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1.0 Description

House Reconciliation Bill (H.R.1) Summary

On July 4, 2025, the House Reconciliation bill (H.R.1), was signed into law. H.R.1 legislation (Public Law (P.L) 119-21) includes federally mandated changes that will have a significant impact on Medicaid, including new eligibility requirements for the Medicaid expansion population.

Sec. 71119 of H.R.1, “Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals” requires some low-income adults, ages 19 through 64, who are part of the Medicaid expansion population, to demonstrate participation in qualifying activities (working, participating in a work training program, or doing community service) for at least 80 hours per month to be eligible for Medicaid health coverage. Individuals who are part of the expansion population may be excluded from demonstrating participation in qualifying activities if they meet certain criteria, including, but not limited to those who are medically frail or otherwise have special medical needs that impact their ability to meet the requirements.

The effective date of the community engagement requirement for Medicaid expansion individuals is January 1, 2027.

1.1 Definitions

Medical Frailty:

Section 71119(a)(9)(A)(ii)(V) of H.R.1 defines medical frailty as an individual:

- a. who is blind or disabled (as defined in section 1614);
- b. with a substance use disorder;
- c. with a disabling mental disorder;
- d. with a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living; or
- e. with a serious or complex medical condition

Section 1614 of the Social Security Act (42 U.S.C. §1382c) already defines blindness and disability therefore, no further definition for these conditions is included in this policy.

2.0 Eligibility Requirements

2.1 Provisions

2.1.1 General

(The term “General” found throughout this policy applies to all Medicaid policies)

- a. An eligible beneficiary shall be enrolled in the NC Medicaid Program (Medicaid is NC Medicaid program, unless context clearly indicates otherwise).
- b. Provider(s) shall verify each Medicaid beneficiary’s eligibility each time a service is rendered.
- c. The Medicaid beneficiary may have service restrictions due to their eligibility category that would make them ineligible for services.

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2.1.2 Specific

(The term “Specific” found throughout this policy only applies to this policy)

a. Medicaid

None Apply

3.0 Medical Frailty Criteria

Medical frailty is determined utilizing diagnosis or a combination of diagnosis, services, and supporting provider documentation.

Note: Substance use, disabling mental disorders, and other disorders that significantly impair a person’s ability to perform 1 or more activities of daily living are also considered serious or medically complex. Conditions may be listed in more than one category, and individuals may be considered excluded under more than one condition.

3.1 Tier One

Medicaid shall consider the conditions, disease categories, and services listed in tier one to be serious or medically complex and would significantly impact an applicant’s or beneficiary’s ability to comply with the community engagement requirement. Provider documentation is not required to grant a medical frailty exclusion if NC Medicaid is able to confirm through data available through claims or electronic health records. If NC Medicaid cannot confirm through data, provider documentation may be required to grant a medical frailty exclusion.

Refer to [NC Medicaid Medically Frail Code List](#) for the complete list of tier one diagnosis and service codes.

3.2 Tier Two

Medicaid shall consider the conditions, disease categories, and services listed in tier two to be serious or medically complex and likely to significantly impact an applicant’s or beneficiary’s ability to comply with the community engagement requirement. Provider documentation is required to grant a medical frailty exclusion. NC Medicaid intends to automate the process of combining diagnoses with qualifying services, medications, or durable medical equipment (DME) in 2027

Refer to [NC Medicaid Medically Frail Code List](#) for the complete list of tier two diagnosis and service codes.

4.0 Conditions Not Excluded Under H.R.1

4.1 Specific Criteria Not Covered

4.1.1 Conditions Not Excluded from H.R.1

Medicaid shall not issue a medical frailty exclusion when the beneficiary does not meet exclusion criteria listed in **Section 3.0**

4.1.2 Medicaid Additional Criteria Not Covered

None Apply

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5.0 Provider(s) Eligible to Submit Medical Frailty Documentation

To be eligible to submit clinical documentation in support of medical frailty exclusions, the provider(s) shall:

- a. have an established relationship with the applicant or beneficiary as required on the DSS-8209. Refer to [NC DHHS Provider Attestation](#) for the most recent version of the provider medical frailty attestation form.

6.0 Additional Requirements

Note: Refer to Subsection 2.2.1 regarding EPSDT Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age.

6.1 Compliance

None Apply

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7.0 Policy Implementation and History

Original Effective Date: January 1, 2027

History:

Date	Section or Subsection Amended	Change
01/01/2027	All Sections and Attachment(s)	Initial Promulgation