Community Engagement Requirements (CER)

Federal Interim Final Rule — State Implementation Reference Tool

June 11, 2026

FORMATTING KEY

- **Bold language flags decision points for states.**
- *Italicized teal text reflects additional information from the preamble not reflected in the regulations themselves.*
- Underlined text denotes defined terms and sub-categories. Provisions restating HR 1 are not included.

Topic	Interim Final Rule **Provisions in the IFR that restate HR 1 provisions are not included in the IFR rows.** **Additional information from the preamble that is not reflected in the regulations themselves are in italics.** **Bold language flags decision points for states**
Applicable Population 42 CFR 435.551	• CER applies to this population even if their eligibility is under an 1115 Waiver and not the State Plan • *Not a 1915(b) or (c)* • *Only 1115s that provide for coverage of populations with coverage that qualifies as Minimum Essential Coverage* • *Not if the applicable population are excluded individuals* • *This will be considered as part of future waiver reviews*

Qualifying Activities
42 CFR 435.551
	• *All options must be available to individuals*
	• Work
	• *Meaningful activity in the community*
	• *Should be broadly construed*
	• *Do not need to be an employee*
	• Can be in exchange for:
	  ◦ Money
	  ◦ Goods and services (in-kind) *e.g., accepting housing, meals*
	• Can be unpaid
	  ◦ *Work to gain job skills, experience*
	  ◦ *Unpaid work as a family caregiver (beyond excluded individuals)*
	  ◦ *Unpaid work that doesn't qualify as benefiting the community (below)*
	• Can be self-employed, a business owner, or an independent contractor

- Community service: Unpaid work with a structured program that is completed for direct benefit of the community under the auspices of public or nonprofit organizations
- Can include training to develop skills necessary to complete the community services
- *Not all unpaid work*
- ***State will determine what activities qualify within these standards***
  - *Must be structured*
    - *Supervision is not required but the organization must monitor and ensure sufficient oversight, including a process to track activity, dates, and hours; must have a point of contact that can confirm hours*
    - *Cannot limit to 501(c)(3) organizations*
  - *Must benefit the community*
    - *Cannot one person*
    - Cannot serve a partisan purpose
    - Cannot be recreational in nature
- *Examples of excluded activities*
  - *Helping complete a task for a specific person (helping them move, with yard work; versus doing yard work with an organization that provides assistance broadly to various members in the community*
  - *Attending a child's school meetings or events*
  - *Joining a recreational club (dance, sport)*
  - *Campaigning or volunteering for a partisan political candidate or committee*
- The service can be completed voluntarily or mandated (e.g., by a court)
- *The state must have a process for verifying activity and hours*
- Work program
- Includes:
  - A program under title I of the Workforce Innovation and Opportunity Act (WIOA)
  - A program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296)
  - 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 (7 U.S.C. 2015(d)(4)), other than a supervised job search program or job search training program.
  - A program of employment and training for veterans operated by the U.S. Department of Labor or the U.S. Department of Veterans Affairs (VA), and approved by the Secretary of the U.S. Department of Agriculture (USDA).
  - A workforce partnership under subsection (d)(4)(N) of section 6 of the Food and Nutrition Act of 2008.

- *Only listed programs count*
- *Does not include supportive employment programs*
- *Can include supervised job search or job search training as a subsidiary activity (less than half of the required hours)*
- *Can include job search activities for unemployment insurance as long as they meet other requirements*
- *States should work with state workforce agencies to establish data sharing and align activities and requirements*
- *The requirements that apply to SNAP apply equally here*
- *States can, but are not required to, establish new work programs*
- ***States must verify activities and hours***

- *States must provide information about work programs that meet these requirements in required outreach (see below)*
- Educational programs
- In addition to the programs in HR 1, it includes:
  - High school (as defined in Title VIII of the Elementary and Secondary Education Act)
    - *Secondary school that grants a diploma, as defined by the state, and includes at least grade 12*
  - A state-approved program of study leading to a certificate of high school equivalence for an individual that has not received a high school diploma
    - *Must be a state-approved program; not, e.g., preparing otherwise or on their own*
    - *If the program is not in-person, the program must be able to monitor and document program hours*
  - Half time
    - Shall be based on enrollment status determined by the school/institution *(is reported to the National Student Clearinghouse)*
    - If it's less than half-time, accrued hours can be combined with other activities to equal 80 hours
      - 1 credit hours = 3 education hours per week (time 4.33 weeks per month) – *see conversion table*
      - If the program does not use credit hours, hours spent attending class and participating in educational activities are counted
  - Enrollment status will begin on the first day of the term and continue through normal period of attendance and breaks (vacations and recesses)
    - During periods of vacation and recess, the enrollment status shall be based on the status just prior to the break
    - Enrollment status ends at the end of the month that the student is expelled, withdraws, or completes the terms *and* is not registered for the next school term (excludes optional terms – e.g., winter, summer sessions) or graduates (unless the student is enrolled in another educational program – such as between high school and college)
- Combining activities
- Educational program hours should only be counted if the person is enrolled less than half-time
- *Only count the activities needed to get to 80 per month*
- Income can be a proxy for work hours (divide income by federal minimum wage)
- Based on wage
- Must be federal minimum wage (Section 6 of the FLSA, 29 USC 206(a)(1)(C))) that is in effect at the time the state is apply the threshold
  - *Standard minimum wage (not tipped minimum wage or lower introductory minimum wage for individuals under 20)*
  - *Cannot be a higher state minimum wage*
- Based on MAGI-based income (based on current monthly income and family size based on the month(s) the state is evaluating)
- Must be the income in the review period (n*ot the month of application/renewal)*
- *Not limited to earned income*
- Seasonal workers
- Based on the IRC 45R(d)(5)(B) definition – A worker who performs labor or services on a seasonal basis, including workers whose employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and which, from its nature, may not be continuous or carrier on throughout the year; includes retain workers employed exclusively during holiday seasons.
- *Calculations must be made using federal minimum wage*
- Based on MAGI-income (based on current monthly income and family size based on the month(s) the state is evaluating)

