



Michelle Baass | Director

DATE: December 30, 2025

TO: ALL COUNTY WELFARE DIRECTORS Letter No.:25-30
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

SUBJECT: Work and Community Engagement Requirements for New Adult Group

Note: This ACWDL represents preliminary guidance and is subject to change based on developing federal policy guidance and state legislative changes.

Purpose

The purpose of this All-County Welfare Director Letter (ACWDL) is for the Department of Health Care Services (DHCS) to provide counties with policy guidance on the implementation of work and community engagement requirements for the Modified Adjusted Gross Income (MAGI) New Adult Group as a result of recent federal legislation. This preliminary ACWDL incorporates initial guidance from the Centers for Medicare & Medicaid Services (CMS) and aligns with existing Medi-Cal policies. DHCS may update this document if and when CMS issues additional guidance.

Background

On July 4, 2025, Section 71119 of H.R. 1, ([Public Law 119-21](#)) established Medicaid ("Medi-Cal" in California) work and community engagement requirements for certain individuals enrolled through the Affordable Care Act (ACA) adult expansion, effective January 1, 2027. The MAGI New Adult Group (i.e. aid code M1), as prescribed in Section 1902(a)(10)(A)(i)(VIII) of the ACA, extends Medicaid eligibility to all adults aged 19 to 64, including those without dependent children and parents with income over 109% but at or below 138% of the federal poverty level (FPL). DHCS published Medi-Cal Eligibility Division Information Letter (MEDIL) [I 25-18](#), providing an overview of the H.R. 1 provisions affecting Medi-Cal.

To support implementation, the U.S. Department of Health and Human Services (HHS) is expected to issue an interim final rule by June 1, 2026, which will provide states with

detailed operational guidance for implementing the work and community engagement requirements. DHCS will issue additional policy instructions to counties as final federal guidance is made available.

Policy

Effective January 1, 2027, individuals enrolled in the MAGI New Adult Group must comply with federal work or community engagement requirements as a condition of Medi-Cal eligibility unless they meet an allowable exemption or short-term hardship.

Counties will not assess work and community engagement requirements for MAGI New Adult Group members with an application date of December 31, 2026, or prior until their next scheduled renewal in 2027. Because the MAGI New Adult Group is also subject to the six-month renewal requirement, DHCS will transition applicable Medi-Cal members in this group from an annual to a six-month renewal cycle at the same time (see MEDIL [I25-18](#) for additional information). For example, if an individual's renewal is due in November 2027, they will be assessed for work and community engagement requirements or exemptions as part of the renewal. If they continue to be eligible for the MAGI New Adult Group, their renewal frequency will be updated to every six months going forward for this member.

Work and community engagement requirements only apply to applicants and members enrolled in Medi-Cal under the MAGI New Adult Group, regardless of immigration status.

Excluded Populations

Members who receive Medi-Cal under other coverage groups such as Non-MAGI (please refer to [ACWDL 17-03](#) for a completed list of Non-MAGI programs), Mandatory Children's Group, or Pregnancy Group are excluded from work and community engagement requirements. Additionally, individuals eligible for restricted-scope (emergency) Medi-Cal or pregnancy services are also not subject to work and community engagement requirements.

As a reminder, Medi-Cal eligibility is determined at the individual level, as outlined in [ACWDL 16-16](#). Individuals subject to work and community engagement requirements must be evaluated on an individual basis to determine whether they meet an exemption or are participating in a qualifying work or community engagement activity. All individuals must independently meet the participation criteria; one individual's compliance cannot be used to satisfy another's requirement. If an individual does not meet the required work or community engagement activities, only that individual's Medi-Cal eligibility will be impacted.

Example 1- Two-Adult Household Applying for Medi-Cal Where Neither Qualifies for an Exemption

Applicant 1 lives in a household with their partner and applied for Medi-Cal on April 3, 2027. Both adults are subject to the work and community engagement requirements. The county reviews the application and confirms that the partner is working full-time for 100 hours in March (look-back month), but Applicant 1 has not reported any qualifying work or community engagement activities. Because compliance is assessed on an individual basis, Applicant 1 cannot use their partner's work hours to meet the requirement. As a result, the county will follow the steps outlined in this ACWDL to issue a Notice of Noncompliance and allow the applicant 30 calendar days to provide proof of compliance or exemption.

