

CMS Details Three-Tiered Option For States To Make Medically Frail Determinations

Sep 11, 2026, 7:41 PM EDT

(Inside Health Policy)

Congestive heart failure within the last year can automatically qualify a Medicaid beneficiary as medically frail enough to be exempted from meeting work requirements but some other conditions will require additional context before a state can determine them exempt, CMS told states in a slidedeck presentation earlier this week.

The slidedeck addresses some of the concerns the American Medical Association and other stakeholders have raised that doctors will be burdened with the task of determining if a Medicaid beneficiary's health condition impairs them enough that they should receive a medically frail exemption. But AMA still worries CMS' interpretation of the exemption is overly burdensome on patients as well as providers and state agencies.

AMA's advocacy update highlighted how the slidedeck offers useful operational clarifications, as the three-tiered system offers a data-driven approach that "could reduce the need for beneficiaries and physicians to submit additional documentation, as the AMA urged CMS to clarify."

"However, available data often do not capture functional limitations or demonstrate how a condition affects an individual's ability to comply with the community engagement requirement," AMA says.

"Consequently, many individuals are still likely to require manual review, creating substantial administrative burdens for states and physicians and increasing the risk that eligible individuals will lose coverage because they are unable to obtain or submit sufficient documentation."

While it's a sliver of good news that data alone can lead some conditions to qualify for an exemption, Georgetown University's Center for Children and Families Executive Director Joan Alker noted overall, states are "not much better off as the slides don't offer protection if a state gets audited."

CMS' Sept. 8 presentation to states shows CMS will permit some conditions to automatically trigger a medically frail exemption using just existing claims data.

The optional process for states outlined by the slidedeck involves three tests, or tiers, to screen beneficiaries' medical conditions for a medically frail exemption.

Conditions that will automatically qualify beneficiaries for such an exemption -- known as Tier 1 -- include amyotrophic lateral sclerosis, end-stage renal disease, metastatic cancer, agoraphobia with panic disorder, alcohol dependence with withdrawal delirium, Human Immunodeficiency Virus disease resulting in encephalopathy and "Type 2 diabetes mellitus with proliferative diabetic retinopathy with macular edema, unspecified eye," according to the examples CMS detailed in the slidedeck.

While CMS classified a recent case of congestive heart failure as an example of an automatic qualifier, another case of coronary artery disease was labeled as Tier 2, meaning the state needs to combine qualifying codes, pharmacy data, durable medical equipment usage and possibly a functional status assessment to make a determination.

"Maria is a 54-year-old woman with hypertension, obesity, osteoarthritis, hyperlipidemia, and type 2 diabetes who underwent complex percutaneous coronary intervention 2 years ago for triple vessel coronary artery disease since she was deemed not a surgical candidate," CMS gave as an example.

It later adds, "She has been adherent to her medications, and she is on maximally tolerated doses of guideline-directed medical therapy. She has been able to avoid ED visits and hospitalizations over the past year but cannot walk more than 30 feet without feeling short of breath and uses a rolling walker to assist."

The medically frail determination in this case would be based on the beneficiary's combination of need for a walker and intensive cardiac rehabilitation, CMS said.

The third tier would be for cases that require manual review because there is not enough data based on the 12-month look back.

"Patricia is a 54-year-old woman with a history of stage IIA, hormone receptor-positive, HER2-negative invasive ductal carcinoma of the left breast diagnosed ten years ago, for which she underwent a left lumpectomy with sentinel lymph node biopsy followed by adjuvant radiation therapy and initiated adjuvant endocrine therapy with anastrozole," the slidedeck gives as an example.

With no recurrence identified based on the available claims data, CMS says this case would demand manual review because "Medical frailty cannot be determined based on administrative data as severity is indeterminate or not likely."

Meanwhile, the Trump administration's interpretation of the medically frail exemption -- that a beneficiary's condition must impact their ability to meet the work requirements -- has sparked an on-going lawsuit against CMS' interim final rule (IFR).

The American Public Health Association along with dozens of other stakeholders recently filed an amicus brief in the case, urging the courts to grant states' request for summary judgement ahead of the next hearing on Oct. 20.

"In adopting its IFR, CMS ignored the wealth of data available to it showing its policy would lead to millions of vulnerable people with serious health conditions losing coverage, despite Congress's intent to exempt these individuals from the community engagement requirement," the amicus brief says. "It failed to consider the adverse consequences its policy will have on the health care system as a whole. And CMS's assumptions that its policy will increase workforce participation are misguided and contradicted by available evidence, including its very own data. Thus, CMS's IFR is arbitrary and capricious." -- *Dorothy Mills-Gregg*(dmillsgregg@iwpnews.com)