

AMA Advocacy Resource Center Weekly Call:
Medicaid Work Requirements and the Medical Frailty Exemption

February 19, 2026

- **Level Setting: Medicaid Work Requirements**
- **Deep Dive: Medical Frailty Exemption**
- **Levers of Influence & Mitigation Strategies**
- **Discussion**

Level Setting: Medicaid Work Requirements

The One Big Beautiful Bill Act of 2025 (OBBBA, **Public Law 119-21**) establishes mandatory community engagement and work reporting requirements for individuals applying to or enrolled in Medicaid, beginning January 2027.

Applicable Population	Qualifying Activities	Compliance	Exemptions
<ul style="list-style-type: none">Primarily adults aged 19-64 enrolled in the Affordable Care Act New Adult Group*	<ul style="list-style-type: none">80 hours of work, community service, and/or work program participationEnrollment in an educational program at least half-timeMonthly income of at least \$580/month (federal minimum wage x 80 hours/month)	<ul style="list-style-type: none">Compliance must be demonstrated at application and every six months at renewalAt application, individuals need to be demonstrating compliance prior to the application; states have the option to chose a one to three month look back period.	<ul style="list-style-type: none">States must exempt individuals in mandatory exemption groups (See next slide)States may also establish a short-term hardship exemptions (including inpatient care)

* The New Adult Group encompasses adults ages 19 to 65 with incomes below 138% of the federal poverty level (FPL). In 2025, 138% of the FPL for an individual's annual income is \$21,597. Work requirements will also apply to people enrolled in Medicaid expansion-like waivers.

OBBBA outlines several mandatory and optional short-term hardship exemptions to Medicaid work reporting requirements.

Mandatory Exemptions

- Children under 19
- Individuals eligible for another mandatory eligibility group (e.g., non-Modified Adjusted Gross Income)
- Foster youth
- Former foster youth under age 26
- Parents and other caretaker relatives
- Pregnant women and those entitled to postpartum coverage
- Individuals receiving Supplemental Security Income
- Individuals entitled to Medicare Part A or Part B
- American Indians and Alaska Natives
- Parents/caretaker relatives of a dependent child(ren) 13 years or younger
- Parents/caretaker relatives of a disabled individual(s)
- Veterans with a disability rated as total (section 1155 of Title 38, United States Code)
- **Medically frail individuals or those with special medical needs (as defined by the HHS Secretary), including:**
 - Blind or disabled individuals
 - Individuals with a substance-use disorder
 - Individuals with a disabling mental disorder
 - Individuals with a physical, intellectual, or developmental disability
 - Individuals with serious or complex medical conditions
- **Individuals participating in a drug addiction or alcohol treatment program**
 - Individuals meeting Temporary Assistance for Needy Families
 - Individuals in compliance with SNAP work reporting requirements or individuals who are non-compliant but in a household receiving SNAP
 - Inmates of a public institution + recently released from incarceration within the past 90 days

Short-Term Hardship Exemptions

- **Receiving inpatient hospital care, nursing facility services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity**
- Living in a county impacted by a federally declared emergency or disaster
- Living in a county with high unemployment rate
- Traveling for an extended period to access medically necessary care for a serious or complex medical condition that is not available in the individual's community for either themselves or their dependent(s)

OBBBA establishes specific requirements governing how states must verify compliance.

- **Verifying Compliance and Exemptions:** States must prioritize *ex parte* verification using administrative data (e.g., wage records, Medicaid claims or encounter data) where available to verify compliance or exemptions to the maximum extent possible.
 - If data cannot confirm compliance or exemption, States must issue notice describing needed information and provide individuals at least 30 days to provide a “satisfactory showing.”
- **Terminations:** If a person is denied or disenrolled due to work reporting requirements, they need to file a new application to re-apply (triggering the compliance check for at least the month prior to application). States are required to follow standard Medicaid termination processes (e.g., written notice, fair hearing).
 - Individuals denied Medicaid due to work reporting requirements are not eligible for subsidized Marketplace coverage.
 - Individuals for whom income was the disqualifying factor may still apply for subsidized Marketplace coverage.

