

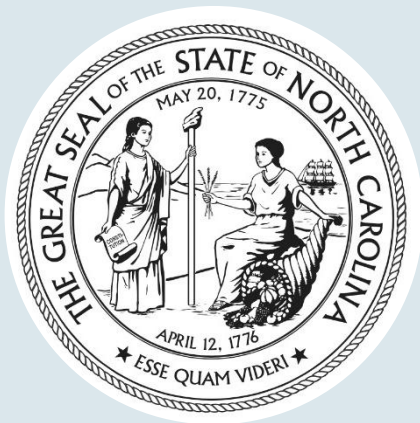
H.R.1 Medicaid Eligibility & Enrollment Changes

DSS Economic Services Meeting

March 11, 2026

Agenda

- Working Assumptions – H.R.1 Work/Community Engagement (W/CE)
- Latest CMS Guidance – Effective Date of W/CE Requirements



Working Assumptions – H.R.1 Work/Community Engagement (W/CE)

Gina Hamilton, Deputy Director – Member Operations

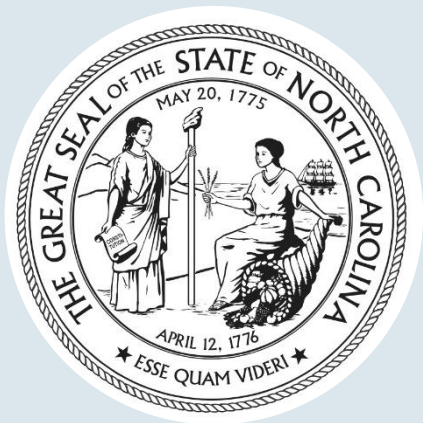
Working Assumptions – H.R.1 Work/Community Engagement

States are operating under working assumptions for work/community engagement (W/CE) requirements with the expectation that some policy/system rework will be required once CMS issues final guidance (due June 1, 2026).

Category	Assumption	Description / Example
Verification	<p>Verifying W/CE qualifying activities/exemptions will follow the same process as other verifications for Medicaid eligibility:</p> <ol style="list-style-type: none"> 1. NC FAST and/or caseworkers will attempt to verify via electronic sources. 2. If unable to verify electronically, the caseworker will request manual documentation from the applicant/beneficiary. 3. If the applicant/beneficiary cannot provide manual documentation, self-attestation via signed application or recertification form will be accepted. 	<p>Acceptable self-attestation will include responses to the new W/CE application appendix and new screening questions for medically frail conditions (development in progress). The medically frail screening questions will be added to the Medicaid application and can be used as self-attestation in the absence of another form of verification.</p>
Notice of Non-Compliance	<p>To fulfill requirements for the W/CE Notice of Non-Compliance, NC will update existing notices instead of creating a new, standalone notice.</p> <p>The existing process/timeline will not change for requesting information from beneficiaries (e.g., an additional 30-day time period for the notice of non-compliance will not be built into the existing process).</p>	<p>The following notices will be updated related to W/CE non-compliance:</p> <ul style="list-style-type: none"> • Pre-Populated Renewal Form (NCFast-20020) and/or Request for Information Form (DHB-5097) will be sent if there is not enough information to verify compliance or evidence indicates non-compliance. • Individuals who are ultimately determined ineligible for full Medicaid due to not meeting W/CE requirements will be notified via Notice of Eligibility (DSS-8110) and informed of their appeal rights, as all applicants and beneficiaries are today.

Working Assumptions – H.R.1 Work/Community Engagement (Cont.)

Category	Assumption	Description / Example
Changes in Circumstance	<p>Individuals with changes in circumstance related to W/CE requirements will not be reevaluated mid-certification period. Any impacts of the change will be evaluated at the individual’s next recertification.</p>	<p>Example: Beneficiary meets W/CE requirement because they work at least 80 hours/month and their cert period begins April 2027. Beneficiary loses their job in June 2027. No change in eligibility from a W/CE perspective as of the date the change was effective. W/CE compliance will be reevaluated for the next 6-month cert period at recertification (in Sept 2027).</p>
Medically Frail Exception	<p>States will have the ability to further define how an individual can meet the definition of medically frail since no further criteria guidance has been provided outside of H.R.1 legislation.</p>	<p>DHB Benefits/Behavioral Health/Clinical teams are working to define how an individual can meet one of the medically frail criteria listed in H.R.1: <i>Has a SUD, has a disabling mental disorder, has a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living, or has a serious or complex medical condition.</i></p> <p>Specific criteria for this exception must be defined to determine how it may be verified through online sources or via manual documentation/attestation.</p>
Short-Term Hardship Exceptions	<p>Short-Term Hardship exceptions will automatically be factored in when determining eligibility without the individual needing to request the exception.</p>	<p>NC FAST will automatically evaluate if an individual meets a short-term hardship exception (in the event they do not meet a mandatory exception or qualifying activities) using available electronic data sources, whether the individual requested one of the short-term hardship exceptions listed in H.R.1: <i>Resides in a county with a federally declared emergency/disaster or high unemployment rate, was in an inpatient hospital, nursing facility, ICF, or similar facility, or had to travel outside their community for an extended period of time for necessary medical services.</i></p>