Exemptions

The following populations are exempt from work and community engagement requirements for a month if, for part or all of that month, they demonstrate community engagement through one of the exemptions listed below.

Exemption	Definition
Living in a county with high unemployment rate	Living in a county with an unemployment rate that is at or above the lesser of 8 percent, or 1.5 times the national unemployment rate

Exemption	Definition
Entitled to or enrolled in Medicare Parts A or B	Entitled to, or enrolled in, benefits under Medicare Part A of title XVIII or enrolled for benefits under Part B of title XVIII
American Indians or Alaska Natives (AI/AN)	<ul style="list-style-type: none"> • Indians or Urban Indians as defined in the Indian Health Care Improvement Act (IHCIA) • California Indians as described in Section 809(a) of the IHCIA • Individuals eligible for Indian Health Service (IHS) under regulations by the Secretary of Health and Human Services
Parents, guardians, or caretaker relatives (caretakers), or family caregivers of a dependent child age 13 or younger	Parents, guardians, or caretaker relatives (caretakers), or family caregivers (as defined in section 2 of the RAISE Family Caregivers Act (Public Law 115-119)) of a dependent child age 13 years of age and under. Note: When there are two parents in the household, both parents are eligible for this exemption.
Pregnant or entitled to postpartum medical assistance	Pregnant or entitled to postpartum medical assistance
Former foster youth under age 26	Former foster care youth under age 26
In jail or prison	Inmate of a local, state, or federal public institution
Recently released from jail or prison in the last 90 days	At any point during the 3-month period ending on the first day of such month, the individual was an inmate of a local, state, or federal public institution
Meeting CalFresh work requirements	Is a member of a household that receives supplemental nutrition assistance program benefits under the Food and Nutrition Act

Exemption	Definition
	of 2008 and is not exempt from a work requirement under such Act
Meeting Temporary Assistance for Needy Families (TANF) work requirements	In compliance with any requirements imposed by the State pursuant to section 407 of the Social Security Act
Parent, guardian, caretake relative, or family caregiver of a disabled individual	Parents, guardians, or caretaker relative (caretaker), or family caregivers (as defined in section 2 of the RAISE Family Caregivers Act (Public Law 115-119) of a disabled individual of any age.
Disabled veterans	Veteran with a disability rated as total under section 1155 of title 38, United States Code
Participating in drug/alcohol treatment programs	Is participating in a drug addiction or alcoholic treatment and rehabilitation program as defined in section 3(h) of the Food and Nutrition Act of 2008
Medically frail or otherwise has special medical needs (as defined by the Secretary), including an individual who is:	<ul style="list-style-type: none"> • Blind or disabled (as defined in section 1614); • With a substance use disorder; • With a disabling mental disorder; • With a physical, intellectual, or development disability that significantly impairs their ability to perform 1 or more activities of daily living; • With a serious or complex medical condition; • Or otherwise has special medical needs (as defined by the Secretary)

Exemption	Definition
Exemptions for short-term hardship may also apply. Must be requested by the individual	<ul style="list-style-type: none"> • Receiving inpatient hospital care, nursing facility services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this subclause) as the Secretary determines appropriate; • Such individual or their dependent must travel outside of their community for an extended period of time to receive medical services necessary to treat a serious or complex medical condition that are not available within their community of residence
Living in a county impacted by a federally declared emergency or disaster	Lives in a county in which there exists an emergency or disaster declared by the President pursuant to the National Emergencies Act or the Robert T. Stafford Disaster Relief and Emergency Assistance Act

Additional guidance will be provided in a future policy letter regarding the definition of exemptions.

Qualifying Work or Community Engagement Activities

Individuals subject to the work and community engagement requirements as outlined above who do not qualify for an exemption must meet one of the qualifying activities outlined in the table below.

