Medically Frail: The Exemption States Can't Afford To Get Wrong

Contents

Where Frail Members Get Missed **3**
Who Counts As Medically Frail **4**
What The October 29 Ruling Changed **4**
Finding Frail Members In Existing Data **6**
When The Data Falls Short **7**
Rules And Dates **7**
Change Log 8
Glossary **8**

Where Frail Members Get Missed

Written for state eligibility and policy teams, and for the vendors who build their systems.

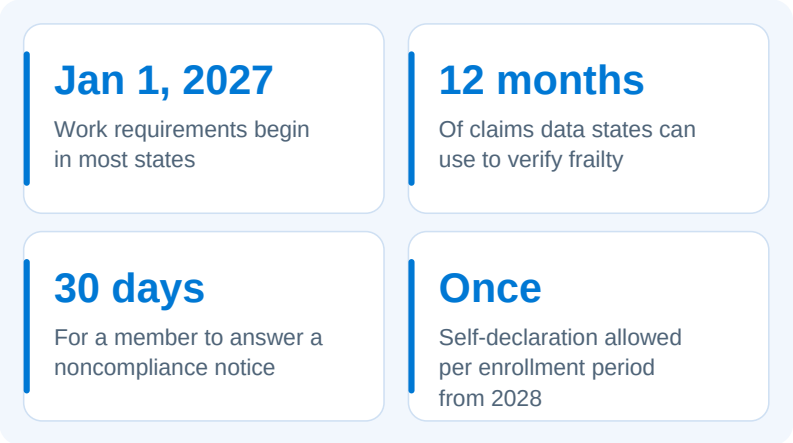


Figure 1: Key Numbers

From January 1, 2027, most states will require adults covered through Medicaid expansion to work, study or volunteer 80 hours a month to keep their coverage. People who are medically frail are exempt, but only if the state recognises them as frail. To do that, the state has to spot their condition in medical claims data, and most eligibility systems were built to check income and household size, not health records. When the system misses someone, a person too sick to work gets a notice asking them to prove their hours, and can lose coverage if they don't respond within 30 days.

The definition itself has just changed. On October 29, 2026, a federal court struck down part of it, so frailty logic built over the summer may already need rework.

What Was At Stake

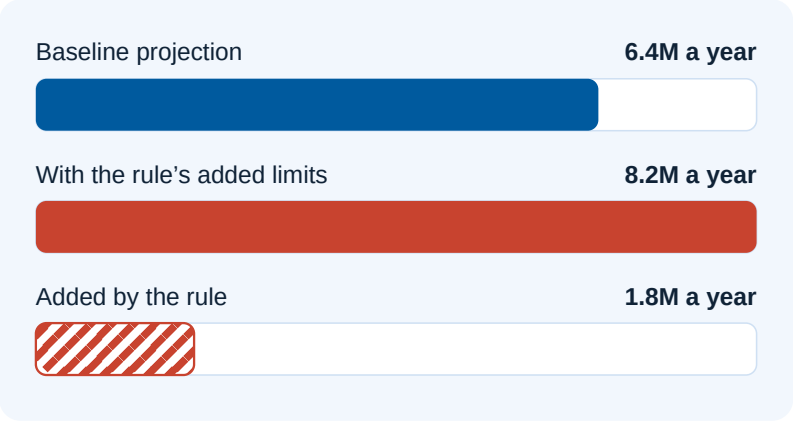


Figure 2: Projected Average Annual Coverage Losses, FFY 2027 To 2034

Projected by Manatt Health on July 16, 2026, before the October 29 ruling removed part of the rule. The figures cover all of the rule's provisions, not frailty alone.

Who Counts As Medically Frail

Federal law treats five groups of people as medically frail, and each state turns those groups into its own list of qualifying conditions.

Blind Or Disabled	As defined in section 1614 of the Social Security Act.
Substance Use Disorder	Unless the person has been in stable recovery for five years or more.
Disabling Mental Disorder	A mental health condition that is disabling.
Physical, Intellectual Or Developmental Disability	One that significantly limits at least one activity of daily living.
Serious Or Complex Medical Condition	One that is life-threatening, seriously disabling, causes significant pain or needs frequent monitoring, among other descriptors in the rule.

Your State's Condition List

Every state must keep a written list of the diseases, diagnoses and conditions that qualify. CMS requires the list to be auditable and justifiable, and states must revise it regularly to add or remove conditions.

Conditions Not On The List

Members whose condition isn't listed must have a reasonable way to request that the state consider it.

What The October 29 Ruling Changed

A federal court struck down the extra impairment test that CMS had added to the definition, and kept the limits on data and self-declaration.

CMS's June 2026 rule added an extra test on top of the five groups: the member's condition also had to significantly impair their ability to meet the 80-hour monthly requirement. On October 29, 2026, Judge Richard Stearns of the federal court in Massachusetts struck down that added test. He ruled that CMS had exceeded its authority.