Latest CMS Guidance – Effective Date of W/CE Requirements

Gina Hamilton, Deputy Director – Member Operations

Latest CMS Guidance – Effective Date of W/CE Requirements

Verbal, preliminary CMS guidance that work/community engagement requirements may apply starting with recertifications **initiated on or after January 1, 2027**, would result in a shift in NC’s planned implementation timeline.

Prior Assumption

Work requirements, 6-month certification periods, and limits to retroactive coverage will be effective for:

- Applications submitted on or after January 1, 2027.
- Recertifications with **certification periods starting** on or after January 1, 2027 (Dec 2026 due dates).

Impact/Timeline:

- **June 2026:** Beneficiary outreach begins.
- **October 2026:** System/caseworkers begin processing for recertifications that are subject to W/CE requirements (Dec 2026 due dates).
- **January 2027:** System/caseworkers begin processing for applications that are subject to W/CE requirements.

New Guidance

- Applications submitted on or after January 1, 2027.
- Recertifications that are **initiated** on or after January 1, 2027 (Mar 2027 due dates).

Impact/Timeline:

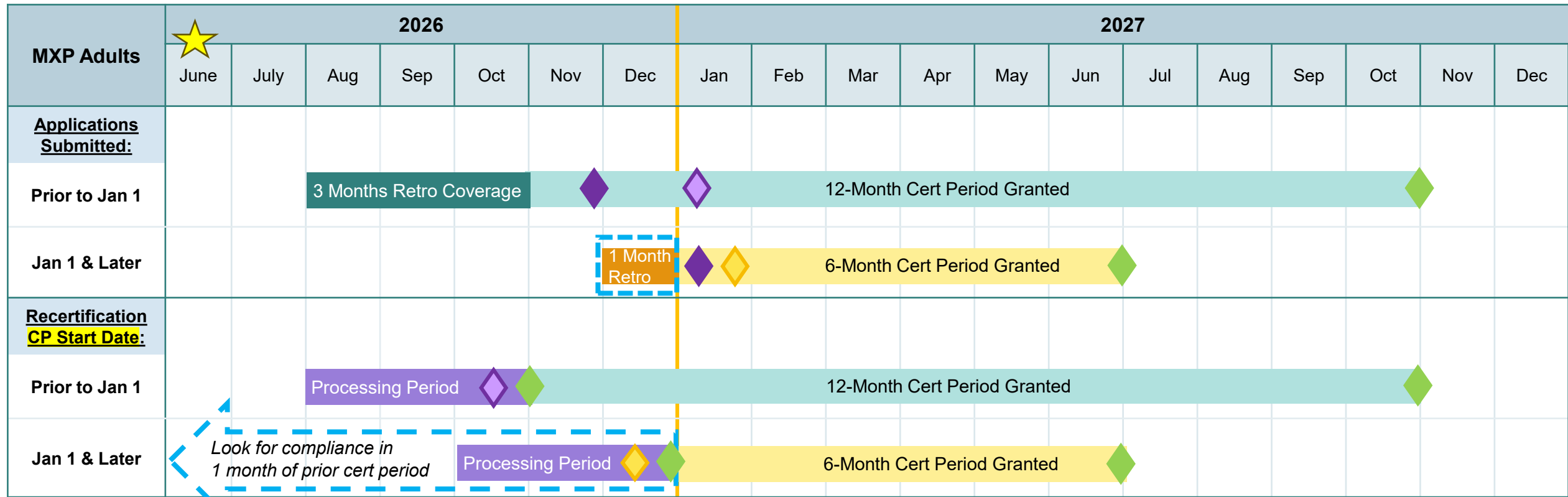
- **Summer 2026:** Beneficiary outreach begins.
- **January 2027:** System/caseworkers begin processing for recertifications and applications that are subject to W/CE requirements.

