

Operationalizing the Medical Frailty Exemption: A Step-by- Step Implementation Toolkit for States

November 2025

STATE
Health & Value
STRATEGIES

*Driving Innovation
Across States*

A grantee of the Robert Wood Johnson Foundation

About State Health and Value Strategies

State Health and Value Strategies (SHVS) assists states in their efforts to transform health and healthcare by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's School of Public and International Affairs. The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at www.shvs.org.

Questions? Email Heather Howard at heatherh@princeton.edu.

*Support for this presentation was provided by the Robert Wood Johnson Foundation.
The views expressed here do not necessarily reflect the views of the Foundation.*

About Manatt Health

Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated legal and consulting practice with over 160 professionals in nine locations across the country. Manatt Health supports states, providers, and insurers with understanding and navigating the complex and rapidly evolving healthcare policy and regulatory landscape. Manatt Health brings deep subject matter expertise to its clients, helping them expand coverage, increase access, and create new ways of organizing, paying for, and delivering care. For more information, visit www.manatt.com/ManattHealth.aspx

Background

H.R.1 requires states to attempt to verify medical frailty exemptions as part of work reporting requirements for Medicaid expansion adults using data already available to the state, where possible, without requiring information from individuals. This is referred to as *ex parte*.



The requirement to operationalize medical frailty verification presents significant **technical and governance challenges**. States must align clinical definitions, programmatic eligibility, data architecture, and information technology (IT) systems to ensure that the most at-risk individuals can enroll in and maintain coverage.



The following slides summarize SHVS' new **toolkit**, which provides a step-by-step guide for how states can tackle the operationalization of medical frailty exemptions, while reducing burden on individuals and state administration, and making accurate eligibility determinations.



These action steps are **informed by existing federal guidance, prior state experience implementing medical frailty definitions, and work assisting states in Medicaid program design and systems implementation.**



It is critical for states to build robust, data-driven systems and operational processes that can accurately identify medically frail individuals and prevent unnecessary administrative burden or coverage disruptions for eligible individuals.

Overview of State Action Steps

States may take the following steps to define and operationalize their medical frailty definition:

1

Establish a Cross-Division Governance Structure

2

Define Medical Frailty

3

Identify Medicaid Programs Where Eligibility Aligns with Medical Frailty Definitions

4

Develop and Validate a Code List for Data Verification

5

Conduct Medicaid Management Information System (MMIS) Data Analysis Testing

6

Link MMIS and Eligibility and Enrollment Systems

7

Leverage Supplemental Nutrition Assistance Program (SNAP) Work Requirements Exemptions

8

Leverage Medicaid Managed Care Plan (MCP) Information

9

Link to Health Data Utilities (HDUs), Health Information Entities (HIEs), and All Payer Claims Databases (APCDs)

10

Develop a Medical Frailty Screener at Application and Renewal

Step 1. Establish a Cross-Division Governance Structure

Effective implementation of the medical frailty exemption requires coordination across multiple divisions within a state Medicaid agency and robust engagement with external partners.

The team charged with designing and operationalizing medical frailty may include, at a minimum:



Eligibility and Enrollment Division: Integrates medical frailty flags into eligibility workflows, develops a screener in partnership with the clinical team, ensures federal compliance, develops eligibility guidance, provides workforce training, and oversees implementation of business rules.



MMIS/Data Acquisition & Analytics Team: Designs data architecture and processes for acquiring, matching, and analyzing data to support medical frailty designations.




Clinical Policy Experts: Validates medical frailty definitions, identifies programs and data sources, and guides screener and code list development.





Individuals with Lived Experience [including the Beneficiary Advisory Council (BAC) and Medicaid Advisory Committee (MAC)] **and Community Partners** [e.g., external clinician experts, external managed care plan (MCP) Chief Medical Officers and care managers, advocacy and community-based organizations]: Provides their expertise and validates the policy and implementation process design, supports user testing, and informs development of consumer or provider-facing materials, respectively.


See Next Slide


Step 1. Establish a Cross-Division Governance Structure, Continued

 **Program Policy and Legal Teams:** Ensures federal and state policy compliance, guides implementation, and ensures necessary data-sharing agreements are in place to acquire external data.