Criteria	Definition
Income equivalent to at least 80 hours at federal minimum wage (currently \$7.25 per hour x 80 hours). Currently, this amount is \$580 a month.	An individual's total gross income for a month must meet or exceed this amount
Average monthly income of at least 80 hours at federal minimum wage (currently \$580 a month) for individuals with fluctuating income over a six-month period.	An individual whose gross income (including earned income, unemployment benefits, State Disability Insurance, retirement income, dividends, etc.) fluctuates has an average monthly income over the preceding 6 months that meets or exceeds this amount.
At least 80 hours of work	Have a job (working at least 80 hours a month) including self-employment.
At least 80 hours of work program	Be in a job training program.
At least 80 hours of community service	DHCS will provide additional guidance of what constitutes a work program in a future letter.
	Do community service or volunteer work.
	DHCS will provide additional guidance of what constitutes community service in a future letter.
Go to school part-time or full-time	<ul style="list-style-type: none"> • An institution of higher education such as community college, state college, or public or private university. • A program of career and technical education (e.g., training or interning

Criteria	Definition
	<p>for trades like plumbing, carpentry, electrical installations, entrepreneurship, etc.)</p> <p>Preparing for the General Educational Development (GED) test or High School Equivalency Test (HSET) or enrolled in an Adult Literacy Program.</p>
At least 80 hours of combined work, work program, community service, or school	Do a mix of the things above

Gathering Work and Community Engagement Requirement Information at Application and Renewal

DHCS is creating a Work and Community Engagement Requirement Application Insert that counties will include as part of the application process to collect additional information to assist counties in assessing work and community engagement requirement status for applicants. DHCS is also updating the MAGI renewal form to include work and community engagement requirement information, when applicable. Coordinated changes will also be made to the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) consumer facing portal and BenefitsCal, in both the application and renewal flows. As a reminder, applicants and members can provide work and community engagement requirement information by phone, mail, in-person, online, and through any other county available electronic sources.

As part of the application process, counties must first evaluate whether an applicant qualifies for an exemption or short-term hardship exemptions before requesting information about compliance with work and community engagement requirements. Refer to the "Work and Community Engagement Requirement Procedures" section for detailed guidance on how to assess for exemptions prior to requesting additional information.

The Work and Community Engagement Requirement Application Insert is not required to be submitted with the initial application. The county shall not delay processing the

application, entering other application information into the California Statewide Automated Welfare System (CalSAWS), or sending the necessary information to the CalHEERS to conduct ex parte and make an initial eligibility determination when the insert is not completed as the system may be able to identify the individual during ex parte as excluded, exempt, or in compliance without the Work and Community Engagement Requirement Application Insert (see Steps 1 and 2 under "Work and Community Engagement Requirements Procedures," below) and otherwise eligible.

DHCS will issue separate MEDILs to release the Work and Community Engagement Requirement Application Insert, targeted for publication in early 2026, along with the updated MAGI renewal form in English, all other 18 threshold languages, and in large font.

Work and Community Engagement Requirements Compliance at Application Look-Back Month

To determine whether an applicant or member has met the work and community engagement requirement, counties shall review participation in qualifying work or community activities during a defined look-back month. The purpose of this review is to verify if the individual was engaged in work, training, volunteering, education, another qualifying activity, or if the individual qualifies for an exemption that satisfies the work and community engagement requirements. Additionally, the work and community engagement requirements are only verified at application and six-month renewal.

For Medi-Cal applicants subject to the work and community engagement requirements under Section 1902(xx) of the Social Security Act, counties must evaluate compliance or exemption as part of the initial eligibility determination. The requirements apply to all applicable individuals, as outlined above, unless the individual is exempt.

How to Verify Compliance

Counties shall verify compliance with the work and community engagement requirement in the month immediately prior to the month of application ("look-back month"). The applicant meets the requirement if they demonstrate participation in one

or more qualifying activities, such as employment, community service, a work program for the required minimum 80 hours, or have a monthly income of at least \$580, or enrollment in an educational program for at least half-time or more, during the look-back month.

If the county cannot verify compliance or exemption at application, the county must issue a Notice of Non-Compliance (NNC) in accordance with Section 1902(xx)(6)(A). The purpose of the 30-day NNC period is to allow applicants an opportunity to demonstrate they were already compliant during the applicable look-back month or that the requirement does not apply due to an exemption. The NNC period is not intended as additional time to satisfy the requirement after failing to meet it initially.

The NNC provides the applicant with 30 calendar days from the date of the notice to submit verification demonstrating:

- Compliance with the requirement for the applicable look-back month, or
- Exemption from the work and community engagement requirements.

Counties shall not deny an application for non-compliance until the 30-day period expires and the applicant has failed to make a satisfactory showing.

Applicants who provide satisfactory verification and meet the requirements or qualify for an exemption within the 30-day period must be evaluated for eligibility effective the first month in which all conditions of eligibility are met, consistent with [42 CFR 435.915](#).

