

December 9, 2025

CMS Releases Guidance on Community Engagement Requirements

The Centers for Medicare & Medicaid Services (CMS) Dec. 8 issued a Center for Medicaid and CHIP Services [Informational Bulletin](#) providing guidance for states on implementing Medicaid community engagement requirements as mandated by Section 71119 of the One Big Beautiful Bill Act (OBBBA). Section 71119 establishes that states must require applicable individuals applying for or enrolled in Medicaid expansion or expansion-like coverage to meet community engagement (also referred to as “work”) requirements beginning Jan. 1, 2027.¹ CMS indicated that it also is developing interim final regulations as required by the statute, as well as additional guidance on the requirements.

SUMMARY OF GUIDANCE

Activities That Meet Community Engagement Requirements

CMS reiterates that to meet the new community engagement requirements for a given month, individuals must do one or more of the following:

- A. Work at least 80 hours.
- B. Complete at least 80 hours of community service.
- C. Participate in a work program for at least 80 hours.
- D. Be enrolled in an educational program, including at an institution of higher education or a program of career and technical education, at least half-time.
- E. Engage in any combination of the activities described in A through D for a total of at least 80 hours.
- F. Have a monthly income that is not less than the applicable federal minimum wage requirement multiplied by 80 hours (e.g., currently, $\$7.25 \times 80 = \580 per month).
- G. Be a seasonal worker and have an average monthly income over the preceding six months that is not less than the applicable federal minimum wage requirement multiplied by 80 hours.

Definition of Applicable Individuals

CMS defines “applicable individuals” who are subject to the community engagement requirements as adults 19 to 64 who are eligible for or enrolled in Medicaid under the Affordable Care Act (ACA) expansion, or individuals eligible or enrolled in certain

¹ The section applies to the 50 states and the District of Columbia but not the U.S. territories of the Northern Mariana Islands, American Samoa, Guam, Puerto Rico or the Virgin Islands.

Section 1115 demonstration waivers that provide minimum essential coverage (MEC). Individuals in either of these categories are subject to the community engagement requirements unless they fall under specific exclusions or exceptions (listed below).

CMS clarifies that community engagement requirements do not apply if the state has not included the adult group in their Medicaid state plan and does not have a Section 1115 waiver that provides MEC to individuals who are at least 19 years old but younger than 65, are not pregnant, are not receiving or eligible for Medicare Part A or B, and are not otherwise covered under the state's Medicaid plan. However, the guidance indicates that CMS is continuing to assess which existing Section 1115 demonstration populations meet the definition of an "applicable individual."

Exclusions From and Exceptions to Community Engagement Requirements

The guidance reiterates that several categories of individuals are excluded from the community engagement requirements. These include the following:

- Individuals younger than 19
- Individuals entitled to or enrolled in Medicare Part A or enrolled in Part B
- Individuals in certain Medicaid eligibility groups
- Recent inmates of public institutions (within the last three months)
- Former foster care children
- American Indians and Alaska Natives
- Parents, guardians, caretakers or family caregivers of young children (13 or younger) or disabled individuals
- Veterans with a disability rated as total
- Individuals who are medically frail or have special medical needs, including those with disabilities, substance use disorders or serious medical conditions
- Individuals compliant with work requirements under the Temporary Assistance for Needy Families program or Supplemental Nutrition Assistance Program
- Participants in drug addiction or alcohol treatment programs
- Inmates of public institutions
- Pregnant or postpartum individuals

The guidance does not provide clarification on how to determine whether an individual qualifies as medically frail or having special medical needs for the purpose of exclusion from community engagement requirements. This may be addressed in future guidance or rulemaking.

Subject to standards established by the Health and Human Services (HHS) Secretary, a state has an option to provide an additional exception for individuals experiencing short-term hardship events such as these:

1. The individual is receiving inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services or other services of similar acuity, which include outpatient care relating to the listed services.

2. The individual resides in an area where an emergency or disaster has been declared by the president or has an unemployment rate that is at or above the lesser of 8 percent or 1.5 times the national unemployment rate.
3. The individual or their dependent(s) 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 that are not available in their community of residence.

An individual must request an exception for medical-related short-term hardship events (i.e., events 1 and 3). The state must request from the HHS Secretary an exception based on location (i.e., event 2).

Demonstrating Community Engagement at Application and Renewal

States are required to ensure that applicants demonstrate community engagement for at least one month immediately prior to their initial Medicaid application, with the option for states to require up to three consecutive months. States are also required to ensure that Medicaid beneficiaries demonstrate community engagement for one or more months, as specified by the state, during the period between renewals. The guidance clarifies that beneficiaries may choose which months to demonstrate engagement during the eligibility period, rather than the state dictating specific months.

CMS guidance notes that under OBBBA, expansion states are required to conduct redeterminations every six months. Therefore, individuals subject to both work requirements and more frequent redeterminations will need to show that they are meeting the requirements at each subsequent renewal, at least every six months.

Data Sources for Verifying Community Engagement

For both application and renewal, states must first attempt to use reliable information to verify compliance before requesting additional documentation from the individual. In the guidance, CMS provides examples of reliable data sources such as payroll data, Medicaid provider payments or encounter data, and data sources for higher education enrollment, job training participation or community service; however, the state may use data from additional sources.

Procedure for Determining an Individual to Be Noncompliant

If a state cannot verify that an individual has met the community engagement requirement, it must provide a notice of noncompliance and allow the individual 30 days to respond or demonstrate that the requirement does not apply. Medicaid coverage is required to continue during this 30-day period. If the individual does not demonstrate compliance, the state must review whether the person qualifies for Medicaid or another insurance affordability program. If the individual does not meet the eligibility requirements for Medicaid on any other basis, the state is required to deny the application or end Medicaid coverage by the last day of the month that follows the 30-

day notification period. A state will not lose access to enhanced federal match for the Medicaid expansion population due to disenrolling an individual who fails to meet community engagement requirements.

Individuals who lose Medicaid coverage for failure to meet community engagement requirements are not eligible for premium tax credits to purchase coverage in ACA marketplaces.

Temporary State Exemption for Good Faith Effort

States may request a temporary exemption from the community engagement requirements if they can demonstrate a good faith effort to comply with the statute but face significant barriers. The HHS Secretary will consider actions taken, barriers faced and the state's plan for compliance. Such exemptions may be granted until Dec. 31, 2028, but may be terminated early if the state fails to make progress or report to the agency as required.

Government Efficiency Grants to States

A total of \$200 million in federal funding is available in fiscal year 2026 for all 50 states and the District of Columbia to develop and implement the systems needed to fulfill the requirements of Section 71119 and other sections of the OBBBA that require changes to eligibility determinations or redeterminations. CMS will distribute these funds in two ways: First, \$100 million will be divided equally among all 50 states and the District of Columbia. Second, the remaining \$100 million will be allocated based on each state's and D.C.'s proportion of individuals subject to the community engagement requirements, as measured against the total number of such individuals across the U.S. as of March 31, 2025.

CMS also clarifies that state spending on technology systems to implement community engagement requirements is eligible for enhanced federal administrative match, subject to CMS approval.

WHAT YOU CAN DO

Share this advisory with your organizational leadership and engage with your state hospital association to understand the implications of the new CMS guidance for your state. Also watch for additional guidance and regulations from CMS.

FURTHER QUESTIONS

If you have further questions, contact Krista Geier, AHA senior associate director of Medicaid policy, at kgeier@aha.org.