



HR1 & SD DSS: Medicaid Changes

Community Engagement



Medical Frailty



HR 1 and Community Engagement

Community Engagement requirements from HR 1 start **Jan 1, 2027**.

Multiple exclusions:

- An individual in the former foster care children eligibility group
- An American Indian, California Indian, or Alaskan Native; or an individual determined to be eligible as an Indian for the Indian Health Service
- A parent, guardian, caretaker relative, or family caregiver of a dependent child age 13 and under or a disabled individual
- A veteran with a total disability
- **An individual who is medically frail or has special needs (yet to be defined), including an individual:**
 - **Who is blind or disabled**
 - **With a substance use disorder**
 - **With a disabling mental disorder**
 - **With a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more tasks of daily living, or**
 - **With a serious or complex medical condition**
- An individual who is compliant with any requirements applied by their state's Temporary Assistance for Needy Families program who is part of a household that receives Supplemental Nutrition Assistance Program benefits and is not exempt from a work requirement
- A participant in a drug addiction or alcoholic treatment and rehabilitation program
- An inmate of a public institution
- A woman who is pregnant or entitled to postpartum medical assistance

Applicable individuals:

- Medicaid Expansion applicants not otherwise excluded



This section is referred to as “Medical Frailty”

CMS Guidance

CMS refers to HR1 as the Working Families Tax Cut (WFTC) legislation. CMS is required to publish a final rule and guidance by June 1, 2026.

CMS/NAMD Call – February 13, 2026

Verbal guidance that a medical screening tool is necessary versus a “yes/no” question on an application, as a screening tool allows for “auditable self-declaration.” Reiterated the primacy of electronic verification through claims and then either receiving documentation or using auditable self-declaration.



CMS/NAMD Call – April 8, 2026

CMS Interim Final Rule related to community Engagement Requirements in final stages of review prior to release (sent to OMB on 3/31).

CMS Slide

Key Definitions: Medical Frailty Exclusion

- CMS intends to require states to use a definition of medical frailty similar to that described in regulations at 42 CFR § 440.315(f). This regulatory definition includes certain individuals described in the community engagement statute (e.g., those with serious and complex medical conditions or who have a disabling mental disorder). (See slide 36 for comparison.)
 - CMS does not intend to provide states with flexibility to add other types of individuals to the definition of medical frailty, beyond those listed in the statute.
- CMS will expect states to implement an auditable approach to verify medical frailty, in alignment with certain guardrails.
 - E.g., medical claims data review or provider documentation, or completion of a screening tool. States may require new applicants without any claims history to complete a screening tool to verify medical frailty, but CMS expects to require states to confirm that determination via claims data/documentation within 6 months post enrollment.
- CMS will expect states to distinguish between conditions justifying a medical frailty exclusion that are permanent (to be reverified at least every 12 months) vs. temporary (to be reverified at least at every renewal).
- Additional details and guardrails forthcoming.

Key Components

- 1. Define Medical Frailty** – Utilize prior South Dakota definitions (SNAP etc), CMS or federal references, academic resources, experience of other states, national network of Medicaid agencies, etc. to create South Dakota Medicaid’s working definition of Medical Frailty for the purposes of HR 1.
- 2. Create Medical Frail Screener** - Use the *Draft South Dakota Medical Frailty Definition* to create questions, criteria and data sources that could be that can utilized on enrollment
- 3. Develop Clinical Code List for Data Validation**- Using the *Draft South Dakota Medical Frailty Definition*, identify diagnosis codes, procedure codes, or other system driven indicators that can be used for automated data validation.
- 4. Consider whether option for physician attestation is required, and what that would include**

South Dakota Medicaid Working Definition (1)

Medical frailty is a clinical condition where a person has significantly reduced strength, endurance, and physiological reserve, making them more vulnerable to illness, injury, or stressors (like infections, surgery, or hospitalization). A person could be considered medically frail by meeting any of the following criteria (subject to official diagnosis and/or verification):

- Blind or disabled
- With substance use disorder
- Disabling mental disorder
- Physical, intellectual, or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living
- With a serious or complex medical condition*

Condition Examples that indicate frailty (2/3)

