

April 9, 2026

Implementing Community Engagement Requirements in Medicaid

Draft chapter and recommendation

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Medicaid and CHIP Payment and Access Commission

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Overview

- Project overview
- Background
- Principles for implementing community engagement (CE) requirements
- Draft recommendation
- Next steps



Project Overview

- Study objective
 - Identify key policy and operational considerations for states and the Centers for Medicare & Medicaid Services (CMS) as they implement CE requirements
- Approach
 - Literature review
 - Expert panels
 - Stakeholder interviews
- Draft principles and policy option presented in January 2026



Background

Background

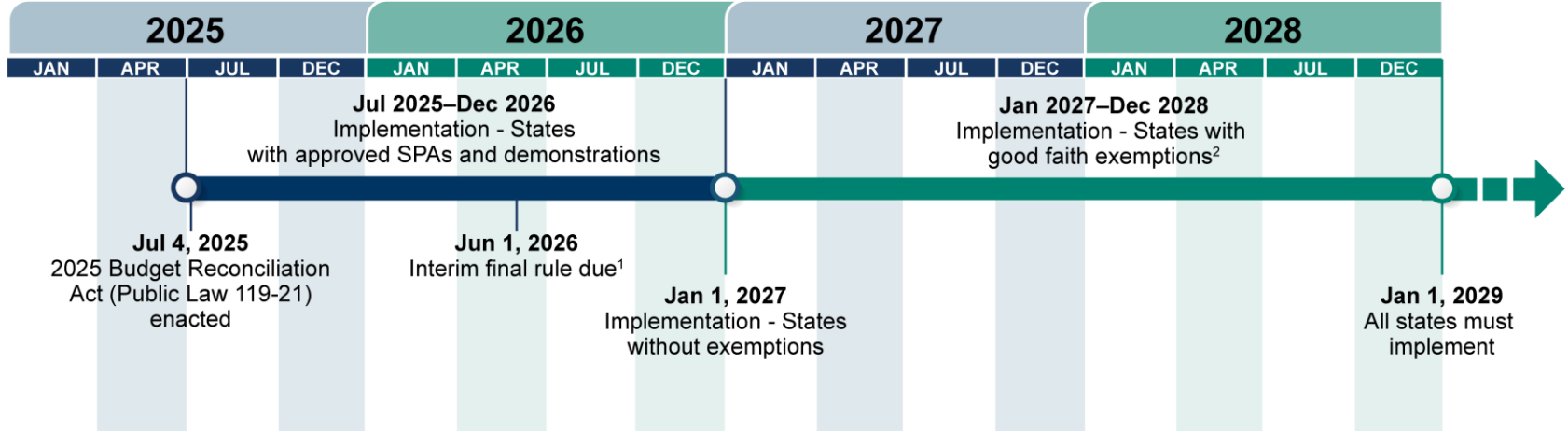
- Before recent changes in federal law, some states pursued Section 1115 demonstrations to implement work and CE requirements
 - CMS approved 13 demonstrations between 2018 and 2020 but most were not fully implemented
- Where implementation occurred, observed and projected coverage losses were substantial
 - Lack of beneficiary awareness, barriers to employment, and administrative challenges were common reasons beneficiaries did not report compliance
- Administrative costs were also significant, particularly in some states

Overview of CE Requirements

2025 Budget Reconciliation Act (P.L. 119-21)

- Requirements apply to non-pregnant, non-dually eligible individuals age 19–64 who are eligible for the adult expansion group or a Section 1115 waiver providing minimum essential coverage
- To gain and keep coverage, individuals must work or volunteer for at least 80 hours in a given month, or go to school at least half-time
- There are mandatory exceptions, including for certain parents and caregivers, and people who are medically frail or who were recently incarcerated, among others
- States can choose to provide short-term hardship exceptions (e.g., due to hospitalization or high unemployment)

Key Implementation Dates



Notes: CE is community engagement. The 2025 Budget Reconciliation Act is Public Law 119-21, an Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14. SPAs are state plan amendments. Demonstrations are Section 1115 demonstrations.

¹ The Secretary of the U.S. Department of Health and Human Services is responsible for issuing the interim final rule.

