H.R. 1 Community Engagement Requirement

What Medi-Cal's new work requirement means for Californians

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Agenda

Medicaid community engagement under H.R. 1

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Introduction to the Work Requirement

What H.R. 1 requires and who it applies to

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What Is the Community Engagement Requirement?

80 hours

of qualifying activity per month to keep Medicaid[1]

Ages 19–64

adults in the Medicaid expansion group[1]

Jan. 1, 2027

deadline for states to implement[1,2]

Background

- Created by H.R. 1, which CMS calls the Working Families Tax Cut (WFTC) legislation, signed July 4, 2025[1]
- The Centers for Medicare & Medicaid Services (CMS) issued an interim final rule on June 1, 2026; it took effect July 31, 2026[1,2]
- Also called the Medicaid “community engagement” requirement

In California

4.8M Medi-Cal enrollees are subject to the requirement[3]

1.1M projected to lose coverage by 2029–30, many due to paperwork barriers[3]

$9.6B in lost federal and state revenue by 2029–30[3]

Who Does Not Have to Meet the Requirement?

The law excludes or excepts these groups from the 80-hour requirement:[1]

- Pregnant or postpartum individuals
- Parents and caregivers of a child 13 or younger or of a person with a disability
- People who are medically frail
- Veterans with a total disability rating
- American Indians and Alaska Natives
- Former foster youth under age 26
- People meeting SNAP or TANF work requirements
- People in substance use disorder treatment
- People incarcerated or recently released

How Federal and State Roles Divide

States implement

- States are responsible for implementing and administering the requirement[2]
- States set their own procedures, within standards set by the HHS Secretary[1]
- States cannot offer only some qualifying activities; every option must be available

CMS oversees

- CMS will use new and existing reporting systems to monitor state implementation[2]
- States that fail to submit data or show compliance problems may face corrective action[2]

Not built from scratch. CMS modeled the rule on existing Medicaid eligibility and verification rules, describing them as a “familiar model” for states.[1] Many of processes and verification methods are novel.

Qualifying Activities

What counts toward the 80 hours

What Counts Toward the 80 Hours?

Work

Paid, in-kind, or unpaid work

Community service

Structured volunteering that benefits the community

Work program

Formal job training, such as WIOA programs

Education, half-time or more

College, technical school, or high school

Education, less than half-time

Credit hours converted to activity hours

Income

Monthly earnings of at least $580; seasonal workers use a 6-month average

Or a combination of activities that adds up to at least 80 hours in the month[1]

Work and Community Service

Work

- Work for money, for goods or services (in kind), or unpaid work other than community service
- You do not need a paycheck: a building superintendent who receives free or reduced rent counts
- Internships can count[1]

Community service

Unpaid work in a structured program that directly benefits the community[1]

Counts

- Volunteering at a food bank
- Mentoring or tutoring youth
- Delivering meals to seniors
- Cleaning public parks or grounds

Does not count

- Helping a friend move
- Doing someone's yard work
- Attending a child's school events
- Political campaigning

Work Programs and Half-Time Education



Work programs

- Formal job training under the Workforce Innovation and Opportunity Act (WIOA), or U.S. Department of Labor programs for veterans
- Supervised job search counts only if it is less than half of the required hours[1]



Education, half-time or more

- Colleges, technical schools, and high schools count
- Structured GED programs count; independent study and self-paced online prep do not
- The school, not the state, determines halftime status
- Coverage continues during school breaks[1]

Education Less Than Half-Time

Each credit hour counts as 3 hours per week: 1 hour in class plus 2 hours of outside work.[1]

Credit hours	Monthly activity hours
1	12.99
2	25.98
3	38.97
4	51.96
5	64.95
6	77.94

Source: CMS interim final rule, Table 1[1]

Example: combining activities

4 credit hours at community college	**51.96 hrs**
Paid work	**30.00 hrs**
Total for the month	**81.96 hrs**

Meets the 80-hour requirement. Community service could make up any shortfall.

Meeting the Requirement Through Income

Instead of counting hours, enrollees can show monthly earnings.

