



Toplines Analysis: Community Engagement IFC

Executive Summary

The Centers for Medicare and Medicaid Services (CMS) issued an [interim final rule](#) with comments (IFC) that implements the work and community engagement requirements for certain Medicaid beneficiaries pursuant to last year's budget reconciliation law (H.R. 1). That provision of the law requires States to condition Medicaid eligibility on participation in certain qualifying activities and applies to individuals ages 19 to 64 applying for Medicaid coverage or enrolled through a Medicaid expansion pathway via the Affordable Care Act or similar coverage through a Section 1115 waiver. CMS will be accepting comments on the rule through July 31, 2026.

IFC Overview

On July 4, 2025, H.R. 1 was signed into law, making cuts of almost \$1 trillion to Medicaid funding. Included in the law was a requirement that States condition Medicaid eligibility for certain individuals on working or participating in qualifying activities. H.R. 1 required the HHS Secretary to promulgate an interim final rule implementing these provisions no later than June 1, 2026, and States to begin implementation no later than December 31, 2026, or earlier at State option, unless granted a good faith effort extension.

On June 1, 2026, CMS released the corresponding IFC, [Medicaid Program; Community Engagement Requirement for Certain Individuals](#), with the following details and requirements.

Eligibility and Application

The community engagement requirement applies to individuals ages 19 to 64 applying for coverage or enrolled through the ACA expansion group or similar expansion through a Section 1115 waiver. This includes States utilizing a Section 1115 waiver to partially expand Medicaid (e.g., Wisconsin). It does not apply to individuals who meet a mandatory exception or exclusion or who are enrolled or eligible for Medicaid through pathways in which eligibility is based on old age or disability.

Community Engagement Requirement

In accordance with H.R. 1, the IFC clarifies that to meet the community engagement requirement each month an individual must demonstrate one of the following:

- The individual has worked at least 80 hours.
- The individual has completed at least 80 hours of community service.
- The individual has participated in a work program for at least 80 hours.
- The individual has been enrolled in an educational program at least half-time (as determined by the school or institution).
- The individual has engaged in any combination of the above activities for a total of not less than 80 hours.

- The individual has a monthly income that is at least the federal minimum wage, multiplied by 80 hours. [For a federal minimum wage of \$7.25, this is equal to \$580 per month.]
- *For seasonal workers:* the individual has an average monthly income over the preceding six months that is not less than the federal minimum wage multiplied by 80 hours.

Mandatory Exceptions and Exclusions

The IFC mandates that States must find that an individual demonstrated the community engagement requirement for the month if they met one of the following requirements:

- Individuals under the age of 19 for part or all of the month.
- Individuals entitled to or enrolled for Medicare benefits under Part A or enrolled for benefits under Part B.
- Individuals described in any mandatory coverage groups in subclauses (I) through (VII) of section 1902(a)(10)(A)(i) of the Act under the Medicaid plan.
- Individuals, who at any point during the 3-month period ending on the first day of that month, were an inmate of a public institution.

It also detailed specific excluded individuals that do not need to meet the community engagement requirements:

- Individuals who are former foster care children.
- Individuals who meet the definition of Indian at 42 C.F.R §447.51.
- Individuals who are parents, guardians, caretaker relatives, or family caregivers.
- Veterans with a temporary or permanent disability from the Department of Veterans Affairs.
- Individuals who are medically frail or otherwise have special medical needs.
- Certain individuals receiving SNAP.
- Individuals in a drug or alcohol rehabilitation or treatment program.
- Individuals who are inmates of a public institution.
- Individuals who are pregnant or entitled to postpartum coverage.

Definition of Medical Frailty

Medically frail means an individual 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 who meets one of the following criteria:

- Who is blind or disabled.
- With a substance use disorder, excluding an individual in stable recovery (which means, an individual who is in recovery for 5 or more years).
- With a disabling mental disorder.
- With a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living.
- With a serious or complex medical condition which is a medical condition that is life threatening, seriously disabling without necessarily being life threatening, causing significant pain or discomfort that can cause serious interruptions to life activities, requiring a major time or effort commitment from caregivers for a substantial period of time, requiring frequent monitoring, associated with severe consequences or negative consequences for someone else, affecting multiple organ systems, requiring management to tight physiological

parameters, requiring coordination of multiple specialties, requiring treatment that carries a risk of serious complications, or requiring adjustment in non-medical environments.

States are further required to develop a list of diseases, diagnoses, disorders, or other health conditions to identify individuals who meet the above criteria. The list must be auditable, justifiable, and consistent with the definitions within the IFC. The State must revise the list on a regular basis and provide for reasonable processes and criteria for individuals to request consideration of a medical frailty or special medical needs exclusion.

Definitions of Caregivers

Parent means an individual with the legal status of a mother or father, including by adoption, in accordance with applicable State law, who provides some level of care to a dependent child or disabled individual as defined in this section. **[Disabled individual** for purposes of this and the following definitions means an individual who meets the Americans with Disabilities Act definition at 28 CFR §35.108.]

Guardian means an adult appointed by a court to care for and make personal decisions for a dependent child or disabled individual who cannot care for themselves, in accordance with applicable State law.

