for certain individuals and “specified excluded individuals” (described in the following section). Mandatory exceptions are meant to provide protections and offer time for beneficiaries to understand their rights and responsibilities if they were previously excluded from community engagement requirements or are transitioning into a group for which the requirements apply.

CMS states that applicable individuals who meet a mandatory exception are subject to the community engagement requirement, but they are “deemed compliant” with community engagement requirements for any month that the mandatory exception applies during the eligibility review period. Going forward, the individual would be subject to community engagement requirements.

States will determine whether an individual meets exception criteria for part or all of a relevant month. This refers to any month in the state’s review: a month during the state’s review period when determining eligibility at application, a month during an individual’s eligibility period at renewal, or a month during the relevant alternative review period if the state chooses to conduct more frequent verifications of community engagement compliance.

### **Specified excluded individuals**

Statute provides nine categories of “specified excluded individuals” who would not be required to meet community engagement requirements.

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.”

## **Individuals who are medically frail or otherwise have special medical needs**

Individuals can be excluded from community engagement requirements if they are “medically frail or otherwise have special needs,” with five categories that an individual may meet criteria for under this definition.

CMS defines “medically frail individual” as one “whose physical, mental, or other behavioral health condition **significantly impairs the individual’s ability to comply with the community engagement** requirement [and] is an individual: (a) who is blind or disabled [...]; (b) with a substance use disorder, excluding an individual in stable recovery (which means, an individual who is in recovery for 5 or more years); (c) with a disabling mental disorder; (d) with a physical, intellectual or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or (e) with a serious or complex medical condition.”

CMS interprets the statutory text of H.R.1 to require consideration of the severity of an individual’s condition as relevant to whether that individual is capable of meeting the community engagement requirement, not just the diagnosis or condition alone.

While CMS lists examples of what could be reasonable conditions (noting that the lists are not exhaustive), the agency declines to provide further definitions of an SUD or disabling mental disorder.

- 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.”
  - CMS also justifies the exclusion of people in recovery for five or more years, stating generally that “the risk of SUD recurrence for an individual in this population is approximately the same as the general population.”
  - CMS clarifies that this exclusion category applies broadly “to individuals with an SUD regardless of whether they are in an active treatment program.”
- CMS 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.” CMS also believes “it would be reasonable for States to consider certain conditions, when such conditions are disabling and significantly impair an individual’s ability to comply with the community engagement requirement, as disabling mental disorders, including schizophrenia, schizotypal

disorder, delusional disorder, other non-mood psychotic disorders, moderate or severe bipolar disorder, major depressive disorder, and panic disorder.”

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; and must have processes in place for an individual to identify themselves as meeting this exclusion, “including for individuals who have a relapse. [CMS anticipates] that these lists will generally take the form of health care code sets (for example, ICD-10 codes, etc.)” and notes that they “must be revised on a regular basis [...] based on States’ implementation experiences.”

States also do not have “the option to add additional categories of people to the definition of medical frailty for community engagement purposes.”

### **Participant 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 (as defined in section 3[h] of the Food and Nutrition Act of 2008),” which is defined as “any such program conducted by a private non-profit organization or institution, or a publicly operated community mental health center under part B of title XIX of the Public Health Service Act 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 for purposes of this exclusion.”

CMS also provides flexibility for states to “establish a minimum time commitment, consistent with appropriate clinical guidelines, for participation in such a program.”

Additionally, CMS notes that “states must ensure that any data sharing used to implement both SUD-related exclusions is aligned with [42 CFR part 2](#), the Federal regulation protecting the confidentiality of SUD treatment records.”

### **Former foster care children**

Former foster care children (FFCC), [as described under the SUPPORT Act](#), regardless of whether the individual turned 18 on or after Jan. 1, 2023, are excluded from community engagement requirements.

This means someone would qualify as a specified excluded individual under the FFCC group if they “(1) [are] under age 26; (2) [are] not enrolled in an eligibility group described in section 1902(a)(10)(A)(i)(I) through (VII) of the Social Security Act, even if they meet the eligibility requirements for such group; (3) [were] in foster care under the responsibility of any State upon attaining age 18 (or such higher age as the State has elected in its title IV-E plan); and (4) [were] enrolled in Medicaid in any State while in such foster care.”

## **American Indians**

Individuals who meet “the existing definition of ‘Indian’ at [§ 447.51](#)” do not need to meet community engagement requirements; this includes anyone who is a member of a Federally recognized Indian tribe or “has otherwise been determined eligible as an Indian for the Indian Health Service,” among other groups.