$7.25
federal minimum wage

× 80
hours

= $580
monthly earnings that satisfy the requirement

Partial income

$380 in monthly income ÷ $7.25 = 52 hours credited. The person needs 28 more hours of other activities.[1]

Seasonal workers

States look at average monthly income over the previous 6 months, not just one month.[1]

Exemptions and Exceptions

Medically frail exemption and short-term hardship

Medically Frail Exemption

People who are medically frail are excluded because their physical or behavioral health conditions significantly impair their ability to work consistently.[1]

- **Blind or disabled**
- **Substance use disorder (SUD)**
- **Disabling mental disorder**
- **Impaired activities of daily living (ADLs)**
- **Serious or complex medical condition**

Ability to work matters

Someone who can complete 80 hours of activity despite a condition does not qualify as medically frail.[1]

Conditions can change

Short-term conditions such as fractures, pneumonia, or pressure ulcers that heal may not keep someone exempt.[1]

Short-Term Hardship Exceptions

Time-limited by design

- A short-term hardship exception has a defined end date
- Example: an exception for an inpatient hospital stay generally lasts through the end of the month the stay ends[1]
- States must automatically apply exceptions in declared disaster or emergency areas and approved high-unemployment counties[1]

Who can request an exception

- The individual
- An adult in the individual's household or family
- An authorized representative
- Someone acting responsibly on behalf of a minor or incapacitated person

What States Must Tell Enrollees About Exceptions



States must explain each of these five elements in their procedures, so enrollees know how to seek an exception and how to disagree with a decision.[1]

High-Unemployment Areas

A county-level exception states may request

Who Qualifies for the High-Unemployment Exception?

A county qualifies when its unemployment rate is at or above **8% or 1.5 times the national rate, whichever is lower.**[1]

BLS sets the standard

The U.S. Bureau of Labor Statistics (BLS) is the official source, tracking about 7,500 areas, including counties.[1,4]

Data lag

BLS data usually reflect previous months, so a sudden plant closure may not show up right away. States may submit other reliable data, such as state labor department figures.[1]

State request

States must request CMS approval, naming the county and providing proof. Requesting is optional, even if a county qualifies.[1]

How the Exception Reaches Individuals

Once CMS approves a county, the state applies the exception automatically. Individuals do not have to:



Ask for it



Provide proof

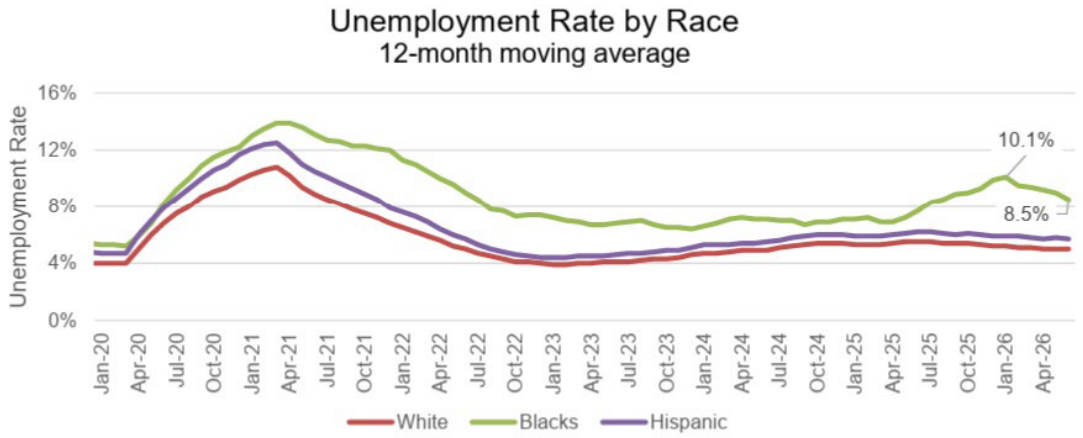


Be reviewed one by one

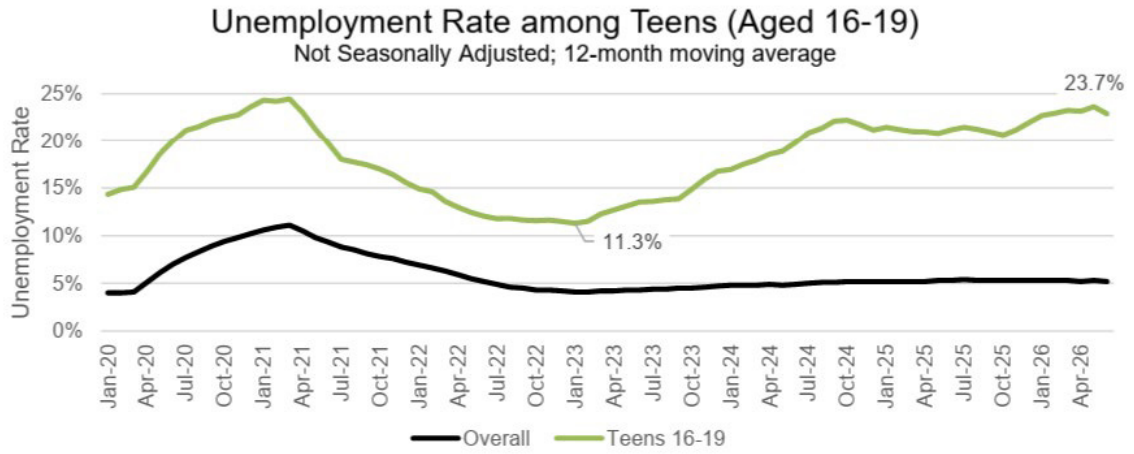
By contrast, individual exceptions, such as medical frailty or hospitalization, generally require paperwork from the enrollee or someone on their behalf.[1]

Local Impact: California's Labor Market

Unemployment by race, 12-month moving average



Teen (16–19) vs. overall unemployment



Source: California Employment Development Department, California Labor Market Review[5]

Above U.S.

California's unemployment rate is higher than the national average[5]

8.5%

unemployment among Black Californians, vs. about 5% for white Californians[5]

23.7%

unemployment among teens 16–19, more than four times the overall rate[5]

Verification and Reporting

Who must document compliance, and how

Who Will Have to Submit Documentation?

CMS estimates, nationally, for each six-month renewal cycle:[1]

20M

enrollees due for renewal will have compliance or an exception verified[1]

8.8M

of them (44%) will need to submit information to the state[1]

15M

new Medicaid applicants expected[1]

3.75M

new applicants (25%) will need to submit information[1]

Time burden

CMS estimates 2 hours per submission, twice a year: about 35.2 million hours annually for current enrollees alone.[1]

California's approach

DHCS and counties will first try to verify compliance using data they already have, such as claims, wage, and school records.[3]

Proof of Compliance

When the state has no reliable data, or its data conflict with what the enrollee reports, it must ask the enrollee for more information.[1]



Pay stubs

Verify work hours or income



Community service records

Hours documented by the organization



Transcripts or class schedules

Show half-time enrollment



Agency documents

VA disability status; SNAP or TANF approval notices

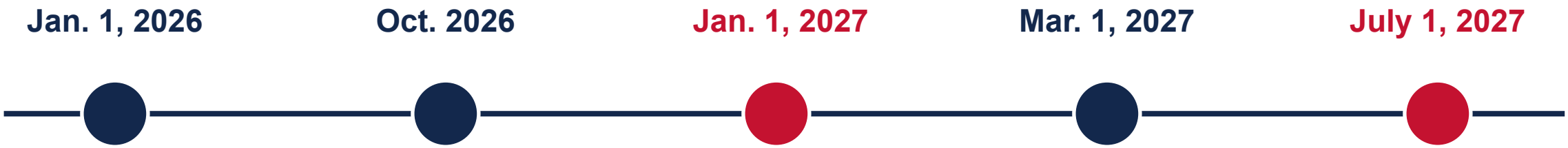
Also coming: starting March 1, 2027, some Medi-Cal members will have their eligibility checked every six months instead of once a year.[6]

Immigration Status

State and federal changes to Medi-Cal eligibility

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Immigration Status and Medi-Cal: Key Dates



Enrollment freeze

Adults 19+ without satisfactory immigration status can no longer newly enroll in full-scope Medi-Cal[6,7]

Federal reclassification

Some lawfully present adults lose federally funded coverage; state-funded full scope continues to June 30, 2027[6]