Timeline – Prior Effective Date Assumption

January 1, 2027, Effective Date:*

- MXP W/CE Requirements
- MXP Renewals Every 6 Months
- Limits on Retroactive Coverage

W/CE Base Period ◆ Application Submission Date ◆ Recertification Due Date
★ Mass Outreach Notice Sent ◆ Processing Date (No W/CE Requirements) ◆ Processing Date (W/CE Requirements Verified)



*Work/community engagement requirements, 6-month CPs, and limits to retroactive coverage will be effective for:

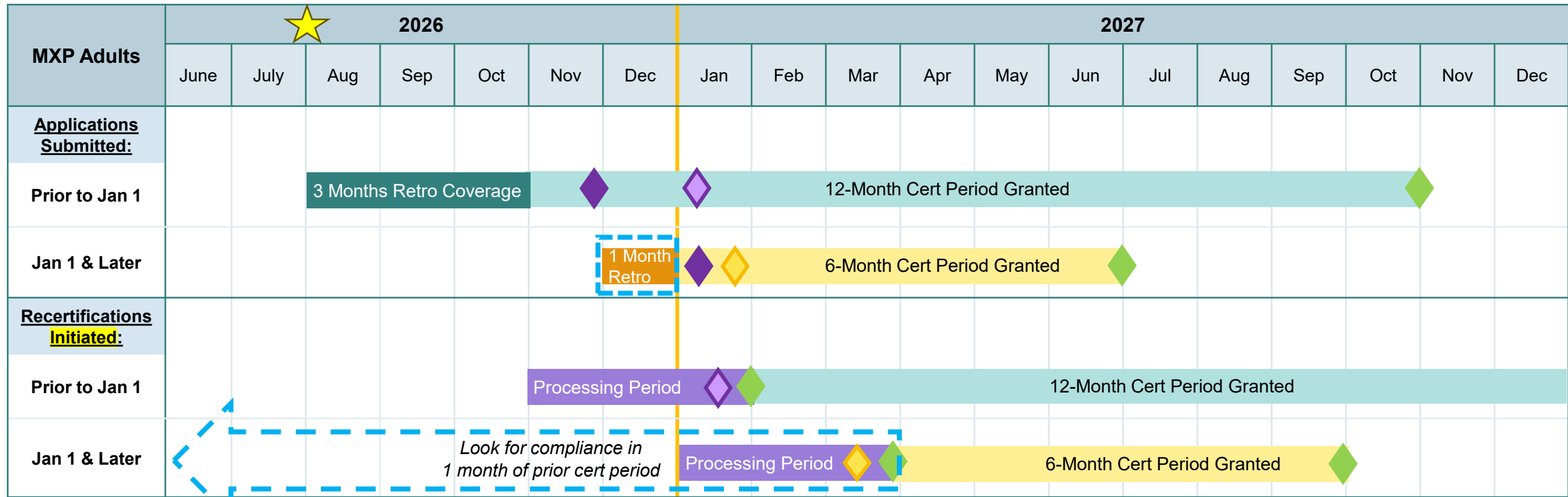
- Applications submitted on or after January 1, 2027
- **Recertifications with new certification period start dates of January 1, 2027, or later**

Timeline – New Effective Date Assumption

January 1, 2027, Effective Date:*

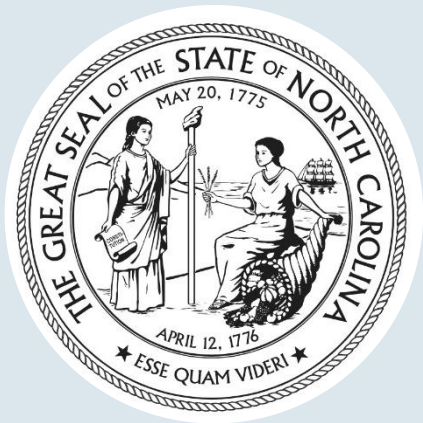
- MXP W/CE Requirements
- MXP Renewals Every 6 Months
- Limits on Retroactive Coverage

W/CE Base Period ◆ Application Submission Date ◆ Recertification Due Date
★ Mass Outreach Notice Sent ◆ Processing Date (No W/CE Requirements) ◆ Processing Date (W/CE Requirements Verified)



*Work/community engagement requirements, 6-month CPs, and limits to retroactive coverage will be effective for:

- Applications submitted on or after January 1, 2027
- **Recertifications initiated on or after January 1, 2027**



APPENDIX

Program Scope

The H.R.1. Eligibility & Enrollment Changes program includes the following Medicaid eligibility and enrollment provisions in the [2025 budget reconciliation legislation \(H.R.1\)](#):