	◦ *Not the month of application/renewal* • Must use reasonably predictable changes methodology for fluctuating income or average over the preceding 6 months ◦ *Continue assessing each month in the review period until the state verified compliance for the required number of months (including meeting standard on another basis/combination of activities) or the state has assessed all of the months in the review period.*
Assessing Compliance and Implementation Timing 42 CFR § 435.556 42 CFR § 435.559 42 CFR § 435.560	• The state must require "applicable individuals" to, as a condition of Medicaid eligibility: ◦ Demonstrate community engagement, or ◦ Be deemed to demonstrate community engagement ◦ *State must determine whether applicant/beneficiary is a specified excluded individual before determining whether they have demonstrated CE.* ◦ *When determining eligibility based on change and considering eligibility on other bases, a state must evaluate whether the beneficiary is eligible in adult group or applicable 1115. If so, state must evaluate whether beneficiary would be an applicable individual, and if so, determine whether beneficiary meets CER before completing eligibility determination.* • <u>The applicable timeframe</u> depends on the state's verification approach: ◦ If the state ***does not*** conduct more frequent verifications, measure compliance during the period between the most recent eligibility determination or renewal and the next scheduled renewal date ◦ If the state ***does*** conduct more frequent verifications, measure compliance during the period between the most recent demonstration of CE and the next required demonstration of CE ▪ *States are not permitted to require a beneficiary to demonstrate CE for consecutive months if the state elects to require more than 1 month, or to dictate the specific months for which an applicable individual must demonstrate CE during the review period between renewals or more frequent verifications.* ***(Length of review period to be elected by the state)****.* ◦ If an individual becomes subject to the requirement due to a change in circumstances, measure compliance during the period from the most recent determination or renewal through the end of the month before the individual becomes an "applicable individual" ▪ *State must ensure individual demonstrates CE during this time period and must consider an applicable individual compliant with the CER if they demonstrate CE for lesser of the number of months state elects or number of months in review period.* ▪ *State must deem an applicable individual to have demonstrated CE in all month(s) of review period in which they were a specified excluded individual. As such, most individuals will continue to be eligible for Medicaid at the time they lose their status as a specified excluded individual.* ◦ The state may not require compliance for any period longer than the applicable timeframe described above (i.e., cannot extend required months beyond defined verification windows) ◦ For individuals already enrolled at the time of implementation: ▪ The state must begin verification of compliance at the individual's first renewal initiated on or after the implementation date ▪ States are not required to verify compliance immediately upon implementation for existing enrollees ▪ *States may begin verifying an applicable individual's compliance with CER at the FIRST renewal initiated on or after state's implementation date. A renewal is considered initiated when the State begins reviewing reliable information available to the State in an effort to complete a beneficiary's renewal without requiring a renewal form or other information from the beneficiary in accordance with § 435.916(a)(2) (ex parte renewal).*

	◦ *Upon implementation, state will have apps that were submitted pre-implementation; pending apps must be adjudicated according to policies in place on date app submitted, consistent with 435.915. If applicable individuals included on app are determined eligible and enrolled, state must then apply new CER to individuals.* ◦ *CMS intends to publish more detailed expectations for the features and functionalities, testing, systems demonstrations, and reporting of CMS- required outcomes and metrics in separate forthcoming guidance, as well as discuss monitoring of State progress in implementing the systems changes needed to operationalize the community engagement requirement.* • The state must not apply CER to individuals who qualify as specified excluded individuals • The state must issue clear eligibility determinations (or adverse action notices), consistent with Medicaid notice rules, that specify: ◦ Whether the individual: ▪ Qualifies for an exclusion, or ▪ Is an applicable individual subject to the requirement ◦ For applicable individuals, whether they: ▪ Met community engagement requirements, or ▪ Were deemed compliant (e.g., through an exception) ◦ The specific months used to assess compliance ◦ Notices must include: ▪ Clear reasoning for eligibility decisions or intended actions ▪ Information consistent with fair hearing and appeal rights requirements • CMS may temporarily exempt a state from implementing CER if the state continues demonstrating good faith progress to comply ◦ Length of extensions is determined by CMS based on state's implementation timeline and evidence of progress ◦ CMS may revoke an exemption before its expiration if the state fails to meet reporting requirements, or failed to make good faith effort to implement • States granted exemptions must submit to CMS: ◦ Quarterly report on progress toward milestones ◦ Ongoing risk and issue reporting
Specified Exclusions 42 CFR 435.554	• These individuals are excluded from the definition of applicable individual; *not subject to community engagement requirements (do not need to be deemed compliant)* • *Apply existing Medicaid definitions where possible except as outlined above* • *Former Foster Children* ◦ *The SUPPORT Act expands it to former foster children of other states (unlike for application of the SUPPORT Act, this applies regardless of when they turned 18)* ◦ *For example, suppose an individual ages out of foster care (while enrolled in Medicaid) at age 21 in State A in 2024 and subsequently moves to State B. Because this individual turned age 18 in 2021, the SUPPORT Act rules for the FFCC group do not apply to the individual. State B covers the adult group but does not have a section 1115 demonstration to cover former foster care youth from other States. When the individual applies for Medicaid in State B, he meets the eligibility requirements for the adult group, and the State enrolls him in that **group**. In 2027, the individual is in the adult group and still under age 26. Because the individual meets the current description of the FFCC group, despite not being enrolled in the group, the individual is a specified excluded individual and not subject to the community engagement requirement.* • *Native Americans*

	◦ *Unlike other exclusions which may change from month to month or be time-limited, States will not be required to (and may not) reverify someone's status as an American Indian for exclusion from the community engagement requirement (the same is true for veterans with permanent total disabilities – see below)* • Parent, guardian, caretaker relative, or family caregiver ◦ Caretaker relative: family member (by blood, adoption, or marriage) who lives with and assumes primary responsibility for the care of a dependent child or disabled individual and is one of the following: ▪ For a dependent child or disabled individual: father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece. ▪ For disabled individual only: husband, wife, son, daughter, stepson, stepdaughter, grandson, or granddaughter. ▪ Spouse of parent or relative (even if marriage terminated through death or divorce) ▪ The State **may** also include – Other relatives by blood (including half-blood), adoption, or marriage – Domestic parter of the parent or other caretaker relative – Any adult who takes primary responsibility of care ▪ *If the state expands the definition of "caretaker relative" it must apply the same definitions to caretakers of dependent children and disabled individuals.* ◦ Guardian: Adult appointed by court to care and make decisions for a dependent child or disabled individual. ▪ *Relates to responsibility for care, rather than financial responsibility.* ◦ Parent**:** Legal mother or father (including by adoption), in accordance with State law, to another individual ▪ The parent must provide some level of care for the dependent child or disabled individual ▪ *Does not include estranged/not involved parents* ◦ Family caregiver: adult family member or other individual who has a significant relationship with and provides a broad range of care to a dependent child **or** disabled individual ▪ A family caregiver who is a specified excluded individual must meet one of the following criteria: – Lives with the child or disabled person and provides regular assistance (not solely incidental) – Is a relative of the child or disabled person who provides regular assistance (not solely incidental) but does not live with them – Is not a relative and does not live with the child or disabled person, but provides at least 80 hours of assistance that is not solely incidental per month ▪ *Family caregivers are not required to reside with or assume primary responsibility for the care of the dependent child or disabled individual* ◦ Dependent child**:** 13 or under who relies on another person for care ◦ Disabled individual: meets ADA definition of disability (28 CFR 35.108). ▪ Does not need to qualify for Medicaid or other federal programs based on disability to meet this definition. ▪ *This term could, therefore, include an older adult who requires assistance of varying scope in performing activities of daily living (ADLs) (bathing, dressing, toileting, eating, etc.) or other activities that keep older adults living at home and participating in community life.* ▪ *We encourage States to ensure that educational materials on this community engagement exclusion are sufficiently clear so that individuals providing supports to older adults understand that they could qualify as a specified excluded individual through the family caregiver component at section 1902(xx)(9)(A)(ii)(III) of the Act.* ▪ *There is no age limit*

- *If individuals in this category provide less than 80 hours, they are able to use these in conjunction with other activities to meet the community engagement requirement. This is classified as unpaid work.*
- Multiple individuals within a household who meet these definitions may qualify.
- States should do outreach regarding family caregivers and consider general public outreach.

