November 17, 2026

Dear State Medicaid Director:

Several weeks ago, on behalf of the American Association of People with Disabilities (AAPD), I reached out regarding the implementation of H.R. 1, also known as the "One Big Beautiful Bill Act." We emphasized the importance of working with people with disabilities in your state and taking advantage of available flexibilities in implementation.

I am following up now regarding two recent developments about the new Medicaid Community Engagement requirements that will begin on January 1, 2027 and to encourage you to accept the optional six-month hold harmless period.

On October 29, a federal district judge issued a ruling vacating part of CMS' "medically frail" definition in *Massachusetts v. Oz.*[1] The ruling nullifies the requirement that people who have disabilities, complex medical conditions, substance use disorders, and other conditions must prove that their medical condition substantially impairs their ability to comply with the new work requirement. The vacatur of this second part of the "medically frail" test applies to all 50 states. As such, AAPD expects that state Medicaid programs will follow the ruling and cancel all planned compliance procedures that conflict with this ruling in order to further minimize erroneous disenrollments from the Medicaid program.

Additionally, on November 13, CMS announced an optional 6-month "hold harmless" period for states implementing the Community Engagement requirements. State Medicaid programs will still need to determine whether Medicaid enrollees are compliant or exempt, but will have until June 30, 2027 to process disenrollments. This optional hold harmless period will allow states to modernize, improve, and refine verification systems, eliminate erroneous disenrollments due to administrative or paperwork errors, and allow enrollees to obtain and furnish necessary documentation to prove eligibility for an exemption in cases where one cannot be granted utilizing existing claims data from the previous 12 months.

For people with disabilities, a gap in Medicaid coverage can interrupt access to medication, personal assistance, and other services that support independent living. People who qualify for an exclusion can still lose coverage if state records are incomplete, notices are inaccessible, or they cannot get documentation in time. We urge

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1 https://ccf.georgetown.edu/2026/11/02/federal-judge-throws-a-lifeline-to-medicaid-enrollees-by-vacating-cmss-unlawful-substantial-impairment-test/

your agency to use the full hold harmless period to identify people who qualify for an exclusion using data the state already has wherever possible, and to work directly with disabled Medicaid enrollees and disability-led organizations to test notices and reporting processes for accessibility.

AAPD and disability-led organizations in your state are ready to work with you on implementation, both in the lead up to January 1 and after. For more information, please contact me at mlewis@aapd.com or (540) 447-9438.

Sincerely,



Michael Lewis
Vice President of Policy
American Association of People with Disabilities