 **Managed Care Team:** Engages with plans and oversees the implementation of new requirements.

 **IT Systems Implementation Team (Agency and Contracted Vendors):** Implements policy and operational business rules; integrates screening tools, exemption indicators, and data exchange into eligibility systems.

 **Agency Overseeing SNAP:** Ensures the sharing of information with the Medicaid agency of SNAP medical-related exemptions.

 **Leadership from HDUs, HIEs, and APCDs:** Assists the state Medicaid agency in understanding the potential for providing information on complex medical conditions or hospitalizations that could meet frailty conditions and coordinate with data exchange.

Note: Not included are two additional important processes to work with: (1) the Advance Planning Document team to develop federal funding requests; and (2) the Procurement and Contracting unit for hiring new vendors and executing data acquisition, as needed.

Step 2. Define Medical Frailty

Based on CMS' statements and given tight implementation timeframes, states may reasonably assume that they will have flexibility to define medical frailty as they determine appropriate, within minimum federal standards (*CMS guidance is forthcoming*).

- States may begin the development of a medical frailty definition by **first reviewing how medical frailty has been previously defined by other states that have used these criteria when operationalizing their Alternative Benefit Plans (ABP) for their expansion adults.** *[More information on defining medical frailty is included in SHVS' [toolkit](#).]*
- **ABP definitions should serve as a jumping off point for states and should be considered the floor and not the ceiling.** Notably, there are some variations in definitions [e.g., substance use disorder (SUD)].
- **Translating statutory medical frailty categories into definitions is a critical step to supporting the development of a medical frailty screener for the application and renewal forms as well as the business rules for identifying medically frail individuals** based on programmatic enrollment, using available MMIS and other sources, and informed by initial and ongoing engagement with individuals with lived experience and community partners (e.g., focus groups, interviews, working groups).

Key Players: Eligibility and Enrollment Division, Individuals with Lived Experience, Community Partners, Program Policy and Legal Teams.

Step 3. Identify Medicaid Programs Where Eligibility Aligns With Medical Frailty Definitions

States may begin by conducting a crosswalk of existing Medicaid programs and services to identify those with eligibility criteria that align with the medical frailty exemptions under work reporting requirements.

Examples include expansion adults enrolled in certain specialized programs:

- Behavioral health MCPs;
- Home and community-based services waivers;
- Programs for individuals with intellectual and developmental disabilities; or
- Other types of programs that may meet the same clinical or functional criteria used to define medical frailty.



By mapping these programs' eligibility standards to the medical frailty definition, states can automate exemptions for participants already known to qualify.

Key Players: Eligibility and Enrollment Division, Program Policy and Legal Teams.

Step 4. Develop and Validate a Code List for Data Verification

States will need to develop a code list for the purposes of conducting medical frailty data verification.

- **States should develop a comprehensive code list** that aligns with the specific medical frailty definitions they have established for work reporting exemptions.
- **To complement code list development, states should also consider developing specialized algorithms** that use both diagnostic and service utilization data (e.g., ICD-10, CPT/HCPCS) to identify individuals who meet medical frailty criteria (e.g., flag individuals based on patterns such as multiple hospitalizations within a defined period or a hospitalization combined with specific diagnosis codes associated with serious or complex medical conditions).
- **States should consider engaging** with clinical experts in academic medicine and the community-based provider community, such as SUD treatment providers, behavioral health providers, and Federally Qualified Health Centers and Rural Health Centers, to validate and inform the coding definitions.

Key Players: Eligibility and Enrollment Division, MMIS/Data Acquisition and Analytics Team, Clinical Policy Experts, Community Partners, Medicaid Program Policy and Legal Teams.

Acronyms: International Classification of Diseases (ICD)-10, Current Procedural Terminology (CPT), Health Care Common Procedure Coding System (HCPCS).

Step 5. Conduct MMIS Data Analysis Testing

Accurate identification of medically frail individuals requires data that captures both diagnoses and patterns of service utilization.

