

Medicaid Community Engagement & Work Requirements

Presentation to Health and Human Services Oversight Committee

6/26/26

Department of HEALTH & HUMAN SERVICES





Implementing SB 134 within the Federal Regulatory Requirements/Framework

- **Completed 6/19/26 Review with Fiscal Committee of the General Court**
  - Page 2, Line 17 of SB 134 directs the Department, prior to submitting the required documentation to CMS, to submit it to the fiscal committee of the general court for review.

- **Key Purpose of Today's presentation**

  - Page 1, line 21 of SB 134 states that "The department of health and human services shall not seek or implement any additional optional exemptions under 42 U.S.C. section 1396a(xx)(3)(B) or other program waivers without obtaining express approval of the oversight committee on health and human services established in RSA 126-A:13."

  - Page 2, Line 7 of SB 134 states that "In the event of a conflict between this section and the requirements of Public Law 119-21, Section 71119 (2025), the requirements of the federal statute or regulation shall control."

Implementing SB 134 within the Federal Regulatory Requirements/Framework

*On June 1, CMS released the nearly 400-page Interim Final Rule 91 FR 33348 "**Medicaid Program; Community Engagement Requirement for Certain Individuals**" to interpret and implement the community engagement requirement in Medicaid under Section 1902(xx) of the Social Security Act.*

1) Short-term hardship exceptions included in the One Big Beautiful Bill Act (Working Families Tax Cut Act) and Interim Final Rule: States must choose to allow all or none of the four of the optional exceptions. **Department requests all.**

- Receives inpatient hospital services, nursing facility services, services in an intermediate care facility, inpatient psychiatric services, or other services with similar acuity
- Resides in a county in which there exists an emergency or disaster declared by the President
- Resides in a county which has an unemployment rate that is at or above the lesser of 8 percent or 1.5 times the national unemployment rate.
- Must travel (or dependent must travel) outside of their community for an extended period to receive medical services for a serious or complex medical condition that are not available in their community

2) Assessing Compliance with Community Engagement: States must elect how many months of compliance are demonstrated at application for an applicable individual and at renewal.

2a) At application: As specified in SB 134, Department's SPA will reflect one month of compliance.

2b) At renewal: 1 or more months. The Department requests to begin in 2027 with a one-month within each eligibility period of six months (the system will be configured to allow future expansion of months assessed.)

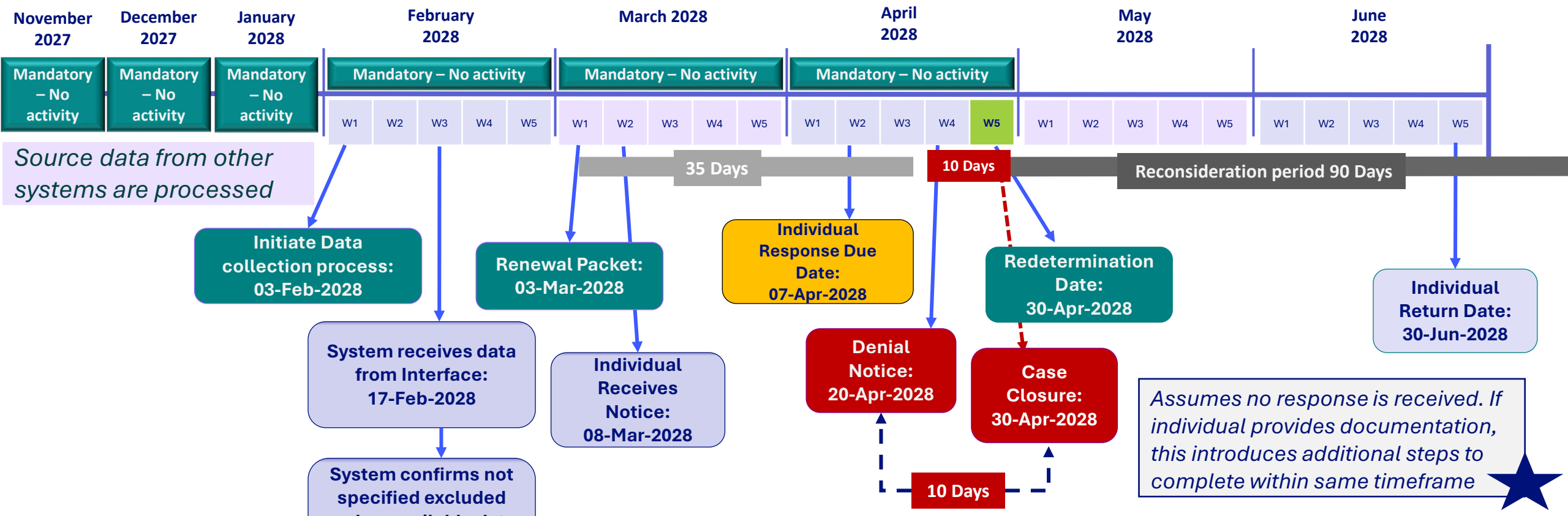
2c) Frequency of verifications: States may elect to do verifications more frequently than once every six months, **Department requests to begin with verifying once due to federal policy and operational and resource considerations.**