- Medically Frail
  - *Not adopting the ABD medically frail definition*
  - *Not adding additional categories and states may not do so*
  - *A homeless person is not considered medically frail on that factor alone; must be based on a medical condition*
  - Defined as someone whose physical, mental, or other behavioral health condition significantly impairs their ability to comply with the community engagement requirement *(considers more than whether the person has a particular diagnosis or condition)*
    - *Does not require automatic classification based on diagnosis or condition*
    - *Consider severity of an individual's condition as relevant to whether that individual is capable of meeting the community engagement requirement.*
    - *If a person is able to demonstrate community engagement by performing 80 hours per month of qualifying community engagement activities, notwithstanding their physical, mental, or other behavioral health condition, they would not qualify as medically frail and would not be a specified excluded individual.*
  - Blind or disabled (as defined in section 1614 of SSA);
    - Blind: *Central visual acuity of 20/200 or less in the better eye with use of correcting lens*
    - Disabled: *Not being able to do substantial work because of a medically diagnosed physical or mental condition that can be expected to result in death or has lasted (or expected to last) at least 12 months without interruption.*
  - Diagnosed with a substance use disorder (SUD)
    - *Includes individuals in active recovery (early or sustained recovery);* Excludes individuals in stable recovery (5 or more years)
    - *States may find the DSM-5 and ICD-10 to be useful resources for setting criteria to identify individuals with SUDs*
    - *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 the community engagement requirement. (This is a list of examples, and not an exhaustive list)*
    - *Whether or not individuals are in active treatment programs*
    - *States must ensure that they have reasonable processes and criteria in place for individuals to identify themselves as meeting the SUD medically frail exclusion, including for individuals who have a relapse.*
  - Disabling mental disorder
    - *State should consider whether the disabling mental disorder significantly impairs an individual's ability to comply with the community engagement requirement.*
    - *States may find the ISMICC, DSM-5, and ICD-10 to be useful resources for setting criteria*
    - *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. (not an exhaustive list)*
  - Individuals with a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more ADLs
    - *Does not require the condition to significantly impact the ability to perform IADLs*

	▪ *States should consider the effect of the physical, intellectual, or developmental disability on an individual's ability to comply with the community engagement requirement.* ▪ *It would be reasonable for States to consider certain conditions as physical, intellectual, or developmental disabilities for purposes of this exclusion, when such disabilities significantly impair an individual's ability to perform one or more ADLs and comply with the community engagement requirement, including muscular dystrophy, cerebral palsy, cystic fibrosis, spina bifida, impairments resulting from injuries (for example, spinal cord injury, brain injury, and amputation), Down syndrome, Fragile X syndrome, and Prader-Willi syndrome. (not an exhaustive list)* ◦ <u>Managing a serious and/or complex medical condition</u> ▪ Must be life threatening, seriously disabling, causing pain or discomfort, requiring major commitment from caregivers, requiring frequent monitoring, potentially having consequences for someone else, affecting multiple organ systems, requiring management to tight physiological parameters, requiring coordination of multiple specialties, requiring treatment associated with serious risk, or requiring adjustment in non-medical settings. ▪ *It is not reasonable to categorically consider conditions as serious or complex without factoring in criteria such as the severity of the condition.* ▪ *States will need to ensure fidelity to the definition at § 435.554(c)(5)(i)(E) and criteria at § 435.554(c)(5)(i) that an individual's physical, mental, or other behavioral health condition significantly impair their ability to comply with the community engagement requirement, when determining if an individual has a serious or complex medical condition for purposes of the community engagement exclusion.* ▪ *It is reasonable for States to consider certain conditions as serious or complex, when such conditions significantly impair an individual's ability to comply with the community engagement requirement, including cancer, ESRD, viral hepatitis, SCD, chronic obstructive pulmonary disease, HIV/AIDS, sarcoidosis, cognitive impairment, heart disease, amyotrophic lateral sclerosis, Parkinson's disease, Huntington's disease, cystic fibrosis, multiple sclerosis, spinocerebellar ataxias, muscular dystrophy, hemophilia, trauma disorders, and Thalassemia major. Examples of conditions that we would not typically expect to significantly impair an individual's ability to meet the community engagement requirement include asthma, hypertension, anemia, generalized pain, pre-diabetes, Type I or II diabetes, obesity, psoriasis, headaches, and Attention-Deficit/Hyperactivity Disorder. (not exhaustive lists.)* – *However, these conditions will not necessarily be serious and complex for all patients at all times.* – *States cannot categorically exclude individuals with certain serious or complex medical conditions from the community engagement requirement without considering whether their condition significantly impairs their ability to comply with the community engagement requirement.* – *This may change over time* ◦ **State must develop a list to identify individuals who meet the criteria above.** ▪ Lists must be auditable, justifiable, and consistent with the regulatory definitions. ▪ *Lists will generally take the form of health care code sets (for example, ICD-10 codes, etc.)* ▪ Lists must be revised on a regular basis based on the State's experience applying this exclusion. ◦ The State must have a process in place to consider individuals who do not have a condition on the list but are requesting exclusion based on medical frailty. ◦ *Lists of diseases, diagnoses, disorders, or health conditions or other processes that States use to identify medically frail individuals must be shared with CMS upon request as part of our oversight and data monitoring activities.* ◦ *Over time and with advances in treatment, the number of individuals who are determined to be medically frail by States will decline and then stabilize.*