If the applicant provides verification within the 30-day period showing compliance or exemption, the county shall determine the first month in which all conditions were met and set the Beginning Date of Aid accordingly. Applicants who become compliant in a later month, while their application remains pending, do not need to reapply. Counties must deny eligibility for any month in which the applicant did not meet or was not exempt from the requirement. The county must update the case to reflect the verified compliance and approve Medi-Cal effectively on the first day of the following month of the month in which compliance began.

Retroactive coverage prior to the month of compliance may not be granted unless evidence demonstrates the individual was exempt during those prior months. Please refer to the '*Retroactive Medi-Cal*' section for additional information.

The county's delay in processing an application does not create eligibility for prior months when the requirement was not met. Counties shall document in the case record the date compliance or exemption was first achieved, the verification source, and the effective date of eligibility.

Verification and Timing of Compliance Definitions

1. Look-Back Month

For applications, the look-back month is the calendar month immediately preceding the month in which the eligibility determination is made.

2. Determination Month

If the applicant did not meet the work and community engagement requirement in the look-back month but demonstrates compliance during the application month, eligibility shall be established effectively the first day of the month following the month in which compliance begins.

3. Exemption Determinations

When an applicant provides self-attestation or verification that they meet an exemption, such as being medically frail, the exemption applies retroactively to the date of application.

4. Future Compliance and Beginning Date of Aid

When an applicant becomes compliant after the application month but while the application is still pending, the county shall not deny the application if all other eligibility factors are met. Instead, the Beginning Date of Aid shall be the first day of the month following the month in which the individual first meets the work and community engagement requirements. The applicant is not eligible for months prior to the month of compliance and must be denied for those months.

Example: An individual applies in January but first meets the work and community engagement requirement in March. The Beginning Date of Aid is April 1, and the individual is ineligible for January, February, and March.

Example 1- Evidence of Work Activity or Exemption at Application

Applicant 1 applied for Medi-Cal on June 10. The county reviews their case and confirms through pay stubs that Applicant 1 worked part-time during May and earns \$600 a month, the month before their application. Because Applicant 1 participated in qualifying employment during the look-back month, they meet the work and community engagement requirement at application and are approved for eligibility effective June 1.

Example 2- No Evidence of Work Activity or Exemption at Application

Applicant 2 applied for Medi-Cal on January 15. The county reviews their case and finds that Applicant 2 did not work or participate in any qualifying activity during December, the month before their application. Applicant 2 also does not qualify for an exemption. As a result, the county shall issue a Notice of Non-Compliance (NNC) giving the applicant 30 days to provide proof of compliance or an exemption.

On February 14, the applicant submits verification showing enrollment in a qualifying educational program at least half-time, beginning February 1. Because the application is still pending and the applicant did not meet the requirement during the December look-back month or the January application month, and only became compliant in February, the county shall approve the application with a Beginning Date of Aid of March 1 and deny eligibility for the months of January and February.

The applicant is ineligible for January and February. Coverage will begin March 1, the month following the first month of verified compliance.

Example 3- Compliance Begins in the Application Month

Applicant 3 applied for Medi-Cal on March 15. The county reviews their case and finds that Applicant 3 submitted verification that they began attending school full-time on March 8 and provided a sworn statement of their enrollment.

Although the look-back month (February) reflects non-compliance, the applicant satisfied the requirement beginning in March. The county shall approve the application with a Beginning Date of Aid of April 1, as the first month following the month in which the condition of eligibility is met.

The applicant is ineligible for March.

Retroactive Medi-Cal

Effective January 1, 2027, for individuals in the MAGI New Adult Group, applicants may request retroactive Medi-Cal coverage for up to one month prior to the month of application. Individuals requesting retroactive Medi-Cal are required to complete and submit the Supplement to Statement of Facts for Retroactive Coverage/Restoration (MEDIL [I14-27](#)). To qualify for retroactive coverage under the work and community engagement requirements, the individual must have either met the requirements or qualified for an exemption during that retroactive month. Counties shall evaluate for compliance or exemption status for the retroactive month using the same procedures outlined in this ACWDL.

