

Generic Supporting Statement  
Medicaid Community Engagement – Good Faith Effort Exemptions and Quarterly Reporting  
CMS-10398 #100, OMB 0938-1148

## **A. Background**

The interim final rule implementing section 71119 of the Working Families Tax Cut (WFTC) legislation adds section 1902(xx) to the Social Security Act and requires States, as a condition of Medicaid eligibility for certain individuals, to establish and administer a “community engagement” requirement.

States must implement the community engagement requirement beginning January 1, 2027, although States may elect an earlier implementation date via a section 1115 demonstration or through a State plan amendment. Section 1902(xx)(11) of the Act authorizes the Secretary of Health and Human Services to provide States with a temporary “good faith effort” exemption from timely implementation and outlines criteria CMS must consider when evaluating whether a State has demonstrated a good faith effort toward implementation.

## **B. Description of Information Collection**

This collection of information covers the activities associated with §435.560. Under this regulation, States that are not able to meet the statutory effective date and seek additional time will be required to submit a good faith effort exemption request, in a form and cadence as specified by CMS. CMS will consider the following criteria when determining whether a State has demonstrated a good faith effort towards implementing the community engagement requirement. These criteria, which must be addressed in the State’s request, include: any actions taken by the State toward compliance with the requirements of implementing community engagement; any significant barriers to or challenges in meeting such requirements, including related to funding, design, development, procurement, or installation of necessary systems or resources; the State’s detailed plan and timeline for achieving full compliance with such requirements, including any milestones of such plan (as defined by the Secretary); and any exigent circumstances, such as an administrative or other emergency beyond the agency's control, impacting the State’s ability to implement the community engagement requirement, consistent with § 435.560. A good faith effort exemption shall expire no later than December 31, 2028, and may not be renewed beyond such date.

If CMS grants a good faith effort exemption, the State must submit quarterly progress reports that describe its progress toward meeting established milestones. In addition, the State must also identify any newly discovered risks or barriers, along with corresponding mitigation plans, along with additional information CMS requests specific to the State’s circumstances.

For burden estimation, CMS assumes quarterly reporting may continue for a maximum of 2 years.

### C. Deviations from Generic Request

No deviations are requested.

### D. Burden Hour Deduction

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2024 National Occupational Employment and Wage Estimates for all salary estimates (<https://www.bls.gov/oes/tables.htm>). In this regard, the following table presents BLS' mean hourly wage, our estimated cost of fringe benefits and other indirect costs (calculated at 100 percent of salary), and our adjusted hourly wage.

BLS's wage estimates are updated annually. Current and historic wage figures can be found at the BLS address cited above. May 2024 is current as of the date of this collection of information request.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Other Indirect Costs (\$/hr)	Adjusted Hourly Wage (\$/hr)
Business Operations Specialists	13-1000	43.76	43.76	87.52
General and Operations Manager	11-1021	64.00	64.00	128.00

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and other indirect costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

#### *Collection of Information Requirements and Associated Burden*

We estimate that approximately 10 States will need to prepare and submit a good faith exemption request. We estimate that it will take approximately 24 hours at \$87.52/hr for a Business Operations Specialist to develop the exemption request, which includes documenting the State's efforts to date, challenges and barriers the State faces, and a work plan to document progress toward fully implementing the community engagement requirement. We also estimate that it will take 4 hours at \$128.00/hr for General and Operations Managers to review and provide oversight prior to submission to CMS. In aggregate, we estimate a one-time burden of 280 hours (28 hr x 10 States) at a cost of \$26,125 [(240 hr x \$87.52/hr) + (40 hr x \$128.00/hr)]. Accounting for the Federal administrative match of 50 percent, the requirement will cost States \$13,063.

#### Burden Summary – Good Faith Effort Exemption Requests

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr.)	Total Time (hr.)	Total Cost (\$)	State Share (\$)
Good Faith Effort Exemption Request and Workplan	10	10	One-time	28	280	26,125	13,063

Each good faith effort exemption request will be reviewed and adjudicated on its own merits. For the purposes of this burden estimate we estimate that of the approximately 10 States that we expect to apply, we will approve approximately 2 States for a good faith exemption. Those estimated 2 States will need to develop and submit quarterly reports to document their implementation progress. States will be eligible to submit quarterly reporting for a maximum of 2 years; for burden purposes, we assume both States will submit quarterly reports in the first year, but that only 1 State will require an ongoing exemption and will continue to submit quarterly reports in the second year. In total we estimate that 12 quarterly reports will be submitted ([2 States x 4 reports in year 1] + [1 State x 4 reports in year 2]). We estimate that each quarterly report will take approximately 12 hours at \$87.52/hr for a Business Operations Specialist to prepare the report. We also estimate that it would take General and Operations Managers 0.5 hours at \$128.00/hr to review and provide oversight prior to submission to CMS. In aggregate, we estimate a total burden of 150 hours (12.5 hr/report x 12 quarterly reports) at a cost of \$13,371 [(144 hr x \$87.52/hr) + (6hr x \$128.00/hr)]. Accounting for the Federal administrative match of 50 percent, the requirement will cost States \$6,686.

#### Burden Summary – Quarterly Reporting

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr.)	Total Time (hr.)	Total Cost (\$)	State Share (\$)
Quarterly Reporting	2	12 ([2 states x 4 reports in year 1] + 1 state x 4 reports in year 2)	Quarterly	12.5	150	13,371	6,686

#### *Collection of Information Instruments*

n/a

## **F. Timeline**

The changes in this June 2026 collection of information request are associated with our Interim Final Rule with Comment Period (CMS-2454-IFC; RIN 0938-AV98) entitled, “Medicaid Program; Community Engagement Requirement for Certain Individuals.” The rule filed for public inspection on June 1, 2026, and is scheduled to publish on June 3, 2026. Comments are due on/by July 31, 2026.

Under the statutory and implementation timeline, States must implement the community engagement requirement beginning January 1, 2027, although States may elect to implement the requirement earlier. The good faith effort exemption request must be submitted in a form and cadence as specified by CMS. A good faith effort exemption shall expire no later than December 31, 2028, and may not be renewed beyond such date. If an exemption is granted, quarterly reporting would be required for up to 2 years, as assumed for purposes of the burden estimation.