Provision	Effective Date	Impact
(Sec. 71109) “Qualified Alien” Medicaid Eligibility	October 1, 2026*	Beneficiaries with an immigration status that is no longer eligible will be disenrolled from Medicaid.
(Sec. 71119) Work/Community Engagement Requirements for Expansion Adults	January 1, 2027*	Beneficiaries receiving coverage through Medicaid expansion must meet work/community engagement requirements or an exception to maintain coverage.
(Sec. 71107) Eligibility Redeterminations for Certain Individuals	January 1, 2027	Most beneficiaries receiving coverage through Medicaid expansion will have eligibility re-evaluated every 6 months.
(Sec. 71112) Limits on Retroactive Medicaid / CHIP Coverage	January 1, 2027	Beneficiaries who apply for Medicaid may only receive up to 1 month (MXP) or 2 months (all other Medicaid) of retroactive coverage.
(Sec. 71103) Reducing Duplicate Enrollment Under the Medicaid and Children's Health Insurance Program (CHIP) Programs	January 1, 2027	NC Medicaid has existing processes by which change of address is reported (so individuals will not be enrolled in multiple states).
(Sec. 71104) Ensuring Deceased Individuals Do Not Remain Enrolled	January 1, 2028	NC Medicaid has existing processes by which county caseworkers review the SSA Master Death file.
(Sec. 71108) Revising Home Equity Limit for Determining Eligibility for Long Term Care Services	January 1, 2028	Beneficiaries in need of LTSS will be subject to different home equity limits for eligibility.

*Enrollee outreach will begin Summer 2026.

County Impacts – “Qualified Alien” Changes

Section 71109 of H.R.1. amends the definition of “qualified alien” and results in a loss of funding for most refugees, asylees, victims of human trafficking, certain individuals whose deportation is being withheld or who were granted conditional entry, and individuals who received humanitarian parole.

Provision Details

Beginning **October 1, 2026**, federal Medicaid and CHIP funding will no longer be available for full benefit coverage provided to noncitizens **other than**:

- Lawfully residing children and/or pregnant women, whom states may choose to cover (without a five-year waiting period) under the so-called CHIPRA 214 state option;
- Lawful Permanent Residents (LPRs) (after the five-year waiting period);
- Cuban-Haitian entrants; and
- Compact of Free Association (COFA)* migrants.

Emergency Medicaid coverage will not be impacted and will remain available to non-qualified aliens.

**COFA migrants include citizens of the Republic of the Marshall Islands (RMI), Federated States of Micronesia (FSM), and Republic of Palau*

County Impacts

Considerations for Budget & Staffing

- Estimated enrollment decrease of **~60K**
- Potential allocation of more county staff to recertifications to ensure disenrollments occur by the deadline
- Printing costs for sending additional DHB-5097 forms

Operational Impacts

- All newly ineligible noncitizens must be disenrolled by 10/1/2026 unless they provide proof of other status
- Notices will be mailed in June 2026 to current enrollees who will lose coverage on October 1st
- People who become eligible after this notice will need to be educated at the time of application/recert/CoC by caseworkers (manual outreach via DHB-5097)
- Complex policy change

County Impacts – Work/Community Engagement Requirements

Section 71119 of H.R.1. introduces work or community engagement (W/CE) requirements as part of the eligibility determination for Medicaid expansion (MXP) enrollees.

Provision Details

Effective **January 1, 2027**, able-bodied adults aged 19-64 in MXP who do not meet an exemption are subject to new work/community engagement requirements.

- **Qualifying Activities:** Participants must engage in at least 80 hours per month of activities such as employment, job training, or community service / volunteering for one month prior to application and for at least one month within every six-month period once enrolled.
- **Mandatory Exceptions:** Federal guidance outlines several conditions which exempt an individual from having to meet new W/CE requirements, including those that are parents/guardians/caretakers or have special medical needs.

CMS must issue further guidance by June 1, 2026.

Note: Requirements and exceptions do not align between Medicaid and SNAP for the most part.

County Impacts

Considerations for Budget & Staffing

- Sending additional DHB-5097 forms
- Based on available data, W/CE compliance/exemption cannot be automatically verified for **~26%** of MXP enrollees (**~181K**)
- May need to allocate more staff to recertifications or hire additional staff; extensive training required

Operational Impacts

- Targeted, ongoing outreach beginning in June 2026
- New questions on the Medicaid application, new evidences and verifications in NC FAST, new data sources – federal focus on auditability of W/CE-related determinations
- New eligibility requirements that only apply to MXP population
- Complexity of lookback periods (base periods) and differences at application and recertification

Work/Community Engagement Requirements and Exceptions

Section 71119 of H.R.1 introduces work / community engagement requirements as part of the eligibility determination for Medicaid expansion (MXP) enrollees.