3) Medical Frailty Policy Alignment with Interim Final Rule:

3a) 2027 (Year 1) implementation approach. **Department requests adopting federal flexibility for Year 1.**

3b) 2028 onwards (Year 2 onwards), SB 134 and IFR are in alignment.

Decisions 2b and 2c: Example Scenario to Demonstrate Recommendation



To verify once in a 6-month period as required by CMS requires a 3-month period to accomplish required noticing timelines and close the case after requisite 10 day period. More frequent verifications on additional months put into jeopardy our ability to use automation in passive renewals and maintaining compliance with noticing timelines. They would likely result in very modest "gains" in speed to closure at these significant costs described.

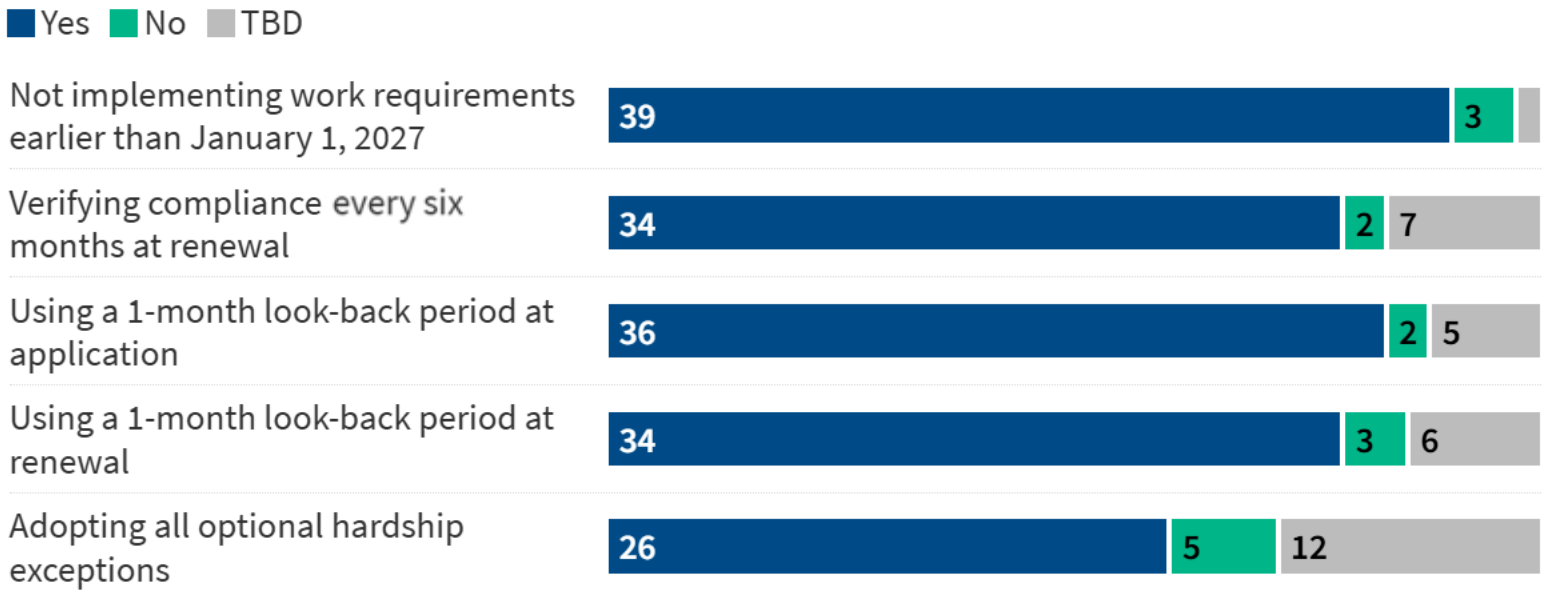
Key Terms

Specified Excluded Individuals *(not subject to work requirements; evaluated in month of application)*	*Applicable Individuals (subject to work requirements)*	
	Exceptions *[evaluated in lookback month(s)]*	**Qualifying Activities** *[evaluated in lookback month(s)]*
• Medically frail individuals • Participants in a drug addiction or alcohol treatment and rehabilitation program • Parents, guardians, caretaker relatives, or family caregivers of a dependent child under age 14, or of a disabled individual • Veterans with a disability rated as total under 38 U.S.C. § 1155 • Members of a household receiving Supplemental Nutrition Assistance Program (SNAP) and not exempt from SNAP work requirements • Individuals compliant with Temporary Assistance for Needy Families (TANF) work reporting requirements • American Indians and Alaska Natives • Former foster care youth under age 26 [i.e., individuals eligible under the former foster care youth (FFCY) eligibility group] • Inmates of a public institution • Pregnant individuals or those entitled to postpartum Medicaid coverage	**Mandatory Exceptions:** • Under age 19 • Entitled to or enrolled in Medicare Part A or enrolled in Medicare Part B • Described in a mandatory eligibility group (e.g., parents/caretaker relatives within certain incomes, individuals receiving Supplemental Security Income) • Incarcerated at some point in the three-month period prior to the relevant month • Specified excluded individuals (if relevant during the lookback month) **Optional Short-Term Hardships Exceptions:** • Receiving inpatient or institutional care** • Travel outside one's community for medical care for themselves or a dependent** • Living in a county with a federal emergency or disaster declaration • Living in a county with high local unemployment	• Work (at least 80 hours) • Community service (at least 80 hours) • Participation in a work program (at least 80 hours) • Educational enrollment (at least half time) • Any combination of the above listed activities (for a total of at least 80 hours) • Income of at least $580/month (or for seasonal workers, an average $580/month income over a six-month period) **Terminology included in this presentation aligns with the statutory and regulatory language.* ***Individual must request exception.*