	◦ *As States develop their lists and implement the medically frail exclusion, they must ensure that they are conducting outreach. States are encouraged to consider general public outreach efforts.* • Compliant with TANF Work Requirements and Individuals Not Exempt from SNAP Work Requirements ◦ *When determining whether an individual is eligible for the TANF exclusion from the Medicaid community engagement requirement, the State Medicaid agency should assess whether the individual is compliant with the specific TANF work requirements established by the State.* ▪ *State Medicaid agencies should work closely with the State agency that administers TANF to determine which individuals are eligible for this TANF-based exclusion.* ▪ *States should not rely on or require reporting from the individual.* ◦ *If an individual is in a household that receives SNAP benefits and is subject to a work requirement under the SNAP program, they meet the definition of a specified excluded individual and are therefore not an applicable individual subject to the Medicaid community engagement requirement.* ▪ *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.* ▪ *State Medicaid agencies should work closely with the State agency that administers SNAP to determine which individuals are eligible for this exclusion.* • Participating in a drug or alcoholic treatment program (defined in section 3(h) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(h)).) ◦ 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.*** ◦ **States may establish a minimum time commitment standard of participation consistent with appropriate clinical guidelines.** ◦ *Additionally, 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.* • Inmate of a public institution ◦ *The individual must be in custody and held involuntarily through operation of law enforcement.* ◦ *Includes individuals in correctional institutions such as State or Federal prisons, local jails, detention facilities, or other penal settings.* ▪ *Does not include those in educational or vocational training institutions; child care institutions; or medical institutions, including institutions for mental diseases (IMDs).* ◦ *States should have systems and processes already in place to identify this population, including an individual's date of release.* • Pregnant or Entitled to Postpartum Coverage ◦ *Individuals enrolled in the adult group can become pregnant and remain in the adult group* ◦ *Any woman who is receiving Medicaid under either the mandatory postpartum period (§ 435.170) or the 12-month postpartum extension while in the State plan adult group or a relevant section 1115(a)(2) demonstration population is a specified excluded individual during the relevant postpartum period.*
Mandatory Exceptions 42 CFR 435.553	• State must deem an applicable individual to have demonstrated community engagement for a month if exceptions apply ◦ *Unlike specified exclusion, must analyze whether the individual meets criteria for exceptions and deem compliance.* ◦ *Month refers to any month in the State's review period*

	◦ *Can be for all or part of the month* ◦ *Applies even if the status making them excluded has ended by the time they apply (measured based on the compliance time period)* ◦ *Based on the number of months for which compliance is required* ▪ *If one month is required and they are deemed to have complied based on meeting an exclusion for one month, they have met the requirement even if they aren't excluded for the full review period* – *For example, a beneficiary enrolled in the adult group has been excluded from the community engagement requirement because they have a dependent child who is age 13, but their child turns 14 during the individual's eligibility period. During the beneficiary's renewal, the State determines the individual is now an applicable individual subject to the community engagement requirement. The State requires beneficiaries to demonstrate 1 month of community engagement activity at renewal. Because the beneficiary was a specified excluded individual as a result of having a dependent child under the age of 14 for part or all of at least 1 month during the review period, which aligns with the eligibility period in this scenario, they meet the mandatory exception criteria for at least 1 month during the review period (see section II.H.3. of this IFC) and thus are deemed compliant with community engagement during the review period at renewal. Going forward, the individual would be subject to the community engagement requirement and must be provided with notice on that.* • Inmate - At any point during the 3-month period ending on the first day of such month, the individual was an inmate of a public institution (§ 435.553(b)) ◦ *Applies to people who were previously inmates at the time of the review period* ▪ *Must look at when incarceration ended in relation to the month(s) for which the state is determining compliance* ▪ *For example, an individual was an inmate of a public institution and was released on March 15. The individual applies for Medicaid on June 1 in a State that has a 1-month review period for community engagement at application (see section II.H.1. of this IFC for further discussion of the review period). The State determines the individual is eligible in the adult group and is an applicable individual, so must assess whether the individual met or is deemed to have met the community engagement requirement in May (the month prior to the month of application). To apply the exception for incarcerated individuals, the State would assess whether the individual was an inmate at any point in the 3-month period prior to May 1. Accordingly, the State would determine whether the individual was an inmate in February, March, or April.* ◦ *State will have to determine when incarceration ended in relation to when it is determining compliance* • *States that require applicable individuals to demonstrate compliance with community engagement for more than 1 month during the review period will need to verify that an applicable individual is excepted, demonstrates community engagement, or meets a combination of these community engagement criteria for the total number of months specified by the State in the review period*
Optional Exceptions for Short-Term Hardship Events 42 CFR 435.555	• *If a state chooses to offer exceptions for short-term hardship events (HSE)* ***(state decision point)****, it must offer them for all hardship events outlined in HR 1.* ▪ ***Except that the state can choose not to effectuate exceptions for state emergencies (II)(aa) or request exceptions for the unemployment rate (II)(bb).*** • Applicable individuals shall be deemed to have demonstrated community engagement for the month(s) in which they meet the criteria for the HSE. ▪ ***States must develop a process for determining hardships;*** CMS recommends modelling the process after the "undue hardship" process for estate recovery rules, asset-transfer rules, trust rules. – *The policies governing those processes apply here – e.g., requirements to provide:* • *Advance notice of the existing of the exception opportunity*

- *A method for determinations*
- *Hearing and appeal rights*
- *A timely provides and notice of timeframes*
    - *Unlike in those processes, these HSE exceptions will have an end date*
- I: Applicable Individuals in Certain Medical Institutions or Receiving Certain Outpatient Services
- In addition to the list included in the statute *(above)*, eligible inpatient services:
    - Those furnished in a critical access hospital (42 CFR 440.170(g))
    - Those furnished in an emergency hospital (42 CFR 440.170(e))
    - Those furnished in IMDs
    - Those furnished by other facilitates that are not covered by Medicaid but are recognized by the state
- *Inpatient services are defined as those for which an individual: Receives room, board and professional services in the institution for a 24 hour period or longer, or Is expected by the institution to receive room, board and professional services in the institution for a 24 hour period or longer even though it later develops that the patient dies, is discharged or is transferred to another facility and does not actually stay in the institution for 24 hours.*
- Eligible non-institutional services: If, but for the receipt of such services, the individual would likely receive the inpatient services listed above
    - *Example – the discharge plan says the services can be provided in an institutional or noninstitutional setting and the individuals selects a noninstitutional setting.*
    - *The state can choose to make categorical determinations regarding applicable non-institutional services in this circumstance and for other similar, discrete circumstances*
    - *The state could choose to make individual evaluations regarding applicable non-institutional requests*
    - *The state must identify the particularly non-institutional service the individual*
- II(aa): Emergency and Disaster Areas
    - National Emergencies Act (NEA)-declared Emergencies
        - Short-term
        - Applies when the emergency affects the ability of the applicable individual to demonstrate community engagement in a particular county/ies or equivalent unit of local government or statewide
- *For example, information that will be relevant to determining whether this is the case would be the barriers to demonstrating community engagement that the NEA-declared emergency presents, how businesses are impacted by the NEA-declared emergency, and other information tending to show an adverse impact on the ability of applicable individuals to demonstrate community engagement.*
        - Can be effectuated by the state
- Must timely notify CMS
    - Stafford Act-declared Emergencies
        - Applicable individuals residing in the designated area must be deemed to have demonstrated community engagement through at least the end of the month(s) during which the identified incident period occurred.
        - May be beyond the “incident period” if barriers to demonstrating community engagement persist
- *For example, businesses have not reopened, transportation is hampered, temporary housing or relocation has been necessary*
- *Should regularly communicate with CMS to provide information to support the continued applicability of the exception due to ongoing barrier)*
- II(bb): Unemployment Rate