- To operationalize medical frailty identification, states can conduct MMIS-based claims and encounter analytics (aka “MMIS data scraping”) to systematically flag individuals who meet exemption criteria using the code set (*developed in Step 4*).
- **Key tasks include:**
 - **Conducting initial testing** using historical MMIS data to assess how many individuals would have qualified for an exemption over the past three and six months, extending to longer periods to evaluate the timeliness and completeness of data capture.
 - **Setting thresholds** for encounter frequency and lookback periods.
 - **Validating the code list** and methodology against historical MMIS data.
 - **Developing business rules** that establish duration limits for codes, where clinically appropriate.
 - **Scheduling monthly or quarterly updates** to reflect new codes or evolving utilization patterns.

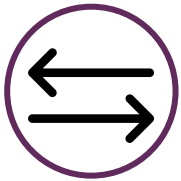


Clinical experts should work closely with data teams throughout this process to ensure that selected codes and utilization indicators are clinically relevant and comprehensive.

Key Players: Eligibility and Enrollment Division, MMIS/Data Acquisition and Analytics Team, Clinical Policy Experts, Program Policy and Legal Teams, Medicaid Managed Care Team.

Step 6. Link MMIS and Eligibility and Enrollment Systems

The IT systems team may need to establish a bridge between MMIS-based data analytics and the Medicaid eligibility and enrollment system.



This connection allows real-time or near-real-time transfer of identified exemption flags from MMIS to the system that determines eligibility and processes renewals, ensuring that individuals who meet medical frailty criteria are automatically recognized and exempted from work reporting requirements.

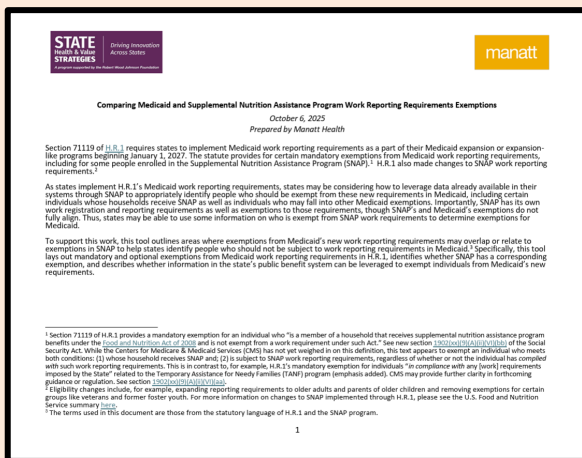


Building this bridge requires collaboration between IT systems teams, policy staff, and eligibility operations to define data exchange protocols, maintain data integrity, and implement automated updates.

Key Players: Eligibility and Enrollment Division, MMIS/Data Acquisition and Analytics Team, IT Systems Implementation Team (Agency and Contracted Vendors).

Step 7. Leverage SNAP Work Reporting Requirements Exemptions

States can leverage existing SNAP medical exemptions to support the identification of medically frail individuals for Medicaid work reporting requirements exemptions.



SHVS's [toolkit](#) describes how some exemptions in SNAP overlap with Medicaid's work reporting requirements exemptions under H.R. 1, and information already captured in the state's public benefit system can be used to identify individuals who should not be subject to work reporting requirements.

By mapping SNAP medical exemptions—such as documented disabilities or medically limiting conditions—to the state's Medicaid medical frailty criteria, states can leverage existing data already known to the state.

Key Players: Eligibility and Enrollment Division, IT Systems Implementation Team (Agency and Contracted Vendors), Agency Overseeing SNAP.

Step 8. Leverage Medicaid MCP Information

MCPs are uniquely positioned to support state Medicaid agencies in identifying individuals who qualify for medical frailty exemptions.

- **MCPs maintain claims and encounter data and have access to care and case management systems** to support identification of exemptions.
 - **States may supplement their own MMIS and encounter data with more current data from MCPs** by, for instance, requiring plans to share near-real-time service utilization reports or encounter-level data to capture recent care patterns and ensure timely identification of medically frail individuals.
 - In some cases, states may also **consider adjusting MCPs' submission timelines** to align reporting more closely with eligibility and exemption workflows.
- **MCP case managers also hold valuable qualitative information** about enrollees' functional limitations and complex care needs from care and case management information (e.g., care plans, care needs assessments, etc.).
 - **States may need to establish data-matching protocols** to integrate case management information with MMIS or state eligibility systems.



See SHVS'
expert
perspective
for more
information.