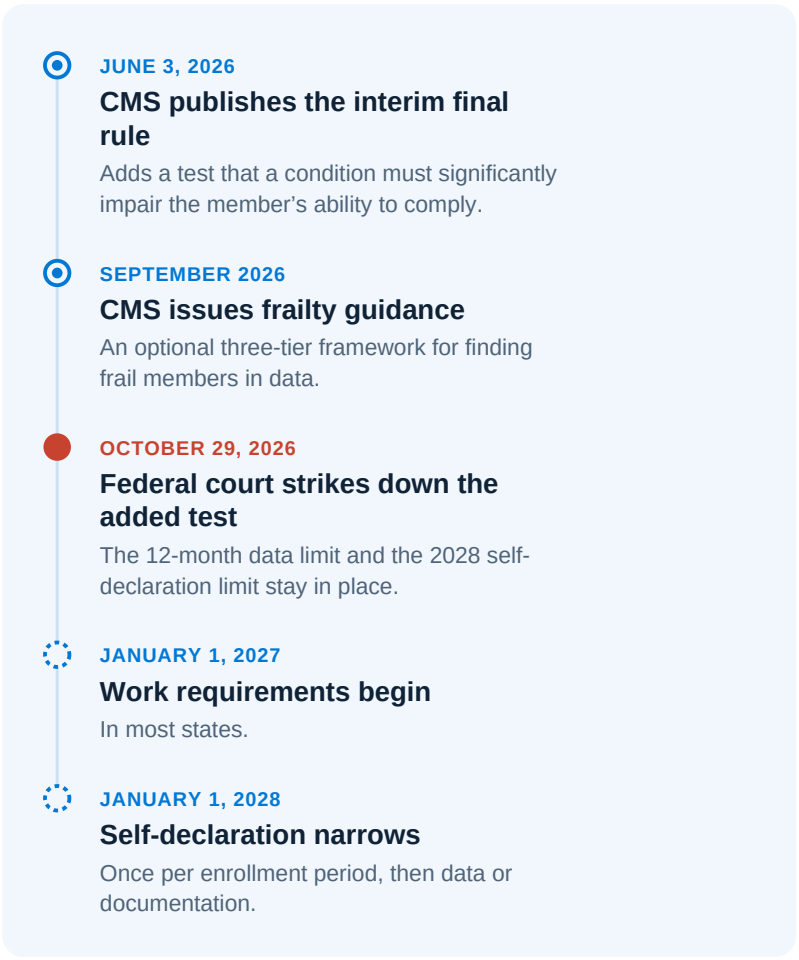


Figure 3: How The Rules Got Here

What Still Stands	The court upheld two limits: states may verify frailty using only the past 12 months of claims and encounter data, and from 2028 members can self-declare only once per enrollment period.
Extra Time For Some States	The 25 states and D.C. that brought the case received a six-month pause on federal enforcement of frailty decisions, giving them time to update their systems.
Still Unsettled	Reports differ on whether the ruling covers every state or only the 25 states and D.C. that brought the case. CMS hasn't said whether it will appeal. A second case, *Taylor v. Kennedy*, is pending in Maryland and also challenges the limit on self-declaration.

Tip: Build the impairment check as a setting your team can switch off, rather than logic written into every rule.

Finding Frail Members In Existing Data

States must check data they already hold before asking a member for proof. Every frail member identified this way keeps their coverage without ever receiving a request.