Work and Community Engagement Requirements at Six-Month Renewal

At the six-month renewal, the county must determine whether the individual met the community engagement requirement in any one month since the last eligibility determination. The look-back period for renewal includes all months after the last determination and before the current renewal. Participation in one or more months (which do not have to be consecutive) within this period is sufficient to meet the requirement. When determining compliance at renewal, the county shall follow the process outlined in the "Work and Community Engagement Requirement Procedures" section below. If no exemption applies and no qualifying participation is found, the county must provide the member with 30 calendar days to come into compliance.

Example 1- Renewal, Recent Employment

Member 1's Medi-Cal renewal is due in August. The county checks existing data and finds that Member 1 worked part-time, resulting in an income of at least \$580 in the month of April only. Since Member 1 has been employed for one month and met the income criteria within the current renewal period, the requirement for renewal is considered met.

Months Between Last Eligibility Determination	Work Requirement and Community Engagement Met in the Lookback Months?
February	No
March	No
April	Yes
May	No
June	No
July	No

Example 2- Renewal, Non-Consecutive Month

Member 2's Medi-Cal was last renewed in February. At the next renewal in August, the county verifies that Member 2 volunteered at a local community center in March and May for 80 hours each of those months. Even though these months are not consecutive with the renewal month, they fall within the period since the last determination. Member 2 meets the community engagement requirement for renewal.

Months Between Last Eligibility Determination	Work and Community Engagement Requirement Met in the Lookback Months?
February	No
March	Yes
April	No
May	Yes
June	No
July	No

Example 3- Renewal, No Recent Engagement

Member 3's renewal is due in November. At the renewal in November, the county determines that Member 3 does not qualify for an exemption and last worked in January, before the last eligibility determination. Since there has been no qualifying activity in the period between determinations, and the county has determined that Member 3 does not meet an exemption, the county must engage Member 3 about meeting the work and community engagement requirement.

Months Between Last Eligibility Determination	Work and Community Engagement Requirement Met in the Lookback Months?
May	No
June	No
July	No
August	No
September	No

Months Between Last Eligibility Determination	Work and Community Engagement Requirement Met in the Lookback Months?
October	No

Work and Community Engagement Requirements Procedures

Counties shall conduct the following steps in chronological order to determine if someone is subject to work and community engagement requirements and if they are satisfying this requirement through an exemption or allowable work or community engagement activity. This process shall be followed at application and renewal. *Counties shall not assess if someone is meeting the work and community engagement requirement when they report a change in circumstance to the county.* However, anyone newly applying to an existing case must be assessed for work and community engagement requirements and treated as a new applicant if they fall into the MAGI New Adult group.

As a reminder, a change in circumstance redetermination is an eligibility determination completed by the county when the county receives information about a change to the member's circumstances that may affect a member's eligibility for Medi-Cal benefits and is not the same as an annual or six-month renewal. Refer to [ACWDL 22-33](#) for more information on change in circumstances.

If an individual is determined to be exempt, they are not subject to the work and community engagement requirements. Counties shall ensure that individuals who qualify for an exemption are not denied or discontinued from Medi-Cal based on non-compliance with a requirement that does not apply to them.

Step 1 – Use information on the application, existing case file, renewal, or through electronic sources to determine if the individual is excluded such as receiving Medi-Cal under a group other than the MAGI New Adult Group (e.g. Non-MAGI) from the work and

community engagement *requirement mandate or meets one of the exemptions outlined in this ACWDL.*

Based on the information provided in the application or renewal, CalHEERS, CalSAWS, and county eligibility workers must determine if someone meets any of the following through the ex parte process prior to contacting the applicant or member for additional information:

- Is in another coverage group other than the MAGI New Adult Group.
- Living in a county with a high unemployment rate
- Entitled to Medicare Parts A or B
- American Indian or Alaska Native
- Parent, guardian, or caretaker relative of a dependent child age 13 and younger
- Pregnant or entitled to postpartum medical assistance
- Foster Youth or Former Foster Youth under age 26
- Inmate
- Recently released inmate of a public institution
- Meeting CalFresh work requirements
- Meeting TANF work requirements
- Parents, guardians, caretaker relative (caretaker) or family caregiver of a disabled individual
- Disabled veterans
- Participating in drug/alcohol treatment programs
- Medically frail
- Exemptions for short-term hardship
- Living in a county impacted by a federally declared emergency or disaster

When someone meets one of the exemptions listed above, they are not subject to the work and community engagement requirements during this eligibility period, and the case file should be updated to reflect this status. The list above is in hierarchical order. When an individual meets more than one reason on the list, the county shall use the first reason identified based on the hierarchy without pursuing any further work and community engagement requirement assessment during this eligibility determination. It

is important to note that systems will apply an exemption based on electronic sources even if the member does not report this information on the application or renewal.