Key Players: Eligibility and Enrollment Division, MMIS/Data Acquisition and Analytics Team, Clinical Policy Experts, Community Partners, Program Policy and Legal Teams, Medicaid Managed Care Team, IT Systems Implementation Team (Agency and Contracted Vendors).

Step 9. Link to HDUs, HIEs, and APCDs

States may also wish to explore the potential of leveraging HDUs, HIEs, and APCDs for identifying medical frailty exemptions.

- These entities have **existing infrastructure** that could provide states with standardized and near-real-time information on an individual's complex medical conditions or hospitalizations that could potentially meet the medical frailty conditions.
 - HIEs receive and/or may query participating healthcare organizations' electronic health records for information—for permitted purposes—on patients' clinical visits, diagnoses, and procedures, as coded using ICD10, HCPCS, CPT, Systematized Nomenclature of Medicine-Clinical Terms (SNOMED CT) and Logical Observation Identifier Names and Codes (LOINC) codes.
 - HIEs also commonly broker Admit Discharge and Transfer event notification information that may be relevant to identifying Medicaid enrollees that newly qualify for exceptions or exemptions.
 - State APCDs may be another resource for state Medicaid programs to identify permanent health indicators that might qualify Medicaid members for exemptions.



States should evaluate other types of data that can be provided by these entities and explore the potential for integrating these data into eligibility and enrollment systems and analyses to proactively identify individuals who meet the medical frailty criteria.

Cross-Agency Teams: Eligibility and Enrollment Division, MMIS/Data Acquisition and Analytics Team, Medicaid Program Policy and Legal Teams, IT Systems Implementation Team (Agency and Contracted Vendors), HDUs/HIEs/APCDs.

Step 10. Develop a Medical Frailty Screener at Application and Renewal

To ensure accurate and consistent identification of medically frail individuals, states should develop a medical frailty screener that could be **incorporated** into the state's application and renewal forms.

Tips for screener development (*for more information, see this [resource](#) from Civilia*):

- **Align the screener with the state's medical frailty definition**, the code list developed through MMIS data analysis, and utilization algorithms.
- **Use clear, plain language** that avoids technical jargon; and integrate the screener into a **streamlined application and renewal workflow**.
- **Application questions should be grouped logically**, using conditional logic to avoid irrelevant prompts, and **should be accessible** to people with disabilities, culturally appropriate, and offered in the languages spoken by Medicaid enrollees and applicants in the state.
- **Engage people with lived experience, through the BAC, MAC or a more diverse group of Medicaid enrollees, in the design and testing of these screeners.** Involvement should be early and not limited to one-time review but should extend into ongoing evaluation and refinement.

Cross-Agency Teams: Eligibility and Enrollment Division, Clinical Policy Experts, Individuals with Lived Experience, Community Partners, Medicaid Program Policy and Legal Teams, IT Systems Implementation Team (Agency and Contracted Vendors).

Key Takeaways

A truly effective approach to identifying individuals eligible for the medical frailty exemption must be both human centered and data driven.

- It is essential to design policies and processes that not only leverage robust analytics, cross-agency collaboration, and multiple data sources, but also **prioritize the lived experiences and needs of the people who will be most impacted.**
- States must ensure that **every step of their process is crafted to minimize barriers for medically frail individuals** and proactively identify those who should be exempt from work reporting requirements.
- **The consequences of poorly constructed or rigid policies are significant:** Medicaid-eligible individuals with significant health needs and risks may fall through the cracks, losing access to vital coverage or care.
- **Once these policies and processes are implemented, states can take a flexible and responsive approach** to continuously monitor and oversee policy implementation, using real-time data and ongoing feedback from community partners and people with lived experience to assess whether the process is working as intended.

Thank You

Patti Boozang

Senior Managing Director
Manatt Health
pboozang@manatt.com

Jonah Frohlich

Senior Managing Director
Manatt Health
jfrohlich@manatt.com

Kinda Serafi

Partner
Manatt Health
kserafi@manatt.com

Daniel Meuse

Deputy Director
State Health and Value Strategies Program
dmeuse@princeton.edu

Heather Howard

Director
State Health and Value Strategies Program
heatherh@princeton.edu