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FAQ

Summer Webinar Series:

Understanding Medicaid Community Engagement Requirements and New Section 1115 Guidance

INTRODUCTION

This FAQ compiles the most frequently asked questions from the webinar that took place July 15, 2026 and provides responses based on the recently released Centers for Medicare & Medicaid Services (CMS) interim final rule (IFR), related federal guidance, and Health Management Associates (HMA) policy and operational expertise. Similar questions have been consolidated to provide comprehensive answers while avoiding duplication. As federal guidance continues to evolve, particularly around implementation timelines and Section 1115 demonstration policies, additional clarification from CMS may further inform these topics.

MEDICAL FRAILTY AND EXCLUSIONS

How are states expected to determine whether an individual qualifies as medically frail under the new requirements?

States must incorporate the IFR's updated definition of medical frailty, including an assessment of functional capacity. States retain responsibility for making exclusion determinations, although they may use information from managed care organizations (MCOs), providers, and other sources. CMS has not prescribed a single assessment methodology, so approaches are expected to vary.

How does the new medical frailty definition affect existing eligibility processes?

The IFR introduced a new functional capacity component that goes beyond the existing medical frailty determination process. States will likely need to update workflows, documentation standards, and assessment tools.

Is medical frailty considered an exclusion or an exemption?

Medical frailty is a specified exclusion under the law and recent CMS interim final rule. Individuals who are determined to be medically frail are excluded from community engagement requirements, meaning states do not reevaluate ongoing medical frailty or compliance with work requirements for 12 months.

How does medical frailty differ from a short-term hardship exception?

Medical frailty is an exclusion that all states are required to offer. States have the option to adopt short-term hardship exceptions, which are typically expected to be of short duration. Certain short-term hardship exceptions, like a disaster declaration or high unemployment rate, have predefined end dates that may be extended.

IMPLEMENTATION AND OPERATIONS

Can MCOs and providers assist in identifying medically frail individuals?

Yes. MCOs and providers may screen members, educate them about potential exclusions, help them collect supporting documentation, and share relevant information with the state. However, the state Medicaid agency makes the final determination.

Will states be able to rely on member self-attestation?

States may permit self-attestation through 2027. Beginning in 2028, verification requirements become more stringent, although state verification plans will need to address how they will verify community engagement compliance or exemption when supporting documentation is lacking.

Are there recommended clinical tools for determining functional limitations?

CMS has endorsed neither a specific clinical tool nor a methodology for assessing medical frailty. States may use a variety of clinical assessment tools or analytics to identify individuals who may qualify, provided they align with the federal medical frailty requirements. For example, the Johns Hopkins ACG® System is one grouper that could support operational identification. HealthTech Solutions, an HMA Company, offers technology that incorporates the ACG methodology, and we expect other vendors will offer similar capabilities as states develop their implementation approaches.

COVERAGE TRANSITIONS AND ELIGIBILITY

How do community engagement requirements affect dually eligible beneficiaries?

Dually eligible individuals will not be subject to the community engagement requirements. The requirements apply only to adults who are enrolled in Medicaid through the Affordable Care Act (ACA) expansion adults.

What happens if an individual loses Medicaid eligibility?

Individuals who lose Medicaid eligibility for noncompliance with the community engagement requirement may reapply for Medicaid coverage at any time; however, they will need to meet all eligibility criteria to reenroll, including the community engagement requirement if it applies to them. These individuals may also qualify to buy coverage through the ACA Marketplace, but they would be ineligible for premium tax credits or cost-sharing reductions, so they would have to pay full price for the plan.

STATE POLICY AND STRATEGIC PLANNING

What implementation challenges are states facing?

States continue to evaluate operational readiness, including staffing capacity, IT modernization, verification processes, and coordination across Medicaid agencies, MCOs, and providers. Resource constraints and compressed implementation timelines remain significant concerns.

How is CMS expected to approach future Section 1115 waiver renewals?

CMS has indicated that it intends to collaborate with states and encourages early engagement during waiver development and renewal. Beginning January 1, 2027, approval of applications, amendments, or renewals of demonstrations will be subject to State Medicaid Director Letter (SMDL) #26-003. Additional policy direction will likely continue to evolve.

What distinguishes organizations that become long-term strategic partners to Medicaid managed care plans?

Organizations that move beyond transactional service delivery typically demonstrate measurable outcomes, strong data capabilities, operational integration, regulatory expertise, and the ability to help plans solve enterprise-level implementation challenges rather than delivering a single program.

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ABOUT HMA

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