- The state must make a request from the Secretary in the form, time and with the info required
- The state must identify the particular county/ies or unit(s) of local government meeting one of the thresholds and submit data
- *Unemployment rate is based on Bureau of Labor Statistics (BLS) data or another reliable source (e.g., state labor department)*
  - *If the BLS data is from previous months, the state may submit preliminary data from the other source*
  - *If the data is considered persuasive, CMS will approve the request*
  - *If the BLS data conflicts when updated, CMS will not require the exceptions made pursuant to that data be revised*
- Requests can be made electronically or in hard-copy form
- *Making a request is optional*

- III: Travel out of the Community for Complex Medical Conditions
  - The requirement to travel can be for part of all of month
  - Complex medical conditions: The same as the term is used for specified excluded individuals (see below)
  - *Community – **CMS is not defining, as it varies between and within states; state may define***
    - *The same definition is used for community for travel purposes and community of residence for assessing availability of the treatment in the community*
    - *Examples of reasonable options (not exclusive):*
- *Political subdivisions*
- *Based on proximity to residence (e.g., travel of over 25 miles, a certain number of hours, overnight stay)*
- *The state should develop standards that make leaving the area pose a measurable complication for the AI, while not making the standard too onerous (e.g., not the entire state)*
- *Could consider NEMT standards*
  - *Extended period of time - **CMS is not defining; state may define consistent with the nature of the HSE exception***
    - *States cannot require it to be at least a month or longer (part of a month is sufficient)*
- Dependent:
- Minor (as defined under state law) child of the applicable individual (AI) who is living with the AI
- A tax dependent of the AI (whether or not a minor child or residing with the individual); or
- An individual for whom the AI has been appointed a guardian by a court
- The AI need not travel with the dependent for necessary medical treatment
- If the AI does not travel, they must verify that the need for the dependent to travel significantly impacts the AI
- *Must show efforts on behalf of the dependent that are directly related to the travel or medical condition that require them to take a leave from community engagement activities.* Examples include:
- Taking the dependent to local appointments in preparation for the appointments that require travel
- Conducting logistical activities related to the travel
- Maintaining primary responsibility for communicating with the medical providers
  - *This HSE exception will only apply during month(s) in which the AI or dependent travels (cannot precede travel)*
- *Electing HSE Exceptions*
- *To be done through SPA (template in development)*
- *Election can be made immediately or through a subsequent SPA; the election can also be rescinded through a subsequent SPA.*
- *The state must separately elect HSE Exceptions before effectuating (II)(aa)*

	• Individual Requests • Only applies to (I) and (III) • Must accept requests from any individual allowed to submit documentation to establish eligibility under 435.907(a) • Applicable individual (AI) • An adult in the AI's household (435.603(f)) or family (IRC) • Authorized representative • If the AI is a minor or incapacitated, someone acting responsibly on their behalf • Determinations • Determinations of hardships are to be made under procedures established by the state • Must be timely • Deemed to meet CER if meet criteria for all or part of month • If an individual is determined to be a specified excluded individual *(above)* in the month of application or renewal, the state does not need to make a determination • Outreach Requirements (435.561) • When the state elections the HSE exception • On each occasion when in which the state effectuates/requests a HSE under (II) (State Emergency or Unemployment Rate) • This must be separate from electing HSE Exceptions • When the state opts out of HSE exemptions • Notice Requirements • *Part of compiling with noncompliance procedures* • Of the availability of the HSE Exception • For HSE Exceptions effectuated/requested under (II) (State Emergency or Unemployment Rate) - Must provide notice of: • That the exception exists • Anticipation of end date • The actual end date • For HSE Exceptions determinations under (I) Inpatient and (II) Travel out of the Community - Must provide notice of: • Method for requesting • Timeframe for requesting • Timely process for determinations • Determination (shall include anticipated end date – *or what it would cause it to end if date is unknown -* if granted) • Process for appeals • The end date once known *(435.917-918)* • Must provide a minimum of 10 days advance notice with a fair hearing right
Verification of Compliance, Exception or Exclusion 42 CFR 435.557	Period of enrollment: A continuous span of Medicaid coverage without disenrollment, even if the individual moves across eligibility groups or has multiple renewals or redeterminations Reliable information available to the state: any data the agency has or should reasonably access, such as: • Approved electronic data sources (per the state verification plan) • Data from other state/local agencies • Federal data sources via the federal data services hub • State eligibility systems and case records

- Payroll/work data
- Claims and encounter data from the past 12 months
  - *States must have processes in place to obtain info/data from TANF and SNAP agencies, the VA, carceral institutions, drug addiction/alcohol treatment and rehab program, etc., to verify excluded or excepted status, or fulfillment of CER*
  - *To verify compliance using a combination of activities, States must verify hours for each activity separately and then add the number of hours for each of the four activities to calculate the total number of qualifying community engagement hours for the month.*

<u>Verification Requirement</u>

- The state must verify compliance, deemed compliance, or exclusion using available reliable info before requesting additional info from the individual.
  - State can only request additional info and initiate noncompliance procedures if all available info can't verify compliance or specified excluded status
  - *Example: enrolled, applicable individual who demonstrated CE at application on the basis of working 80 hours per month. At renewal, after confirming the individual is not a specified excluded individual, the State checks the data sources relied upon to verify work hours but does not locate information in the data sources sufficient to verify continued compliance on this basis. Before requesting information from the individual, the State must also check available information to determine if the individual meets an exception and verify whether the individual met the community engagement requirement in another way (e.g., participation in an educational program, participation in a work program, community service, or sufficient income).*
- When no reliable information is available to the state, or available data conflicts with info provided by the individual, state must seek additional info from individual to verify demonstrated CE/specified excluded individual status
  - Before Jan 1, 2028: State may request documentation or accept other forms of verification when reliable info not available or not compatible with what individual provided
  - Starting Jan 1, 2028: Must require documentation if reasonably available when reliable info not available or not compatible with what individual provided
  - *Examples of reasonably available 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*
- *Although generally all exclusions must be verified at each application and redetermination (every 6 months), there is an exception for medical frailty and veterans with total disabilities (see more detail below).*
  - *"States must verify that an individual is medically frail or otherwise has other special medical needs at least every 12 months, although state may verify more frequently, such as at each renewal."*
  - *Exception: For individuals who were enrolled or last verified based on information provided under penalty of perjury… beginning January 1, 2028, that the individual's medical frailty status must be reverified at the next regular, which could be 6 months from the individual's last verification even in a state that otherwise elects to verify medical frailty status every 12 months."*
  - *Veterans with* permanent *total disabilities should not be reverified; Veterans with* temporary *total disabilities should be reverified at least every 12 months;*
- State must accept info other than documentation if documentation is unavailable
- State cannot deny/terminate coverage solely due to inability to produce documentation
- ***May*** establish criteria for requiring individuals to provide specific info considered sufficient to verify individual's eligibility in absence of documentation