It is important to note that unlike other exclusions which may change or be time-limited, states will not be required to (and are not permitted to) reverify someone’s status as an American Indian for exclusion from community engagement requirements.

## **Parent, guardian, caretaker relative or family caregiver of a dependent child 13 years of age and under or a disabled individual**

Individuals are also excluded from community engagement requirements if they are “parents, guardians, caretaker relatives, and family caregivers [...] of a dependent child 13 years of age and under or a disabled individual.” CMS defines these terms largely based on existing regulatory definitions.

To qualify as a family caregiver, an individual must either “reside with or [be] a relative [...] of a dependent child or a disabled individual for whom he or she provides assistance that occurs on a regular basis and is not solely incidental in nature, or [...] provide at least 80 hours of assistance [...] per month to a dependent child or a disabled individual to whom they are not related and with whom they do not reside.”

CMS also encourages states to “consider general public outreach efforts [...] so the public can clearly understand which individuals may qualify as a specified excluded individual under the family caregiver component. Individuals who are family caregivers may not realize that they qualify for an exclusion to the community engagement requirement.”

## **Veteran with a disability rated as total**

Individuals who are veterans with a total disability rating, which is a 100% disability rating from the Department of Veterans Affairs (either permanent or temporary), qualify for the exclusion from community engagement requirements.

## **Individuals compliant with TANF work requirements and individuals not exempt from SNAP work requirements**

Individuals are excluded from meeting these community engagement requirements if they are compliant with state Temporary Assistance for Needy Families (TANF) work requirements. CMS urges State Medicaid agencies to “work closely with the State agency that administers TANF to determine which individuals are eligible for this [...] exclusion.”

Individuals are also excluded from Medicaid community engagement requirements if they are “a member of a household that receives [Supplemental Nutrition Assistance Program (SNAP)] benefits and are “subject to” a work requirement under the SNAP program. For this

exclusion, “States only need to determine that the individual is not exempt from SNAP work requirements and is in a household that receives SNAP benefits; the State does not need to confirm that the individual is in fact compliant with SNAP work requirements.”

### **Inmate of a public institution**

“Individuals who are inmates of a public institution” are excluded from the community engagement requirement, using the existing definition at [§435.1010](#). CMS clarifies that “inmates of public institutions include individuals in correctional institutions such as State or Federal prisons, local jails, detention facilities, or other penal settings” and notes specifically that public institutions do not include “institutions for mental diseases (IMDs).”

CMS believes that applying the existing Medicaid definitions to this exclusion will enable states to “use information from existing eligibility and data systems when effectuating this exclusion.”

### **Pregnant or entitled to postpartum coverage**

Individuals who are pregnant or entitled to postpartum medical assistance under section 1902(e)(5) or (16) of the Social Security Act are also excluded from meeting Medicaid community engagement requirements. While this population would generally not be subject to community engagement, CMS recognizes that someone who was previously subject to these requirements can become pregnant, and therefore the agency specifies that this population is excluded.

### **Short-term hardship exceptions**

“States have the option [...] to include in their State plans a ‘short-term hardship’ exception to the community engagement requirement for applicable individuals. States electing this option must [...] deem applicable individuals to have demonstrated community engagement during a month in which they meet the criteria for one of the circumstances described [under] ‘short-term hardship event.’”

“A ‘short-term hardship event’ exists [...] when the criteria for any of the following circumstances are met for all or part of a month:

- “[...] an applicable individual receives inpatient hospital services [this does not include services at an IMD], nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities (ICF/IID), inpatient psychiatric hospital services [including those for an individual under the age of 21 without regard to whether such services are in an IMD], or such other services of similar acuity ([this includes inpatient services furnished at an IMD as well as] outpatient care relating to the preceding institutional services” that, “but for the receipt of such services, would likely result in the individual receiving” a higher intensity of services).

- In instances where someone receives outpatient care that deters the use of a higher intensity service, CMS notes that “States could identify other circumstances in which an individual receives certain noninstitutional services that, [under certain conditions], could lead to the categorical determination that, but for the individual’s noninstitutional services, the individual would likely require services in one of the institutions specified” under this part of the regulation. CMS also notes that states could “make individual evaluations for all applicable individuals who assert having service needs” that would otherwise have likely required care in one of the specified institutions.
- “An applicable individual resides in a county (or equivalent unit of local government) in which [...] there exists an emergency or disaster” that affects individuals' ability to meet community engagement requirements.
- An applicable individual “resides in a county (or equivalent unit of local government) in which “the unemployment rate is at or above the lesser of 8 percent or 1.5 times the national unemployment rate [...] based on data from the U.S. Bureau of Labor Statistics or another reliable source.”
- “An applicable individual, or the dependent of the applicable individual, must travel outside of their community for an extended period of time [which could be for part or all of a month or longer] to receive medical services necessary to treat a serious or complex medical condition [...] that are not available within their community of residence.”