- Meeting SNAP/TANF work requirements
- Parents/Guardians/Caretakers of dependent children (13 and under) or disabled individuals
- Pregnant or entitled to postpartum coverage
- “Medically frail” / special medical needs, including:
 - Blind / Disabled
 - Substance Use Disorder
 - Disabling Mental Disorder
 - Physical, intellectual or developmental disability that impairs ability to perform 1 / more activities of daily living
 - Serious or Complex Medical Condition
- Participating in a drug or alcohol treatment program
- Indian or Urban Indian
- Veteran with a total disability
- Incarcerated (or was at any point during the lookback period)
- Entitled to Medicare A/B, Under 19, in a non-MXP program
- Foster Care or Former Foster Care

- At least 80 hours per month of work
- At least 80 hours per month of community service
- At least 80 hours per month work program participation
- Enrolled in educational program at least half time
- Any combination of the above totaling 80 hours per month
- Monthly income not less than minimum wage multiplied by 80 hours

- Was in an inpatient hospital, nursing facility (NH), intermediate care facility (ICF) for individuals with intellectual disabilities, inpatient psychiatric hospital (or such other services of similar acuity)
- Resided in a county with a federally declared emergency or disaster
- Resided in a county with a high unemployment rate (Above 8% or 1.5x the national employment rate) subject to a request from the state to the Secretary
- Individual or their dependent must travel outside of their community for an extended period of time to receive necessary medical services not available within their community of residence

County Impacts – 6-Month Redeterminations for MXP

Section 71107 of H.R.1. introduces more frequent eligibility redeterminations (recertifications) for Medicaid expansion (MXP) enrollees.

Provision Details

Effective **January 1, 2027**, MXP beneficiaries must have a full recertification completed **every 6 months**.

- This includes reverification of work/community engagement requirements.
- Exception: does not apply to American Indian/Alaskan Natives.

CMS was expected to issue guidance in January 2026.

If a recertification is not completed timely (every 6 months), NC Medicaid will not terminate coverage in accordance with legal/federal requirements. The recertification due date will be extended by 1 month until the recertification is completed.

County Impacts

Considerations for Budget & Staffing

- Increased volume of notices sent to enrollees
- May need to allocate more staff to recertifications or hire additional staff – **~700K** recertifications will come due twice as often

Operational Impacts

- Change to outreach and processing timelines for MXP compared to other beneficiaries
- Increased workload plus additional verification tasks
- Want to ensure beneficiaries that may be eligible under other full Medicaid programs are enrolled appropriately (e.g., ABD, dual eligible) so they are not unnecessarily subject to more frequent recertifications

County Impacts – Limits on Retroactive Coverage

Section 71112 of H.R.1. places new limits on retroactive Medicaid coverage available at application for all Medicaid eligibility categories.

Provision Details

Effective **January 1, 2027**, retroactive Medicaid coverage will be limited as follows:

- **Adult Expansion Population (MXP): 1 month**
- **All Other Medicaid Eligibility Categories: 2 months**

Currently, state Medicaid programs must provide retroactive coverage for **3 months** preceding an individual's Medicaid application.

Retroactive coverage will continue to only be available if the individual meets certain criteria:

- Individual was (or upon application would have been) eligible for Medicaid at the time care and services were provided
- They have unpaid medical bills

County Impacts

Considerations for Budget & Staffing

- N/A

Operational Impacts

- Important to ensure placement in proper eligibility category
 - Example: Currently, a caseworker may assign an individual to MXP while the application is pending a disability determination. However, this would limit retro coverage available under the new rules
- Different rules apply to the MXP population

County Impacts – Reducing Duplicate Enrollment

Section 71103 of H.R.1. requires that states establish standardized processes to regularly update address information for Medicaid and CHIP enrollees to prevent enrollment in multiple states.

Provision Details

Effective **January 1, 2027**, states must have an established process to regularly update address information using the following reliable data sources:

- Managed Care plans
- National Change of Address Database (NCOA)
- Returned mail from USPS
- Other data sources identified by the Secretary

No changes are required. NC Medicaid has existing processes by which Managed Care plans and the Enrollment Broker report changes of address (using the NCOA) in NC FAST for the caseworkers to review, validate, and update.

County Impacts

Considerations for Budget & Staffing

- N/A – Not expecting increased volumes due to this provision

Operational Impacts

- N/A - Process continues as it does today, with the expectation to review and update address changes promptly when reported by plans and the EB