	• Before denial or termination, the state must provide an opportunity to submit info and follow notice and fair process requirements • State must accept submissions via modalities in 435.907(a) • State must verify that an applicable individual has demonstrated or is deemed to have demonstrated CE at application and renewal • State does not need to continue checking once verification is complete, unless new info suggests specified excluded individual eligibility • If sufficient information shows an individual qualifies as specified excluded individual, the state must apply the exclusion even if the individual also meets CE requirements • If CE compliance is verified, but exclusion status is uncertain, the state must enroll the individual first, then verify exclusion later • *States generally do not need to establish separate data sources to verify that an applicable individual demonstrated community engagement based on their monthly income or average monthly income* • *States do not have to reverify someone's status as an FFCC for exclusion from the community engagement requirement until the individual turns age 26* • *Once verified, States do not need to reverify someone's status as an American Indian or qualification as a specified excluded individual on this basis* • *States must accept an attestation of pregnancy or entitlement to postpartum medical assistance unless the State has information that is not reasonably compatible with such attestation* • *Parent, Guardian, Caretaker Relative, or Family Caregiver of a Dependent Child or a Disabled Individual:* ◦ *States must verify the number of hours of care provided if a family caregiver does not reside with and is not related to the dependent child/disabled individual for whom they provide assistance to determine whether they are a specified excluded individual under the family caregiver component* ◦ *States should rely to the greatest extent possible on the household composition data available in their eligibility system to verify child's age* ◦ *States must attempt to use reliable information available to the State to verify disability status* ◦ *State may not require the name of the individual receiving care or other identifying information, and may not determine that an individual does not qualify for the exclusion only because the applicant or beneficiary declines to identify the disabled individual to whom the applicant or beneficiary is providing assistance.* ◦ *If no consent* given, *the State must require information from the applicant or beneficiary in the form of a statement or screening tool sufficient to verify the person receiving care meets the definition of a disabled individual* ◦ *State must verify the individual's relationship to the dependent child or disabled individual* ◦ *State must require a court order or other legal instrument in accordance with applicable State law to verify an individual's status as a guardian* • Option for more frequent verifications • If states choose to verify compliance between renewals, they must: ▪ Check all reliable info to confirm individual is not a specified excluded individual ▪ Verify demonstrated CE compliance using all available info ▪ Follow full verification rules before requesting documentation • Cannot reverify specified excluded individual status unless there is new information suggesting change • Federal Data Hub • States must use the federal data services hub to obtain info relevant to CE to the extent info is available

- If info becomes available and contains relevant info, state must establish connection through the hub or implement an alternative data source (if approved by CMS) to integrate new available data sources within 12 months of data becoming available

- If not using the hub, states must establish a direct or alternative connection if CMS determines waiver is not necessary within 12 months
- *CMS expects to establish connections to additional data sources and provide States information through the Hub and/or another Federally operated electronic service to verify certain factors that could impact whether someone is subject to the community engagement requirement (e.g., National Student Clearinghouse and the VA)*
- Verification of medical frailty and privacy requirements
- States must attempt verification of specified excluded individual status due to medical frailty/other special medical needs using available reliable info, including claims and encounter data first
- States must reverify medical frailty/other special medical needs at least every 12 months subject to the following rules and timeline:
    - Before Jan 1, 2028: state may require documentation or accept a statement/other info (under penalty of perjury) that provides sufficient info to verify medical frailty/other special medical needs each time the state verifies an individual's medical frailty
    - Starting Jan 1, 2028:
        - State may accept a statement or other info (provided under penalty of perjury) that provides sufficient information to verify qualification for this exclusion **only once** during the period of enrollment
        - State must verify status at next scheduled redetermination after excluded status was determined using the individual's statement/other info provided under penalty of perjury using reliable available info or documentation
            - After verifying exclusion using reliable available info or documentation submitted by individual, state must reverify status every 12 months
- Must comply with HIPAA and other federal privacy laws when handling information obtained to verify medical frailty/special medical needs/participation in drug or alcohol treatment and rehab program
- *State must verify* **both** *the presence of a condition or diagnosis* **and** *that the condition or diagnosis significantly impairs the individual's ability to comply with the community engagement requirement. States must consider the severity of an individual's condition as relevant to whether that individual is capable of meeting CER*
- *Information gathered by States should include multiple domains to be effective in identifying individuals who meet this exclusion, including their condition(s), utilization of services (e.g., inpatient hospital services, intensive outpatient services, SUD services, etc.), and their level of impairment (for example, need for assistance with one or more ADLs, etc.).*
- *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.*
- *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 must provide an individual with the opportunity to provide documentation or other information demonstrating medical frailty or otherwise having other special medical needs status when the State is unable to verify the excluded status using information available to the State*
- Verification of mandatory and operational exceptions
- Mandatory exceptions