- Solid or hematologic cancer diagnoses with ongoing treatment
- Significant end organ damage such as end-stage liver disease or severe heart failure
- Solid organ transplant status
- Substance abuse disorders
- Autoimmune disorders requiring biologic treatment such as rheumatoid arthritis
- Neurologic disorders such as Alzheimer's or Lewy Body dementia

Preliminary code set has been identified, but need CMS final guidance before it can be finalized

Screener cannot be finalized until the codes are finalized

Physician attestation (4)

- CMS allows for medical screener at time of enrollment that would then need to be verified with medical claims.
- Unclear at this point whether the medical screener can be repeated at renewal. There is a potential “gap” between enrollment and renewal at 6 months where there may be no claims yet.
- In this gap, physicians may be asked to “attest” to recipient info.

Potential options:

- Could be “signing off” on the medical screener (validating diagnoses)
- Could be separate form with check boxes for different types of diagnoses or impairments.
- Other ideas?

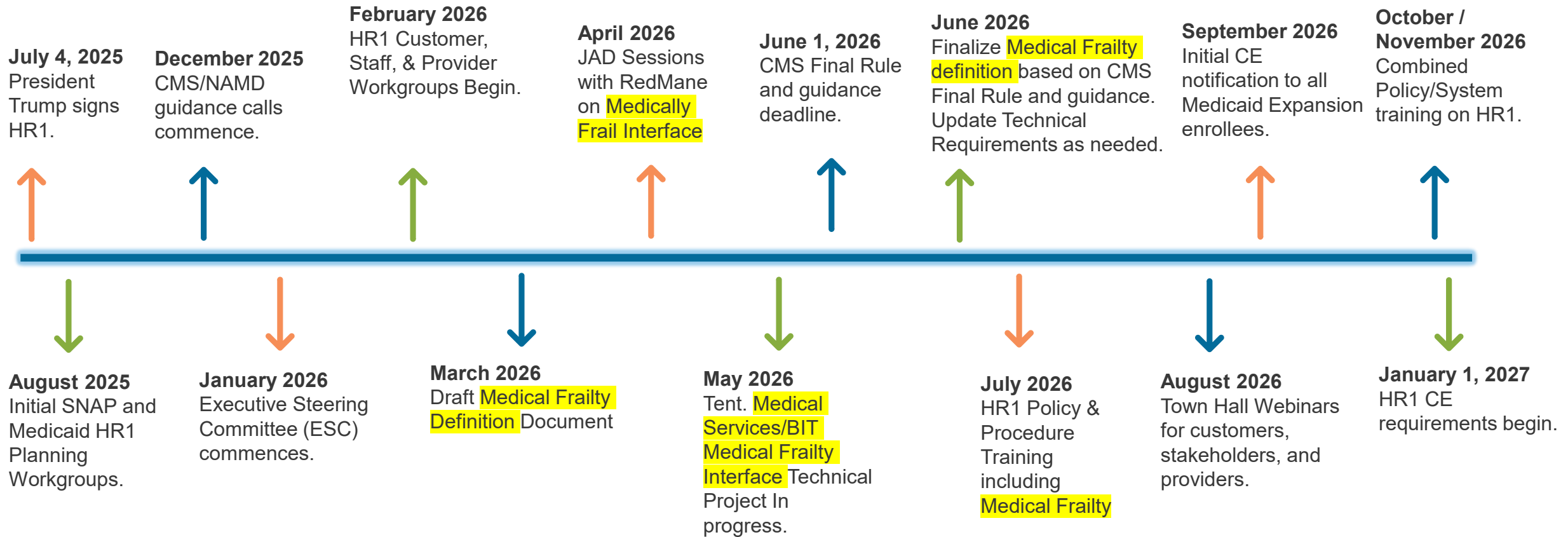
Medical Frailty Immediate Next Steps

What needs to happen next?

- ✓ CMS final rule to be released soon
- ✓ Finalize Code set
- ✓ Finalize Medical Screener
- ✓ Determine if physician verification is required
- ✓ Bring back to MAC/BAC for feedback



Medical Frailty Timeline





Questions?

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