States “must provide notice informing applicable individuals that a short-term hardship exception exists and its anticipated end date for circumstances in which an applicable individual need not request an exception. For circumstances in which the applicable individual [...] must request an exception [such as for travel to receive medical services not available within their community], the State must also provide: notice of the method [that an individual can use to] request a short-term hardship exception; notice of the timeframe for requesting the exception; a timely process for determining whether a short-term hardship exception will be granted; notice to an applicable individual of the State’s determination that a short-term hardship exception will or will not apply, and, if the State determines that the exception will apply, the anticipated end date of the exception; and a process under which an adverse determination can be appealed.”

## Assessing compliance with the community engagement requirement

Under this section, CMS provides for how states must assess compliance of applications, renewals, certain redeterminations, and, at state option, more frequent verifications between renewals.

## **Assessing individual's applicability**

States must first determine whether an individual is a “specified excluded individual” or an “applicable individual” before determining whether they have demonstrated community engagement; this is because verification of compliance with community engagement requirements applies only to “applicable individuals.”

- For current beneficiaries, states will make this determination when processing the renewal for the individual’s eligibility period, which will occur every six months beginning with renewals scheduled in 2027.

## **Assessing compliance for applicants**

“A State must require applicable individuals [...] to demonstrate community engagement [...] as a condition of eligibility for medical assistance [under the State plan or waiver] for at least one, but not more than 3 consecutive months, as specified in the State plan, immediately preceding the month of application.”

## **Assessing compliance for 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 renewals or, if the state chooses, between more frequent verifications of community engagement.

## **Processing certain changes in circumstances**

“States are required to have procedures in place to ensure individuals make timely and accurate reports of any changes that may affect eligibility.”

## **Notifying individuals about eligibility decisions and changes in eligibility requirements**

“States are required to provide all applicants and beneficiaries with ‘timely and adequate written notice of any decision affecting their eligibility’ [...], which includes eligibility approvals, denials, and terminations.<sup>4</sup> In the case of eligibility terminations, such notice must be provided at least 10 days in advance of the date of action [...] and the opportunity for a fair hearing.”

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<sup>4</sup> Written notice is defined at [§435.917](#) as required to “(1) be written in plain language; (2) be accessible to persons who are limited English proficient and individuals with disabilities, consistent with [§ 435.905\(b\)](#), and (3) if provided in electronic format, comply with [§ 435.918\(b\)](#).”

## Verification of compliance with and exceptions and exclusions from the community engagement requirement

States are required to first attempt to verify compliance with, or exception or exclusion from, community engagement requirements using reliable information available to the state (*ex parte* verification), without requiring additional information from an applicant or beneficiary every time the state verifies compliance, such as at application and renewal.

- Reliable information can include “information from other State or local agencies; [...] data sources provided through [CMS'] Federal Data Services Hub [...]; information in the State’s eligibility system; information in the individual’s case record; payroll data; [...] and encounter data, as relevant to the individual, from the preceding 12 months.”
- CMS anticipates “that, for the new community engagement criteria, there will generally be documentation reasonably available for individuals to verify their compliance [...] or status as a specified excluded individual. Examples of [such] documentation include paystubs to verify work hours or income, a document from a community service organization that demonstrates the number of hours an individual volunteered, transcripts or class schedules as proof of half-time enrollment in an educational program, a document from VA showing disability status and approval notices from SNAP or TANF.”

Generally, when “there is no reliable information available to the State, or the information provided by or on behalf of the individual is not reasonably compatible with reliable information available to the State, the State must seek additional information from the individual” to verify compliance with the community engagement requirement or the individual’s status as a specified excluded individual.

- States must “provide individuals the opportunity to furnish information and documentation required to verify [fulfillment of community engagement, or that they are] a specified excluded individual, before terminating or denying eligibility.”

### Verifying status as a specified excluded individual

As a reminder, individuals who meet the criteria for being a specified excluded individual are not subject to community engagement requirements. “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 may not reverify a specified excluded individual’s status [...] 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.”

## Verifying medical frailty

“When determining whether an individual qualifies as a specified excluded individual on the basis of being medically frail or having other special medical needs, 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 or otherwise have special medical needs, including to identify beneficiaries who were previously applicable individuals and who may newly qualify for an exclusion on the basis of medical frailty or otherwise having other special medical needs.”
- “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 or otherwise have other special medical needs, 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.”