When exemption information is verified through electronic sources, counties shall accept this information without requesting additional documentation from the member. There may be times when work and community engagement requirements are verified electronically, but additional verifications for other eligibility factors, such as income, are still required. Counties should follow existing policies for eligibility processes outside of the work and community engagement requirements. Refer to [ACWDL 22-33](#) for detailed information on the ex parte review and use of available electronic data sources.

Additionally, if electronic verification shows the individual met these requirements in the month immediately before the application month, counties shall accept that verification, even if a later request for other eligibility factors, such as income, indicates the individual may no longer be working or meeting sufficient hours.

DHCS will add additional data sources as part of the ex parte review to confirm work and community engagement exemptions. These sources will include claims data, members eligible to a waiver (which includes Home and Community-Based Services waiver programs), and enrollment in DHCS benefits or other programs that could reasonably indicate that an individual meets a medical exemption or other exemption such as caring for a young child or a family member who is disabled. DHCS will release an additional letter regarding new data sources and their usage in the future.

Step 2 – If no exclusion or exemption is apparent, use information on the application, existing case file, renewal, or through electronic sources to determine if they are participating in a work or community engagement activity outlined in this ACWDL. Based on the information provided in the application or renewal, CalHEERS, CalsAWS, and county eligibility workers will identify if someone who is subject to the work and community engagement requirement is participating in a qualifying activity that satisfies this requirement through an ex parte process prior to contacting the applicant or member for additional information.

When someone is meeting a qualifying activity or a combination of activities and the information can be verified through electronic sources, no additional information is needed from the individual to meet work and community engagement requirements, even if the Work and Community Engagement Requirement Application Insert was not submitted or the work and community engagement requirement section on the MAGI renewal form is not updated.

Applications and renewals where all information, including work and community engagement requirements, can be verified electronically will continue through the automated process. Counties should follow existing policies for eligibility processes outside of work and community engagement requirements.

DHCS will add additional data sources as part of the ex parte review to confirm work and community engagement activities. These sources will include additional income verification services such as Equifax. DHCS will release an additional letter regarding new data sources and their usage in the future.

Step 3 – Request additional information when needed

When it does not appear that the individual qualifies for an exemption, nor meets the work and community engagement requirement, or when available information cannot verify compliance, counties shall request additional information from the applicant or member.

Counties must provide individuals with 30 calendar days to:

1. Submit information supporting an allowable exemption or short-term hardship.
2. Submit proof or verify that they meet the work and community engagement requirement through participation in one or more qualifying work or community engagement activities.
3. Newly participate in one or more qualifying activities and provide proof of new employment or enrollment.

Counties are required to make two separate contact attempts at both application and renewal when additional information is needed about work and community engagement requirements. Counties are encouraged to use multiple contact methods such as text message, email, phone calls, and through the mail to reach members regarding this requirement. Refer to [ACWDL 22-12](#) and [22-33](#) for detailed information regarding the second contact process.

DHCS is developing outreach materials for county use when requesting additional work and community engagement requirement information. DHCS will provide additional guidance in a future letter regarding the use of outreach materials, acceptable forms of verifications, county responsibilities to support individuals meeting work or community engagement activities, and application of good cause when additional time is needed to provide verifications.

Step 4 – Apply a negative action to deny or discontinue eligibility when non-compliance is determined.

If, after completing the steps outlined above, the county determines that an individual subject to the work and community engagement requirement does not qualify for an exemption and has not met the requirement through participation in one or more qualifying activities, the county must first evaluate the individual's eligibility for all other Medi-Cal programs that are not subjected to work and community engagement requirements. Please refer to [ACWDL 17-03](#) for more information on the application of the Medi-Cal hierarchy.

If the individual does not qualify under any other basis, counties shall issue a notice of action, allowing a minimum of 10 days' notice for existing Medi-Cal members, when an individual is discontinued or denied due to noncompliance with work and community engagement requirements. CalSAWS and CalHEERS are establishing a new negative action reason for discontinuances and application denials due to work and community engagement requirements. The county must document this action in the case file.