	◦ Follow standard verification hierarchy (reliable available info first, then request documentation/info from individual) ◦ If individual provides info when reporting change and no reliable info exists, the state may opt not to request further info from individual ◦ *When verifying applicable individual qualifies for mandatory exception, requirement to use available reliable information. CMS interprets this requirement to allow a State to deem an applicable individual to have demonstrated CE without requiring documentation or other information in the absence of reasonably available documentation only if the individual provided information on an application, renewal or other state form, or when reporting a change in circumstances indicating they qualify for an exception and there is no reliable information available to the state to verify the information the individual provided.* • Short-term hardship exceptions ◦ State must: • Use reliable available info before requesting additional info to verify • *Applicable Individuals in Certain Medical Institutions or Receiving Outpatient Services: the State must attempt to verify that an applicable individual has received these services using reliable information available to the State before requesting information from the individual.* • *Applicable Individual or Dependent Must Travel Outside of Their Community for an Extended Period of Time to Receive Medical Services Necessary for a Serious or Complex Medical Condition: States must first attempt to verify the serious or complex condition and receipt of medical services, including the location where and the date(s) on which the services were received, using reliable information available to the State, including adjudicated claims or encounter data as relevant to the individual for the preceding 12 months and information from other electronic data sources (as applicable)* • *Automatically grant exceptions for:* • Declared disasters/emergencies • Federally approved unemployment-based hardship areas • States cannot require additional documentation in these automatic cases • *CMS implements the requirement that States electing to offer short-term hardship exceptions apply an automatic short-term hardship exception to applicable individuals residing in these affected locations without requesting any verification relating to these circumstances from such individuals. States must store and be able to produce records supporting verification of such emergency, disaster, or high unemployment rate upon request, for an audit or other review.*
Notice and Process for Noncompliance 42 CFR 435.558	• <u>Notice of noncompliance</u> ◦ If the state cannot verify that an applicable individual met community engagement requirements, or qualifies for deemed compliance or an exception, the state must: • Issue a formal notice of noncompliance • Allow the individual 30 calendar days to respond and resolve the issue (by demonstrating compliance with CE or that CE requirements don't apply) • Continue Medicaid coverage for enrolled beneficiaries during this period until an ineligibility determination is finalized • *If individual fails to make satisfactory showing during 30 days, state must deny application or disenroll from coverage by end of month following month in which 30 calendar day period ends. "Satisfactory showing" of compliance interpreted to mean individual provides sufficient info or documentation to allow state to verify compliance with CER for review period.* • *§ 435.912(e)(3) - new exception to the timeliness standard at § 435.912(c)(3)(ii) for applicants who receive the notice of noncompliance under § 435.558(a) and when the State is unable to meet the 45-day timeliness standard due to the required 30-calendar day period. When a State uses this exception, it must do so on a case-by-case basis and document the reason for the delay in the applicant's case record as required by § 435.912(f). CMS expects States to complete initial eligibility determinations as quickly as*

possible and not use the maximum period available under the timeliness standard to delay the initiation of coverage for individuals who would otherwise be determined eligible and enrolled more quickly. CMS expects States to use the new exception where State would have made the determination within the timeliness standard at § 435.912(c)(3)(ii) but was unable to do so because required to give the individual the full 30-calendar day period at § 435.558(a)(2), and individual did not respond to the notice sufficiently early in this 30-calendar day period to enable State to meet timeliness standard. Only applies to CE determinations.

- Unable to Verify
  - The state is considered unable to verify compliance when insufficient information exists after required checks:
    - At application: After reviewing application information and all available reliable info, the state still cannot confirm required months of compliance
    - At renewal when available reliable info is insufficient, renewal form is not returned, or returned information is insufficient for verification
    - During more frequent (optional) checks when available reliable info is insufficient, or requested follow-up information is not returned or insufficient
    - *State is only required to send notice of noncompliance if compliance with CER is only eligibility factors needing to be verified after allotted renewal form submission timeline. States should inform individuals that, if they later return renewal form, during reconsideration, their eligibility may be reconsidered and how individual may demonstrate CE during reconsideration period*
- Content and form
  - Notice must clearly explain:
    - How to demonstrate compliance, including:
      - Which months will be assessed
      - How to show individual demonstrated CE
      - How to show eligibility for deemed compliance
    - How to show CE requirements don't apply, including criteria for specified excluded individual status
    - Submission deadline (30 days)
    - Ways to submit information (all allowed modalities)
    - Consequences of non-response, including potential Medicaid denial or disenrollment and impact on Marketplace subsidies (APTC/PTC)
    - Instructions on how to reapply if coverage is lost
    - Information on short-term hardship exceptions (if offered by the state)
    - Must meet Medicaid notice standards (including accessibility and electronic requirements)
  - Presumed received 5 days after mailing, unless the individual shows otherwise
- No satisfactory showings
  - If the individual does not respond adequately within 30 days, state must evaluate all other eligibility pathways - must check eligibility under other Medicaid categories before denying coverage
  - If the individual is still ineligible:
    - At application: Deny the application with notice and appeal rights
    - For current beneficiaries:
      - Disenroll no later than the end of the month after the 30-day period ends; and
      - Provide advance notice and fair hearing rights before disenrollment

	◦ Notice must clearly state that the individual failed to demonstrate compliance or qualify for an exception, and that they failed to demonstrate they are not subject to the requirement (e.g., specified excluded individual status) ◦ State must evaluate potential eligibility for other insurance affordability programs (e.g., Marketplace coverage) ◦ *Disenroll individuals from coverage who are determined ineligible on all bases not later than end of month following month in which 30-calendar day period ends after notice. Outer bound for when individual must be disenrolled; doesn't change requirement for states to conduct periodic renewals of eligibility. Timeframe to complete disenrollment shouldn't be used as waiting period to provide coverage beyond end of individual's eligibility period* • <u>Re-applying for coverage</u> ◦ States cannot impose any restrictions on reapplying for Medicaid after denial/disenrollment for noncompliance or receiving coverage if later found eligible ◦ *States must not impose a "waiting period" or "lock-out period" following the denial or disenrollment for noncompliance with CER* • <u>Reconsideration period</u> ◦ State must reconsider eligibility without requiring a new application for certain MAGI-based beneficiaries disenrolled for failure to provide requested information if they submit the information within the reconsideration period: ◦ *Option to provide reconsideration period to individuals enrolled on basis other than MAGI: during reconsideration period, info/documentation requested in notice of noncompliance = application; date of return = date of app. States must follow procedures for assign compliance with CE at application. Applicable individuals are required to have demonstrated CE in month prior to date of application, or additional consecutive months based on state*
Outreach 42 CFR 435.561	• The state must provide notice of the community engagement requirement to individuals who: ◦ Are eligible for or enrolled in the adult expansion group (§ 435.119), or ◦ Are covered through a Section 1115 demonstration that provides minimum essential coverage, and who: ◦ Are ages 19–64 ◦ Are not pregnant ◦ Are not enrolled in Medicare Part A or Part B ◦ Are not otherwise eligible under the standard state plan • *Initial and periodic outreach notification must be provided to all individuals enrolled in adult group in 435.119 or in an 1115 since status may change; required outreach notification and content includes relevant info for applicable individuals and specified excluded individuals* • *States will need to include clear, consumer-friendly info in outreach notice to help folks understand who qualifies for an exception or is a specified excluded individual (general public notice not sufficient).* • *States must also provide info on eligibility requirements, including CER, to all other individuals who request it* • <u>Outreach</u> ◦ Advance notice before implementation ▪ At least 3 months plus the number of months of required engagement before: – January 1, 2027, or – An earlier state implementation date, if applicable ▪ Also applies prior to new eligibility expansions or 1115 implementation ◦ At enrollment for newly enrolled individuals during the period between initial outreach and implementation of CER ◦ Periodic outreach ▪ During application, renewal, or change in circumstances