CMS has issued limited preliminary guidance and must release an interim final rule by June 1, 2026.

Statutory Rulemaking Timeline

- OBBBA requires HHS to issue an interim final rule by **June 1, 2026**. Despite limited formal guidance to date, states are already developing eligibility workflows, verification systems, and medical frailty exemption processes in advance of the January 1, 2027 implementation deadline.
- On **December 8, 2025**, CMS issued a Center for Medicaid & CHIP Services (CMCS) Informational Bulletin (CIB) providing initial guidance on work requirements.
- Until interim final rule is released, states are relying on a combination of formal and informal guidance as they design medical frailty definitions, build verification systems, and prepare for the January 2027 implementation timeline.

Deep Dive: Medical Frailty Exemption

While OBBBA requires those who are medically frail to be exempt from work reporting requirements and sets minimum federal standards for defining this, states will determine how broadly and effectively this exemption is implemented, creating a key opportunity for state advocacy.

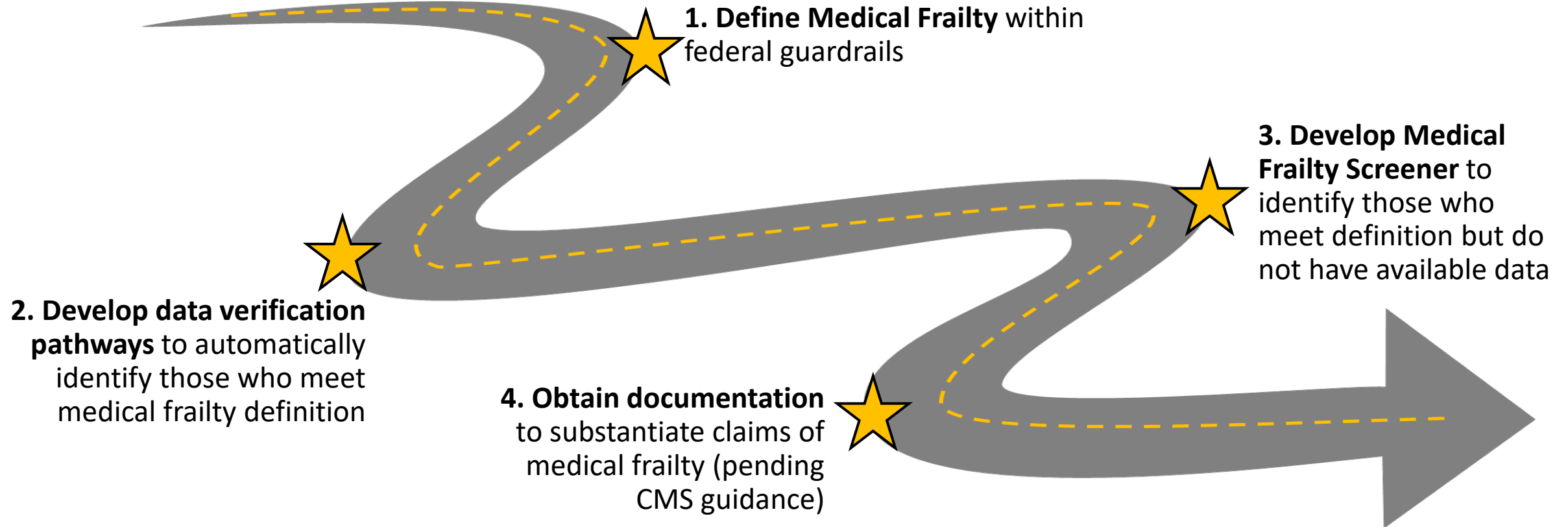
The federal definition for medical frailty includes:

- Individuals with substance use disorders
- Individuals with disabling mental disorders
- Individuals with significant physical, intellectual, or developmental disabilities that impair activities of daily living
- Individuals with serious or complex medical conditions
- Individuals who are blind or who otherwise meet the Social Security Act disability standard

States can adopt a step-by-step approach to identifying medically frail individuals:

1. **Define Medical Frailty:** Establish clinically grounded definitions that capture full range of conditions eligible for exemption.
2. **Data Verification:** Prioritize *ex parte* verification using available administrative data (e.g., claims and encounter data).
3. **Medical Frailty Screener:** Develop a clinically grounded screener at application and renewal to allow self-identification.
4. **Documentation Verification:** If neither data nor screening is sufficient, develop streamlined process to request supporting documentation.