DHCS is developing a new negative action notice of action snippet specific to work and community engagement requirements, which will be released in a subsequent letter and will include policy direction on its use. Existing Medi-Cal members who cannot meet the work and community engagement requirement may return to coverage without a new application during the 90-day cure period once they provide information demonstrating compliance with the requirement. After the 90-day cure period, they can re-apply for Medi-Cal at any time.

Note: Individuals who are eligible for MAGI Medi-Cal but fail to meet the work and community engagement requirements due to noncompliance will not be eligible for subsidized coverage through Covered California, even if they meet all other Medi-Cal requirements. In these circumstances, the individual will be evaluated for all other Medi-Cal programs.

Members Moving Out of the MAGI New Adult Group

When a member moves from the MAGI New Adult Group to any Medi-Cal coverage group that is not subject to work and community engagement requirements, the county shall stop applying the work and community engagement requirement as of the effective date of the eligibility determination. No further assessment or verification related to work and community engagement is required while the individual remains eligible in the new coverage group. The county shall update the case file to reflect the change in eligibility group and that the individual is no longer subject to work and community engagement requirements and send the appropriate noticing to the member. If the individual later returns to the MAGI New Adult Group, the county shall defer the work and community engagement requirement assessment until the next scheduled renewal, at which time the procedures in this ACWDL apply.

Example 1

Member 1 is enrolled in the MAGI New Adult Group and has a child in the home over the age of 13. Member 1 reports a decrease in income that makes them qualified for the Parent/Caretaker Group effective May 1. As of May 1, the county stops applying work and community engagement requirements. In September, Member 1 begins receiving

unemployment and is over the income limits for the Parent/Caretaker Group and returns to the MAGI New Adult Group. The member's renewal is due in January. The county defers the work and community engagement requirement assessment until the January renewal and follows the processes outlined in this ACWDL.

Example 2

Member 2 is enrolled in the MAGI New Adult Group and reports to the county that they have a disability on October 3. Member 2 has not yet received a disability determination from the Social Security Administration (SSA) and requests to be evaluated for Non-MAGI Medi-Cal. The county begins the disability evaluation process while Member 2 remains in the MAGI New Adult Group, as all other eligibility requirements are met. Work and community engagement requirements continue to apply during this period. On October 5, the individual is found eligible for a Non-MAGI program. The county will transition Member 2 to the appropriate Non-MAGI aid code, stop applying work and community engagement requirements, and send the appropriate noticing to the member.

Members Moving into the MAGI New Adult Group

When an individual moves from a Medi-Cal coverage group that is not subject to work and community engagement requirements into the MAGI New Adult Group, the county shall not conduct an immediate work and community engagement requirement assessment at the time of the transition unless it is part of the member's renewal. The member will continue to follow their original annual renewal date. Please see ACWDL 25-31 for additional guidance on setting the renewal date when moving in and out of the MAGI new adult group.

During the next renewal, the county must first evaluate the individual for Transitional Medi-Cal (TMC) eligibility, consistent with [ACWDL 21-27](#). If the individual is not eligible for TMC, the county shall determine whether the individual meets a work and community engagement requirement exemption or is participating in a qualifying activity, consistent with the procedures in this ACWDL. This policy applies to all

transitions into the MAGI New Adult Group, including those due to age, income change, or household composition change.

Example 1

Member 1 moves from a pregnancy aid code to the MAGI New Adult Group after the 12-month postpartum period ends in August. The member's next renewal is in February. The county does not assess work and community engagement requirements at the time of the transition in August, but completes the assessment at the February renewal and follows the processes outlined in this ACWDL.

Example 2

Member 2 turns 19 on October 25 and transitions from a child aid code to the MAGI New Adult Group. The renewal is due in April. The county does not assess work and community engagement requirements at the time of the transition in October but completes the assessment at the April renewal and follows the processes outlined in this ACWDL.

Example 3

Member 3 moves from a parent/caretaker relative aid code to the MAGI New Adult Group in July, when the member's only child turns 14 on July 13, and Member 1 no longer qualifies for the parent/caretaker relative aid code. The member's next renewal is in January. The county does not assess work and community engagement requirements at the time of the transition in July but completes the assessment at the January renewal and follows the processes outlined in this ACWDL.