National Landscape

Figure 1

State Work Requirements Implementation Decisions, March 2026

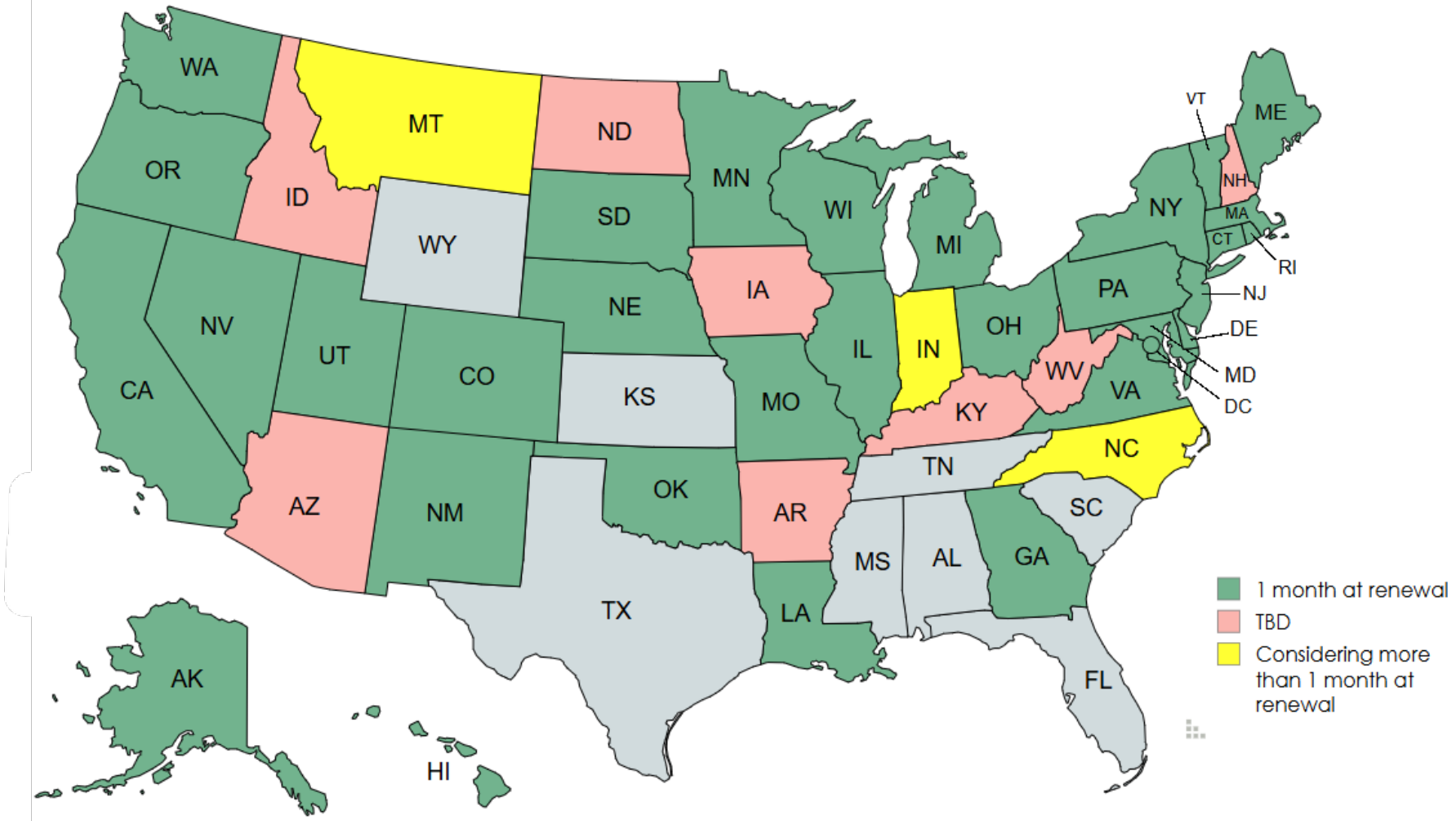