States will need to develop policies and processes for the following activities, creating opportunities for state medical association and national medical specialty society engagement.



Within federal guardrails, states have discretion to define medical frailty in clinically grounded ways that capture serious, complex, episodic, and co-occurring conditions; emphasize functional risk and harm from coverage loss; and presume exemption for individuals enrolled in high-intensity programs.

Key Implementation Actions for States

- 1. Establish cross-division governance:** Convene team members from key state agencies, managed care plans, and stakeholders to provide policy and operational input.
- 2. Define medical frailty:** Translate the statutory categories into state-specific definitions (i.e., SUD, mental disorder, significant physical/intellectual/developmental disability, and serious or complex medical condition).
- 3. Identify Medicaid programs aligned with definitions:** Conduct a crosswalk of existing Medicaid programs and waivers whose eligibility criteria already meet medical frailty standards (e.g., BH programs, HCBS, I/DD services) to enable automatic exemptions and reduce administrative burden.
- 4. Seek comment on approach:** Engage clinicians, disease-specific experts, disability advocates, and beneficiary representatives to validate that definitions are clinically sound and appropriately inclusive.

OBBBA requires states to prioritize *ex parte* verification of medical frailty by using available data such as Medicaid claims and encounters, supplemented by health information exchanges and all-payer claims databases.

Key Implementation Actions for States

- 1. Develop and validate code list:** Build a comprehensive, clinically grounded code set using ICD-10 codes (diagnoses) and CPT/HCPCS codes (service intensity and utilization).
- 2. Conduct MMIS data analysis testing:** Use historical and ongoing MMIS data to test thresholds, look-back periods, and utilization patterns, validate code lists with clinical experts, and establish business rules (e.g., duration of exemption for chronic conditions)
- 3. Link MMIS and eligibility systems:** Create automated data flows to identify those who are medically frail.
- 4. Leverage SNAP exemptions:** Map overlapping SNAP exemptions to Medicaid medical frailty criteria to reuse existing data.
- 5. Leverage managed care plan data:** Supplement MMIS data, where necessary, with more current MCP data.
- 6. Link to health data utilities and HIEs:** Explore the use of health information exchanges and all-payer or health data utilities to capture real-time hospitalizations, diagnoses, or utilization patterns not yet reflected in MMIS.

Consider advocating that states adopt clinically grounded medical frailty definitions that are aligned with current evidence and operationalized through clear verification standards.



Consider working with states to ensure definitions are clinically sound:

- Ensure the medical frailty exemption subcategories are defined in ways that reflect current clinical evidence
- Develop a code list to be used for verification that explicitly includes diagnoses, medications, service utilization, and durable medical equipment that accurately reflect the breadth of the definitions
- Recognize episodic and relapsing conditions
- Emphasize functional impairment and risk of harm from coverage loss



To complement code list development, consider providing input on the following:

- Develop data-driven algorithms that use both diagnosis and service utilization data to identify potential medical frailty to flag individuals with:
 - Multiple hospitalizations within a set timeframe
 - Hospitalizations combined with high-risk or complex diagnosis

Consider advocating that, because many medically frail individuals have chronic or lifelong conditions that are unlikely to change, repeated reverification is unnecessary and burdensome.

State Advocacy Opportunities for Medical Associations

- Engage clinical experts to inform which conditions should qualify for extended or permanent exemptions
- Set clear standards for exemption duration so individuals with long-term conditions are not subject to frequent reverification
- Build exemption duration into verification and renewal policies to reduce administrative burden for enrollees, clinicians, and state staff

A standardized screener at application and renewal enables individuals (and, where appropriate, caregivers or assisters) to self-identify medical frailty when data is unavailable or incomplete.