² The statute allows exemptions to last through 2028; however, state exemptions will be granted pursuant to CMS guidance and may extend for a period of less than two years.

Source: MACPAC, 2025, analysis of the Public Law 119-21, an Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14.



Principles for Implementing CE Requirements



CMS should provide timely federal guidance and technical assistance to states

- Early CMS engagement with states is critical given the tight timeline
- States would benefit from CMS guidance before the interim final rule is due
- Interviewees noted areas where guidance is needed (e.g., good faith effort exemptions, medical frailty, self-attestation)
- CMS issued preliminary guidance in December 2025
- CMS has been engaging with states through state-only forums and providing support with information technology (IT) solutions



CMS and states should ensure that eligible individuals can gain and maintain coverage

- Stakeholders emphasized that ex parte processes can minimize beneficiary reporting and reduce coverage loss
 - States may modify their use of existing data (e.g., income, Medicaid applications, or claims) and add data sources, as well as automating data checks
- States can use several data sources to determine exceptions and compliance, but accessing timely data can be challenging and expensive
- Self-attestation will be important, especially where data are limited
- States can raise awareness and help individuals navigate requirements by coordinating with managed care organizations and other partners



CMS and states should prioritize efficiency when procuring, updating, and operating Medicaid IT systems

- Medicaid IT system changes will likely be costly and time-intensive
- The short implementation timeline limits states' abilities to automate processes and competitively procure systems vendors
 - Automation would require greater initial investment but could reduce workload and resources needed for training case workers
- Stakeholders suggested ways for CMS to support state procurement and facilitate state access to Equifax's The Work Number
- CMS is encouraging state and vendor participation in the General Services Administration Schedule to streamline procurement



CMS and states should use timely monitoring and evaluation data to inform policy and operations

- Stakeholders emphasized the importance of monitoring to identify and address issues that may contribute to coverage loss
- CMS regularly uses state-reported data on eligibility operations and enrollment to support monitoring and oversight
 - During the public health emergency unwinding, CMS used existing state-reported data and developed new metrics for monitoring
- Stakeholders also noted the need to evaluate if CE requirements are meeting the goals of improving health and increasing employment, particularly given expected administrative costs

Draft Recommendation

Draft Recommendation

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services (CMS) to develop a transparent plan for monitoring and evaluating community engagement requirements in Medicaid that provides insight into how such policies affect eligibility and enrollment, health status, employment, state and federal administrative spending, and the attainment of other identified policy goals. CMS should identify new metrics for state reporting, as needed, and build upon existing data collection activities to minimize administrative burden. Additionally, CMS should ensure timely publication of monitoring and evaluation results to inform policy and operational decision making.

Rationale

- MACPAC's research highlights need to monitor eligibility and enrollment changes following CE requirement implementation
- CMS's monitoring plans are in development and it is unclear if those plans or resulting state reporting will be public
- With stakeholder input, CMS should develop and make public a plan with meaningful metrics for tracking eligibility and enrollment
- CMS should consider ways to minimize state burden and make data publicly available on a monthly basis

Rationale, cont.

- MACPAC's research underscored the need for evaluation to understand if CE requirements are meeting policy goals
- Evaluation should also assess state and federal administrative spending
- CMS has not indicated plans to conduct a federal evaluation
 - States can conduct their own evaluations, but such efforts may be limited by competing priorities and state budget pressures
- CMS should develop an evaluation plan with stakeholder input
 - The plan and evaluation results should be made public
 - In addition to a full-scale evaluation, rapid cycle evaluation reports could provide timely, actionable insights to support continuous improvement

Implications

- **Federal:** Awaiting estimate from the Congressional Budget Office
- **States:** Would result in additional state reporting, which could also support states' own monitoring and program improvement
- **Enrollees:** No direct effect, though it could help reduce coverage barriers for eligible individuals
- **Plans:** No direct effect
- **Providers:** No direct effect

Next Steps

- Commissioners will vote on the recommendation in May
- The chapter will be included in the June 2026 report to Congress
- For discussion: Do Commissioners have feedback on the content and tone of the chapter?

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