Fee-for-service transition

Members with unsatisfactory immigration status move from managed care plans to fee-for-service Medi-Cal; they keep coverage but lose their plan and care team[13]

Six-month renewals

Some members begin twice-yearly eligibility checks[6]

Dental and premiums

Full dental ends for affected adults 19+; adults 19–59 pay a $50 monthly premium[6,8]

If you already have full-scope Medi-Cal, you can keep it regardless of immigration status, as long as you remain eligible.[6]

Local Impact: Immigrant Coverage

Undocumented immigrants enrolled in full-scope Medi-Cal[9]

1.24M

January 2024
Medi-Cal expands to all low-income adults regardless of status

~1.45M

Mid-2025 (peak)
State approves enrollment freeze; H.R. 1 signed

1.29M

February 2026
Enrollment falls after the freeze takes effect

1.3M

immigrants in California are expected to lose full-scope Medi-Cal over the next four years because of the enrollment freeze and other state changes. The freeze blocks new adult enrollees and former enrollees from re-enrolling.[9]

Long COVID and Disability

When Long COVID can qualify as a disability

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Is Long COVID a Disability?

Yes, it can be.

Long COVID can be a disability under the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act, and Section 1557 of the Affordable Care Act if it substantially limits one or more major life activities.[10]

What is Long COVID?

New or ongoing symptoms that last weeks or months after a COVID-19 infection and can worsen with physical or mental activity[10]

Case by case

Each person must be assessed individually to determine whether their condition substantially limits a major life activity[10]

Impairments and Major Life Activities



Physical impairment

- Lung damage
- Heart or kidney damage
- Damage to the circulatory system



Mental impairment

- Lingering emotional illness
- Other mental health conditions

Major life activities
Include caring for oneself, eating, sleeping, working, and the operation of major bodily functions[10]

Examples of substantial limitation

Lung damage causing shortness of breath limits breathing

Months of intestinal pain or nausea limit digestion

Memory lapses limit brain function

Common Symptoms of Long COVID



Tiredness or fatigue



Headache



Dizziness on standing



Cough



Joint or muscle pain



Fever



Depression or anxiety



Loss of taste or smell

People with Long COVID may also experience damage to multiple organs.[10]

Applying for Social Security Disability

How the Social Security Administration (SSA) decides

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SSA's Five-Step Disability Decision

Social Security Disability Insurance (SSDI) provides monthly payments to people whose disability stops or limits their ability to work. SSA asks five questions in order:[11]



Why it matters: people who qualify for Medicaid based on disability are not in the expansion group and are not subject to the work requirement.

Advocacy Perspective

Public comments and CMS responses

Public Comment on the Rule

Comment period

CMS accepted public comments on the interim final rule (CMS-2454-IFC) through July 31, 2026, the date the rule took effect.[1,12]

What commenters raised

Work supports for people with disabilities, conflicts with the ADA, and the paperwork burden of reporting.

What comes next. CMS can revise the rule in response to comments. The following slides pair selected public comments with CMS's language in the rule. Though currently CMS stands behind the IFR and has been defending the rule and process in court.

Work Supports for People with Disabilities

> *I urge CMS to not adopt these regulations unless and until adequate work training and support programs are developed to help people with disabilities.*
>
> **— Sara Austin, California**

What the rule says

- States are not required to create new work programs, but they are not prohibited from doing so.[1]
- CMS says it lacks authority to change oversight or operating rules for existing work programs.[1]

Alignment with the ADA

> *This rule does not align with the Americans with Disabilities Act; it is unfair to mandate these patients to have the same work requirements as healthy people.*
>
> **— Anonymous commenter**

What the rule says

- People with disabilities under the ADA, Section 504, or Section 1557 who do not qualify for an exclusion may need reasonable modifications to comply.[1]
- CMS reminds states that they are required to provide those modifications.[1]

Reporting Burden

> *These requirements will only impose barriers to people who are eligible by creating complicated reporting processes and intentional backlogs.*
>
> **— Anonymous commenter**

What the rule says

- CMS estimates 8.8 million enrollees will need to submit information to their state.[1]
- Each submission takes about 2 hours, every 6 months.[1]

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Thank You

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