Caretaker relative means a relative of a dependent child or a disabled individual, by blood, adoption, or marriage with whom the child or disabled individual is living, who assumes primary responsibility for the dependent child's or disabled individual's care, and who is one of the following:

- The dependent child's or disabled individual's father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece.
- The disabled individual's husband, wife, son, daughter, stepson, stepdaughter, grandson, or granddaughter.
- The spouse of such parent or relative, even after the marriage is terminated by death or divorce.
- At State option, another relative of the dependent child or disabled individual based on blood (including those of half-blood), adoption, or marriage; the domestic partner of the parent or other caretaker relative; or an adult with whom the dependent child or disabled individual is living and who assumes the primary responsibility for the dependent child or disabled individual's care.

Family caregiver means an adult family member or other individual who has a significant relationship with, and who provides care within a broad range of assistance to, a dependent child or a disabled individual as both terms are defined in this section.

Hardship Events

The IFC provides States with *an option* to allow for short-term hardship exceptions from the community engagement requirement for all or part of a month. This option is only available for certain qualifying events and if a State elects to allow short-term hardship exceptions, it must provide for each of the following:

- Receiving inpatient hospital services, nursing facility services, services in an intermediate care facility, inpatient psychiatric services, or other services of similar acuity.

- Other services of similar acuity include inpatient services furnished in a critical access hospital, in an emergency hospital, in an institution for mental diseases, by other facilities not covered under Medicaid but recognized by the State, or noninstitutional services that but for the receipt of such services would result in the individual receiving inpatient services.
- Living in a county with a federally declared emergency or disaster or with a high unemployment rate (at or above the lesser of 8% or 1.5 times the national unemployment rate).
- Having to travel outside their community for an extended period of time to seek medical treatment for themselves or their dependent to treat a serious or complex medical condition.

Verifying Exemptions

The IFC requires States to consistently rely first on reliable information available to the State before seeking additional information from the individual when verifying an exemption, including but not limited to:

- Information from other State or local agencies.
- Information related to work requirements from Federal agencies and other data sources provided through the electronic service established by the HHS Secretary.
- Information in the State's eligibility system.
- The individual's case record.
- Payroll data.
- Adjudicated claims from the prior 12 months.
- Encounter data from the prior 12 months.

Use of self-attestation other than medical frailty. When there is no reliable information available to the State, the agency must seek additional information from the individual to verify the individual's compliance with the community engagement requirements. However, there is a limited timeline in which a State may allow the use of self-attestation as verifying information. Through December 31, 2027, States may use self-attestation to verify the community engagement requirement or an exemption is met even "when there is no reliable information available to the State." Beginning January 1, 2028, States "must require documentation whenever documentation is reasonably available."

For individuals who are medically frail, the State must use reliable information, "including claim(s) relevant to the individual that have been adjudicated in the preceding 12 months, including those that have been paid, pending or denied, and encounter data, as relevant to the individual." States must reverify medical frailty at least every 12 months.

- Through December 31, 2027, the State may accept self-attestation when there is no reliable information otherwise available to the State.
- Beginning on January 1, 2028, a self-attestation may be accepted only once during an individual's enrollment period when reliable information is not available. At the next redetermination or verification, the State must verify medical frailty using reliable information or additional documentation.

Impact of Work and Community Engagement IFC on People with Disabilities and the Direct Support Workforce

Community engagement requirements like those included in the IFC are extremely burdensome for beneficiaries to navigate and for States to administer. This comes into sharp focus for people with disabilities who risk losing Medicaid eligibility if they are unable to document that they meet the community engagement requirement, fail to complete paperwork on time, or report a change. People with intellectual and developmental disabilities (I/DD) may face substantial obstacles that make completing required paperwork in a timely manner difficult. These challenges may include an inability to adequately respond to forms and document requests without support and accommodation, as well as limited access to the internet, mobile devices, and transportation.

Community engagement requirements are likely to have unintended negative consequences for low income workers, including direct support professionals (DSPs) who are the backbone of long-term services and supports for people with I/DD. Forty-seven percent of home care workers, an employment cohort that includes DSPs, rely on public health care coverage, often through Medicaid. Additionally, forty-six percent of home care workers work part time or with inconsistent schedules—two job features that are generally incompatible with work requirements. If DSPs are unable to meet burdensome reporting requirements, they will lose the health care that enables them to engage in the workforce and further endanger the sustainability of community-based supports for people with I/DD.

H.R. 1 allowed the HHS Secretary to exempt States from compliance with these requirements until no later than December 31, 2028, if the State is demonstrating a good faith effort to comply and demonstrates progress in compliance or identifies barriers to compliance. The IFC included this opportunity for good faith extensions, although in an informational bulletin released prior to the rule, CMS stated its approval of good faith extensions would be limited to States making meaningful progress experiencing “severe and/or unexpected issues” that hinder progress. It is crucial that community providers stay connected to their States to urge an extension application if unprepared to appropriately assess compliance for people with disabilities and the workforce that supports them.

Contact

Have questions? Want to share your perspective on the rulemaking? Email Tom Rice, Director of Policy & Regulatory Affairs, at trice@ancor.org. For additional information about Medicaid work requirements and other provisions of H.R. 1, please visit [ANCOR's Medicaid Resource Center](#).