	▪ When the state elects a short-term hardship exception and activates a hardship event (e.g., disaster/unemployment-based) ▪ When sending advance notice of reductions in beneficiaries' eligibility, including: – Ending short-term hardship – Expiration of short-term hardship – Loss of specified excluded individual status – At CMS request, if monitoring data suggests compliance or outreach issues • *States must send notices 4-6 months prior to CER becoming effective in state AND to send notice to beneficiaries who apply and enroll after initial notice is sent but before CER becomes effective (will ensure beneficiaries who newly enroll in adult group at 435.119 or 1115 waiver will be aware of CER.* • <u>Content of notice</u> • Notices must clearly explain: • How to comply, including: • What activities qualify as community engagement • Available exceptions, including hardship exceptions (if offered) • Who is subject to the requirement, including a description and definition of "applicable individual" and explanation of excluded groups • Number of months an applicable individual most demonstrate CE at renewal • Whether and how often the state will verify compliance between renewals • Consequences of noncompliance, including potential loss of Medicaid eligibility and possible impact on Marketplace subsidies (APTC/PTC) • How individuals should report status changes that may impact exception eligibility, short-term hardship status, and specified excluded individual status • *State must include info about how an applicable individual may demonstrate CE, providing info on types of activities that demonstrate CE. States will also need to clearly communicate that for specified excluded individuals, additional actions to demonstrate CE are not required* • *State must also accept updated info from beneficiaries as they would accept other info reported by beneficiary even if eligibility not impacted (e.g., change of in-state address)* • <u>Modalities</u> • The state must send notice via regular mail, or electronic delivery (if the individual has opted in), and • Use at least one additional method, such as the individual's electronic account, telephone, text messages, and other commonly used electronic communication channels • *Outreach notices must be provided in at least one or more additional modalities. Can't both be individual's electronic account.* • *"Internet website" modality described at means individual's electronic account available through an internet website vs state agency's public facing website. States also must post general program info, including CER, on state agency's website* • <u>Coordination with other notices</u> • The state may combine outreach notices with eligibility determinations or other routine communications • The state may also use managed care plans and delivery system partners (e.g., MCOs, PIHPs, PAHPs, PCCMs) to conduct outreach. These entities may deliver outreach through approved communication channels (e.g., text, phone, portals) • *States that do this must direct their managed care plans on which individuals must receive the outreach notice, frequency of such notice, and content of notice*

Waivers 42 CFR 435.563	• **CMS will not approve 1115 waivers that remove community engagement provisions (in whole or in part)** • **If a state decides to implement community engagement via an 1115 waiver, they must ensure compliance with all requirements**
Presumptive Eligibility Preamble only	• *Community engagement requirements apply when an individual applies for presumptive eligibility (PE) and hospital presumptive eligibility (HPE)* • *Qualified entities must determine if someone is a specified excluded individual, applicable individual, or meets an exception* ◦ *If someone does not qualify for an exception/is excluded, the qualified entity will need to assess if community engagement has been demonstrated prior to the month of application for the number of months required by the State* • *States will need to update their PE and HPE training materials, train qualified entities, and update application materials to reflect these implications.*
Monitoring 42 CFR 435.562	• Timely: all data for required data elements submitted according to the cadence and timeline specified by CMS • Complete: all data for required data elements are reported • Sufficient quality: all data for required data elements reported in form and manner consistent with CMS specifications • States must submit timely, complete and accurate data of sufficient quality to support monitoring state implementation and impact ◦ *All required data must be included.* ◦ Data must be reported in a form and manner that adheres to CMS specifications. • Data categories: ◦ Enrollment totals of individuals applying for and receiving medical assistance; ◦ Application and renewal processing, timeliness, and backlogs; ◦ Outcomes of determinations and redeterminations eligibility; ◦ Populations subject to and their compliance with the requirements of section 1902(xx) of the Act; and ◦ Other such data specified by CMS in regulation, guidance, or technical specifications to monitor implementation and the impact of community engagement. • Corrective action and additional outreach notices ◦ Agency may be subject to corrective action when reported data are not timely, complete, or of sufficient quality or where data reported indicate failure to comply satisfactorily with regulatory requirements • *To the extent possible, we will develop a community engagement report using existing data elements reported by States through the PI, EP, and T-MSIS data collection efforts, and States will use the same submission portals currently used for any modified or new data collection gathered through the PI, EP, and T-MSIS data sets.* • *CMS will notify States of any specific updates to existing data elements or new data elements through existing PI, EP, and T-MSIS communications for these data collection efforts and related data dictionaries or technical specifications documents.* • *Any modified or new data elements to these existing data collection efforts will be subject to public review and comment processes.* • Failure to submit data or submission of data that indicate compliance issues may result in corrective action, additional data collection, or additional outreach noticing. • *When reviewing data, CMS will review data trends within a State month-over-month as well as how a State's data compare to analogous data from other States to determine whether additional information from the State is needed to understand and interpret the data.* ◦ *Will assess whether further outreach or compliance action may be necessary* ◦ *Will assess if additional beneficiary outreach is necessary in a State that reports outcome data, such as higher numbers of procedural terminations at renewal compared to other States, that suggest such action may be needed to ensure beneficiaries understand how to demonstrate community engagement*

Managed Care Implications 42 CFR 438.58	• States may not use MCOs, PIHPs, PAHPs, or other contractors to determine beneficiary compliance unless the entity is not – and has no direct or indirect financial relationship with – an MCO, PIHP, or PAHP that is responsible for providing or arranging for covered services under a contract with the state • *MCOs can play an important role in implementation* ◦ *Outreach and education* ◦ *Share data to inform state determinations (e.g., re medically frail, participation in drug addition or alcoholic treatment and rehabilitation program* • *Additional services and assistance (may not be part of capitated rate of VAS) but can be part of MLR numerator*
Good Faith Efforts 42 CFR 435.560	• CMS may grant a temporary exemption from implementation requirements if the state demonstrates a good faith effort but cannot fully implement on time. • The state must submit a formal request to CMS, providing evidence addressing required criteria • CMS must determine the state is actively working toward compliance in good faith • CMS will assess the following criteria for good faith effort: ◦ Steps already taken toward building and launching the program ◦ Barriers and challenges, including issues related to: Funding, System design and development, Procurement or vendor limitations, and Operational readiness ◦ A detailed implementation roadmap including: Timeline and milestones for full compliance ◦ External factors outside the state's control (e.g., emergencies, system disruptions) • All exemptions will end by December 31, 2028 ◦ Initial approval period up to 6 months