Newly Reported Pregnancy or End of Pregnancy

When an individual reports a pregnancy or the birth of a child or other termination of a pregnancy, the individual becomes immediately exempt from the work and community engagement requirement for the duration of the pregnancy and for 12 months following the end of the pregnancy, regardless of the outcome. The county shall update the case to reflect the exemption upon the report that there is or was a pregnancy so

that the work and community engagement requirements are not applied during this period.

When a pregnancy is newly reported for a member in the MAGI New Adult Group aid code, CalHEERS will retain the MAGI New Adult Group aid code throughout the pregnancy and postpartum period, and the exemption will be applied within that aid code. In some cases, the individual may transition from the MAGI New Adult Group to a pregnancy or postpartum aid code.

If this occurs, when the postpartum period ends, if the individual transitions back to the MAGI New Adult Group, the county shall defer the work and community engagement requirement assessment until the member's next scheduled renewal and then apply the procedures in this ACWDL. Medi-Cal members will be informed of their eligibility status through the standard Notice of Action (NOA) process.

Example 1

Member 1 reports a pregnancy on February 17. Member 1 is exempt from work and community engagement requirements through 12 months postpartum. Member 1 returns to the MAGI New Adult Group on November 1 of the following year. The renewal is due in February, so the county defers the work and community engagement requirement assessment until the February renewal.

Intercounty Transfers

When a member subject to work and community engagement requirements moves from one county to another and requests an intercounty transfer, the receiving county shall accept the member's current eligibility status, including any verified exemption or work activities, without interruption. If the member has already met the work and community engagement requirement or is exempt during the existing renewal period, the requirement is considered met for the remainder of that period. The receiving county shall not reevaluate work and community engagement requirements until the next regularly scheduled renewal. Counties shall follow the intercounty transfer CalSAWS protocols to ensure the member's case is transferred accurately and without a break in

coverage. DHCS will issue further guidance on ICTs for individuals transitioning between counties that qualify for the high-unemployment rate exemption in the future.

Example 1

Member 1 met the work requirement in May and June. On June 15 Member 1 moves from Sacramento County to Sonoma County and requests an intercounty transfer. Sonoma County accepts the case and continues eligibility without reassessing work and community engagement requirements until the scheduled renewal.

Member Outreach

Through a collaborative and multi-layered approach, DHCS will ensure Medi-Cal members receive the information and support they need to prepare for upcoming changes while maintaining access to care. No later than July 2026, DHCS will notify members who may be subject to work and community engagement requirements. Member communications will include information on who is subject to the requirements, available exemptions, resources to find community engagement opportunities, and the criteria for meeting the requirement. In addition to direct mail, DHCS will use a variety of communication channels including text messaging, websites, flyers, social media, and direct outreach by managed care plans and community partners to educate members about the new work and community engagement requirements.

Additional information about DHCS's comprehensive outreach and engagement plan will be provided to counties in a future MEDIL.

Notice of Action Updates

DHCS is updating the Medi-Cal Notice of Action (NOA) language to align with new work and community engagement requirements, as well as the six-month redetermination requirement. The revised NOA language will reflect the work and community engagement requirement for impacted Medi-Cal members. DHCS will issue a separate MEDIL to release the NOA snippets in English, all other 18 threshold languages, and in large font.

System Readiness

DHCS will complete and implement all system changes necessary to implement work and community engagement requirements in CalSAWS and CalHEERS by release date R26.9, to be ready by January 1, 2027. DHCS is working with CalSAWS and CalHEERS to align system functionality based on the policy outlined in this letter.

Pending Federal Guidance and Future Clarifications

While this letter outlines current procedures and requirements for implementing work and community engagement policies, DHCS is awaiting additional federal guidance from the Centers for Medicare & Medicaid Services (CMS) on several key policy areas related to the implementation of work and community engagement requirements.

These areas include:

- The definition of "medically frail,"
- Standards for self-attestation,
- Acceptable forms of verification,
- Criteria for exemptions and work activities,
- Accelerated Enrollment, and
- Additional operation guidance for administering the work and community engagement requirements.

DHCS will issue further clarification and policy direction on these topics through future ACWDL and MEDILs once federal guidance is received.

If you have any questions, or if we can provide further information regarding this policy guidance, please contact MCED-Policy@dhcs.ca.gov.

Sincerely,

Sarah Crow, Chief
Medi-Cal Eligibility Division
Department of Health Care Services