Source: KFF analysis prior to final rule

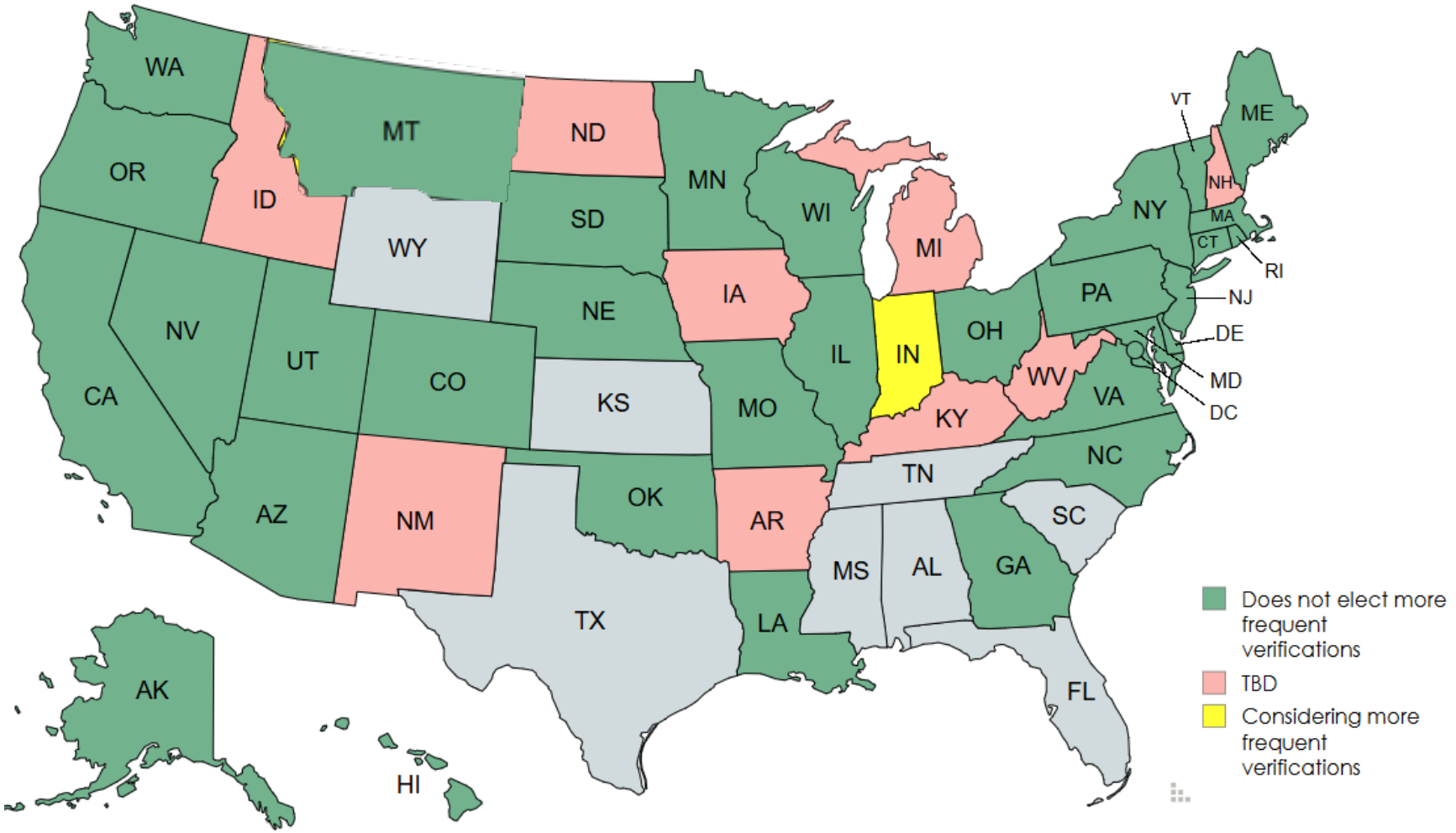
From Federal Interim Final Rule:

"For example, if a State conducts the more frequent verification of community engagement in month 3 of a 6-month eligibility period, it is possible the State is **still processing the verification**, including following applicable noncompliance procedures, into month 4 of an individual's eligibility period, **while at the same time** the State's system is initiating the individual's renewal that must be completed by the end of the 6-month eligibility period."

State Approaches to # Months to Demonstrate Compliance at Renewal



State Approaches to Frequency of Verifications for Enrollees



Policy Crosswalk – Medical Frailty

Topic	SB 134	Interim Final Rule
Medically Frail Definition	"In no case may the department of health and human services expand the definition of an individual who is medically frail or otherwise an individual with special needs beyond the scope of the definition established under 42 C.F.R. section 440.315 unless as otherwise modified in Public Law 119-21, Section 71119 (2025)."	Department will follow CMS statutory definition which also does not permit expansion of the definition. CMS defines medical frailty "as an individual whose physical, mental, or other behavioral health condition **significantly impairs the individual's ability to comply with the community engagement requirement** in this subpart and who is blind or disabled (as defined at section 1614 of the Act); with an SUD; with a disabling mental disorder; with a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more ADLs; or with a serious or complex medical condition."
Medically Frail Verification	"The department of health and human services shall only approve an exemption for an individual based on the status of medically frailty or otherwise an individual with special needs if the individual has been medically certified per a statement from a physician, physician associate, nurse, nurse practitioner, designated representative of the physician's office, a licensed or certified psychologist, or a social worker..."	Department proposes to follow CMS definition of acceptable documentation for 2027: "Before January 1, 2028, when there is no reliable information available to the State or the reliable information is not reasonably compatible with the information provided by or on behalf of the individual, the agency may require documentation or accept a statement or other information under penalty of perjury that provides sufficient information, as determined by the State, to verify an applicant or beneficiary is medically frail or otherwise has special medical needs, each time the State verifies an individual's medical frailty."

Appendix

Policy Crosswalk – Initial Application

Topic	SB 134	Interim Final Rule
Initial Application – Months counted	"No applicable individual shall be enrolled in Medicaid unless, at the time of application, the individual demonstrates compliance with the work requirements for the one month immediately preceding the month during which the individual applies."	Aligns with this process
Presumptive Eligibility	No changes specified	The community engagement requirement applies when an individual completes a full Medicaid application and when an individual applies for PE and HPE and appears to be eligible in the adult group or an applicable 1115 demonstration population. If the applicant is an applicable individual (not excluded or excepted), the qualified entity must assess whether the applicant demonstrated community engagement prior to the month of application for the number of months elected by the state in the state plan.