Key Implementation Actions for States

- 1. Develop a medical frailty screener:** Integrate a simple, plain-language screener into application and renewal processes that:
 - Aligns directly with the state’s medical frailty definitions and code lists
 - Allows individuals to self-identify when claims or encounter data are delayed, incomplete, or unavailable
 - Uses conditional logic to minimize unnecessary questions
- 2. Conduct usability and accessibility testing:** Engage Medicaid Advisory Committees and beneficiary advisors to ensure the screener is accessible, culturally appropriate, and easy to complete.

While CMS has indicated that states may rely on self-attestation during the first year of implementation in 2027, states should anticipate future expectations to obtain clinical documentation when data is unavailable.

Key Implementation Actions for States

- 1. Rely on self-attestation:** Consistent with CMS guidance for 2027, states may permit self-declarations where *ex parte* data are not available, particularly in the first year of work reporting implementation.
- 2. Prepare for potential documentation requirements:** CMS has signaled that, in cases where data are unavailable, states may ultimately be expected to obtain documentation to substantiate medical frailty claims. This documentation could include:
 - Standardized clinician attestation forms
 - Submission of existing medical records

Advocacy Opportunity: Make Medical Frailty Identification Processes Patient-Friendly and Streamlined

Consider advocating that medical frailty identification should protect vulnerable patients—not create new barriers to coverage or unnecessary administrative burden for patients and providers.

State Advocacy Opportunities for Medical Associations



- **Design user-friendly, accessible medical frailty screeners** using plain language, meeting language and disability access standards, and testing with beneficiaries for clarity.



- **Maximize available data sources** including Medicaid claims, managed care encounters, and real-time (or near-real-time) data from state and regional HIEs to verify frailty and reduce reliance on paper documentation.



- **Allow self-declarations when data is unavailable** to minimize paperwork when *ex parte* verification is incomplete or delayed, particularly given claims lags, access barriers, or conditions that do not require frequent care.



- **Avoid burdensome physician certification requirements** that create hurdles for patients and administrative burden for clinicians. Where documentation is permitted, use simple, standardized attestation forms.

Additional Advocacy Opportunities

Advocacy Opportunity: Provide Transparency into the Impact of Work Requirements on Coverage

Public reporting on the impact of work requirements will be essential to identifying administrative barriers and unintended coverage losses among eligible individuals.

State Advocacy Opportunities for Medical Associations

- Regularly publish data on exemptions, disenrollments, and renewals related to work requirements
- Track and report on reasons for coverage loss, including administrative or verification failures
- Disaggregate data by geography and population to identify disparities or vulnerable groups at risk
- Use findings to advocate for corrective action, improve workflows, and reduce unnecessary coverage loss

Advocacy Opportunity: Utilize Bi-Directional Feedback Loops Between States and Physicians

Ongoing collaboration with physicians will allow states to identify real-time impacts of work requirements on medically vulnerable populations and respond quickly to emerging issues.

State Advocacy Opportunities for Medical Associations

- Partner with physicians and state agencies to monitor impacts affecting Medicaid enrollees and medically frail patients
- Establish structured feedback channels (e.g., advisory groups, regular check-ins)

To ensure patients understand and can effectively navigate these new requirements, consider collaborating with state officials to engage trusted community partners, including physicians, in designing outreach efforts.

State Advocacy Opportunities for Medical Associations

- Collaborate with states to design clear, accurate outreach strategies
- Leverage physicians and other clinicians as trusted messengers to reinforce key information during care encounters
- Use plain-language, culturally appropriate materials to explain reporting requirements and exemptions



- **AMA Issue Brief: Medicaid Work Requirements' Medical Frailty Exemption** (February 2026)
- **State Health and Value Strategies**
 - Medicaid Work Reporting Requirements: Implementation Planning Milestones (August 2025)
 - Work Reporting Requirements: State Considerations When Defining Medical Frailty (October 2025)
 - Operationalizing the Medical Frailty Exemption: A Step-by Step Implementation Toolkit for States (November 2025)
 - Designing Effective Verification Pathways for Exempt Populations at Heightened Risk of Coverage Loss Under Mandatory Work Reporting Requirements (December 2025)

Discussion



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