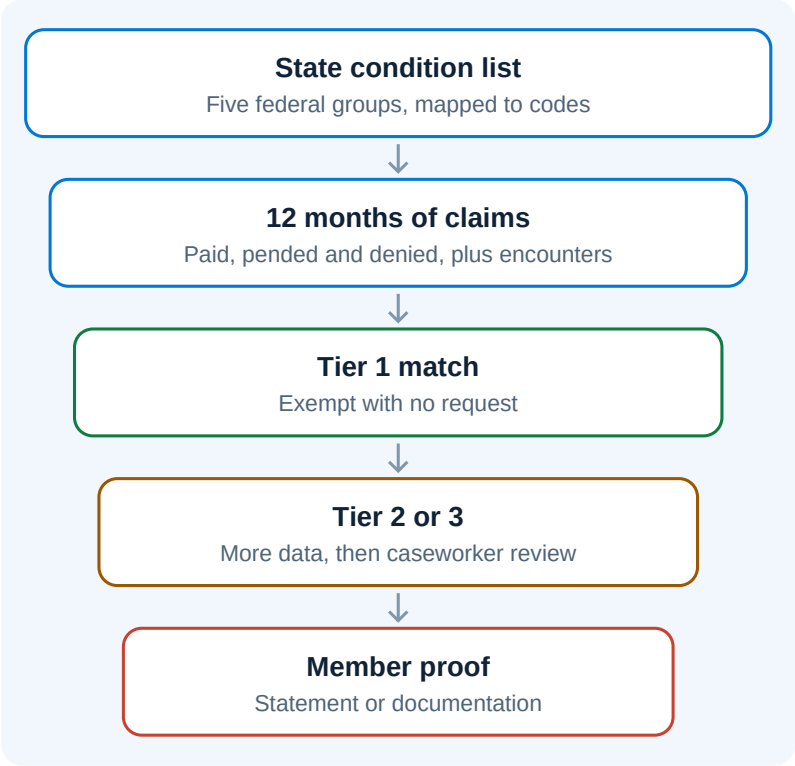


Figure 4: Data First, Paperwork Last

1. **List The Qualifying Conditions** - Start from the five federal groups and decide which diseases and diagnoses belong on your state's list.
2. **Match Them To Code Sets** - Map each condition to ICD-10 diagnosis codes, and add pharmacy or equipment codes where they show severity.
3. **Sort Conditions Into Tiers** - CMS offers an optional three-tier framework.

Tier 1	Conditions that can be confirmed from diagnosis data alone.
Tier 2	Conditions that need supporting signs, such as frequent hospital use, high-risk combinations of medicines, or medical equipment claims.
Tier 3	Not enough data to decide, so a caseworker reviews the case by hand.

Note: CMS wrote these tiers around the impairment test the court has now struck down, so confirm how your state applies them.

4. **Run 12 Months Of Data** - Check claims from the preceding 12 months, including paid, pended and denied claims, along with encounter data from managed care plans.

   CMS also names other sources, including health information exchanges, workers' compensation and short-term disability claims.

5. **Handle Substance Use Records With Care** - Records covered by 42 CFR Part 2 follow stricter confidentiality rules, and states are still waiting for CMS guidance on how those rules apply here.
6. **Record The Evidence And Set A Review Date** - Note which data confirmed each exemption. Frailty status must be checked again at least every 12 months.

Members whose records clearly show frailty are exempt before any notice goes out, and caseworkers handle only the cases the data can't settle.

When The Data Falls Short

Some frail members leave no useful trail in Medicaid claims, such as people who were recently uninsured or who get their care elsewhere. For them, the outcome depends on the proof they can give, and those rules tighten in 2028.

1. **Ask In Plain Language** - Use simple screening questions. People often don't name a condition even when asked, but other information they share can still show it.
2. **Through 2027** - States may ask for documentation or accept the member's own statement.
3. **From January 1, 2028** - States may accept a statement made under penalty of perjury only once per enrollment period. At the first renewal after that, the state must confirm frailty from reliable data or documentation.
4. **Accept Documentation** - CMS lists health records, provider certification, care-management records from managed care plans, and functional assessments.

Tip: Start provider outreach now. When the state can't verify compliance, a member has 30 days to respond to a notice. From 2028, a frail member without a claims history will depend on a doctor's paperwork arriving within that window.

Rules And Dates

The frailty rules in one place, as they stand after the October 29, 2026 ruling.

Rule	Detail
Work requirements begin	January 1, 2027, in most states
Data look-back	Claims and encounter data from the preceding 12 months
Member statements, through 2027	States may accept them
Member statements, from January 1, 2028	Once per enrollment period, then data or documentation
Reverification	At least every 12 months
Impairment test	Struck down on October 29, 2026, with its scope still being clarified
Pending case	*Taylor v. Kennedy*, which challenges the limit on self-declaration

Caseworker Quick Reference

A one-page decision flow for checking whether a member is medically frail: Is This Member Exempt? (PDF).

Sources

- CMS - Implementing Medical Frailty Under Community Engagement
- Federal Register - Community Engagement Requirement, CMS-2454-IFC
- ADvancing States - Summary of the Interim Final Rule
- MACPAC - Community Engagement Requirements, September 2026
- Becker's - Judge rules CMS overstepped on the frailty definition
- HFMA - Court vacates CMS medical frailty restriction
- CT Mirror - Judge blocks rule forcing sick recipients to prove frailty
- AMA - CMS releases medical frailty guidance
- Manatt Health - 50-state analysis of coverage losses

Change Log

Every revision to the guide, newest first.

Version	Date	Change
1.0	November 2026	First release, reflecting the October 29, 2026 ruling.

Glossary

Activities Of Daily Living

Basic self-care tasks such as bathing, dressing and eating.

Encounter Data

Records of services delivered through managed care plans.

Ex Parte Verification

Confirming eligibility from data the state already holds, without contacting the member.

Self-Declaration

A member's own statement that they qualify, given without documents.

Stable Recovery

Five or more years in recovery from a substance use disorder.

Vacatur

A court order that cancels part or all of a rule.