Policy Crosswalk – Non-compliance

Policy Topic	SB 134	Interim Final Rule
Non-compliance	After the 30-day notice period, the department of health and human services shall disenroll any applicable individual who does not demonstrate compliance with the work requirements or qualify for an exemption.	Cases will be closed for noncompliance and Department will follow noticing guidelines on content. Notice period will be in alignment.

Policy Crosswalk – Applicable Individuals and Exemptions

Topic	SB 134	Interim Final Rule
Definition of applicable individual	"Applicable individual" means an individual described in 42 U.S.C. section 1396a(xx)(9)(A) who is eligible for the granite advantage health care program, and who is subject to work requirements.	With certain exclusions specified in the statute, applicable individuals are those who are eligible for, or enrolled under, the State plan adult group described in section 1902(a)(10)(A)(i)(VIII) of the Act and § 435.119. Section 1902(xx)(9)(A)(i) of the Act expressly excludes "specified excluded individuals" from the definition of "applicable individuals." The mandatory exceptions described at section 1902(xx)(3)(A) of the Act apply to "applicable individuals" who are otherwise subject to the community engagement requirement in a given month, but who meet criteria for a mandatory exception for part or all of that month, which results in the State deeming them compliant.

The CMS regulation further specifies and details the required exceptions and exclusions from "applicable individuals"

Policy Crosswalk – Applicable Individuals and Exemptions

Topic	SB 134	Interim Final Rule
Use of ex parte	"The department of health and human services may rely on ex parte records and or documentary evidence provided by the applicable individual to verify exemption from work requirements."	In Alignment: CMS requires that States attempt an ex parte verification of an individual being "specified excluded" based on reliable available information. States are also required under 435.557(b) to conduct ex parte verification of compliance with the community engagement requirement for individuals who are not specified excluded.
Self-Attestation	"The department of health and human services shall verify all exemptions and shall not accept self-attestation from individuals seeking exemptions."	CMS requires that pregnancy and postpartum exclusion be granted on on self attestation based on existing requirements § 435.956(e).

Policy Crosswalk – Optional short-term hardship exceptions

Topic	SB 134	Interim Final Rule
Short term hardship exceptions	The department of health and human services shall not seek or implement any additional optional exemptions under 42 U.S.C. section 1396a(xx)(3)(B) or other program waivers without obtaining express approval of the oversight committee on health and human services established in RSA 126-A:13.	States must elect ALL or NONE of the following: As described in section 1902(xx)(3)(B)(ii)(I) of the Act, an applicable individual receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities (ICF/IID), inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to the preceding institutional services) as the Secretary determines appropriate; An applicable individual resides in a county (or equivalent unit of local government) in which, as described in section 1902(xx)(3)(B)(ii)(II)(aa) of the Act, there exists an emergency or disaster declared by the President under the National Emergencies Act (NEA) or the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act); or, as described in section 1902(xx)(3)(B)(ii)(II)(bb) of the Act, the unemployment rate is at or above the lesser of 8 percent or 1.5 times the national unemployment rate; or As described in section 1902(xx)(3)(B)(ii)(III) of the Act, an applicable individual, or the dependent of the applicable individual, must travel outside of their community for an extended period of time to receive medical services necessary to treat a serious or complex medical condition (as described in section 1902(xx)(9)(A)(ii)(V)(ee) of the Act) that are not available within their community of residence.

Policy Crosswalk – Verification for Existing Enrollees

Policy Topic	SB 134	Interim Final Rule
Existing Enrollee Verification	"Verification shall occur on an ongoing basis, at least quarterly between redetermination periods."	States have the option to verify more than once per 6-month period and use more than 1 month to assess, but CMS cautions the potential operational issues and resulting noncompliance with federal eligibility timeframes that may arise with this election.

"For example, if a State conducts the more frequent verification of community engagement in month 3 of a 6-month eligibility period, it is possible the State is **still processing the verification**, including following applicable noncompliance procedures, into month 4 of an individual's eligibility period, **while at the same time** the State's system is initiating the individual's renewal that must be completed by the end of the 6-month eligibility period."