CMS also acknowledges that “some individuals may not identify themselves as having a condition that could qualify them as a specified excluded individual [...], even upon completing a screener, but their status as medically frail or otherwise having special medical needs may be apparent based on other documentation or information provided by the individual.”

- “States may accept provider documentation from many types of practitioners, including physicians, nurse practitioners, physician assistants, psychologists, counselors and therapists, clinical social workers, and other 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.”

## Timeline and limited self-attestation

“States *may* require documentation or accept other information (even if documentation is reasonably available) to verify an individual’s compliance or deemed compliance with the community engagement requirement or status as a specified excluded individual through December 31, 2027.”

- This is to say, states will be permitted (but are not required) to accept self-attestation in limited circumstances through 2027 in order to confirm an individual has met medical frailty criteria. States can allow self-attestation when corroborating documentation is unavailable.

“Beginning on January 1, 2028, when States are unable to verify [fulfillment of community engagement activities or that someone is a specified excluded individual] 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.”

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.”

- “States must reverify that an individual is medically frail or otherwise has other special medical needs at least every 12 months.” However, “States may not reverify a specified excluded individual’s status as such between regularly scheduled renewals as a part of more frequent verification processes [if the State chooses to do so], unless the State has information that the individual’s status has changed.”

## **Addressing 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.”

## Noncompliance procedures

“In general, the determination of eligibility for any individual may not exceed 90 days for applicants who apply on the basis of disability and 45 days for all other applicants.”

When a state is unable to verify compliance with community engagement requirements, the state must “provide the applicant or beneficiary with a notice of noncompliance and 30 calendar days from the date the notice is received for the individual to make a satisfactory showing that they met the community engagement requirement or that such requirement does not apply.”

- The state must “continue to provide coverage to beneficiaries during the 30-calendar day period [and] maintain coverage for beneficiaries unless and until they are determined ineligible for medical assistance.”
- States are also not permitted to “impose any restriction on an applicable individual’s ability to re-apply for coverage or their ability to receive coverage if determined eligible upon reapplication based on a prior denial of eligibility or disenrollment for noncompliance.”

## Implementation timing

“States must implement the community engagement requirement beginning January 1, 2027, although States may elect an earlier implementation date via a section 1115 demonstration or through a State plan amendment.” The Secretary of HHS may also “grant States a temporary good faith effort exemption” delaying implementation of the state’s community engagement requirements.

## Community engagement requirement for enrolled beneficiaries at implementation

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.” CMS believes it is reasonable “to base the first required verification of an enrolled beneficiary’s compliance with the community engagement requirement on when a renewal is initiated in relation to the State’s implementation date.” (Dates will vary across states and enrollees.)

- 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.

## Good faith effort exemption

“CMS will evaluate each [good faith effort exemption] request individually, and if an exemption is granted, determine an appropriate end date for the exemption based on the specific circumstances of the State.”

Good faith effort exemptions will expire no later than Dec. 31, 2028. “CMS may end an exemption if a State does not meet reporting requirements [...] or the State no longer demonstrates a good faith effort towards implementing the community engagement requirement.” CMS expects to “issue a template for States to use to submit such requests.”

## Outreach

“States must notify [enrolled applicable individuals] of the requirement to demonstrate community engagement.” CMS interprets “the statute to require outreach notices to be provided 3 months prior to the date the community engagement requirement becomes effective in the State plus the number of months specified by the State for applicants to demonstrate compliance with the community engagement requirement.”

States must provide this outreach “by regular mail or, if elected by the individual, in an electronic format [...]. If an individual chooses to receive notices and communications electronically, the State must post the outreach notice[...] via the individual’s preferred electronic format.” Outreach notices must also be provided to the individual by at least two “different modalities, including via the individual’s electronic account, by telephone, by text message, or through other commonly available electronic means.”

## Next Steps

The National Council for Mental Wellbeing will continue to provide timely updates and resources related to developments under this IFC and as state implementation of community engagement requirements moves forward.

As a reminder, public comments on this IFC are due at [Regulations.gov](https://www.regulations.gov) or by mail by July 31, 2026.

The National Council is here to support you every step of the way through implementation of this IFC. We also encourage you to check our [H.R.1 Hub](#) in the weeks ahead for new resources related to community engagement requirements, developed with specific considerations from the IFC in mind.

If you have any questions, please reach out to [Policy@TheNationalCouncil.org](mailto:Policy@TheNationalCouncil.org).