

Generic Supporting Statement
Medicaid Community Engagement — Short-term Hardship Exception Requests (§ 435.555)
CMS-10398 #101, OMB 0938-1148

A. Background

The interim final rule implementing section 71119 of the Working Families Tax Cut (WFTC) legislation (P.L. 119-21) adds section 1902(xx) to the Social Security Act (the Act) and requires States to establish and administer “community engagement” requirements for certain Medicaid eligibility groups. As part of implementation, § 435.555 addresses a State option to deem an individual to have demonstrated community engagement for a month when the individual experiences any one of the “short-term hardship” events described in section 1902(xx)(3)(B)(ii) of the Act, under procedures established by the State.

Generally, these circumstances are as follows: an individual receives for all or part of a month certain hospital or institutional services (or other services of ‘similar acuity’ as the Secretary determines appropriate); an individual resides in a county or equivalent unit of local government in which there has been declared by the President a federal emergency or disaster, or, subject to a request by the State, in which the unemployment rate is equal or greater than a particular threshold; or the individual or the individual’s dependent must travel outside of their community for an extended period of time for treatment of a serious or complex medical condition.”

Another short-term hardship circumstance is unemployment-related and is contingent on a State first making a request to CMS. The unemployment-related short-term hardship exists when the unemployment rate in a county (or equivalent unit of local government) is at or above either 8 percent or 1.5 times the national unemployment rate. The burden related to this short-term hardship exception is born by the State.

Additionally, a beneficiary may submit a hardship exception request associated with certain specified medical services and activities that prevent them from meeting community engagement requirements.

Section 1902(xx)(3)(B)(i) of the Act and § 435.555(c) direct that determinations of short-term hardship be made under procedures established by the State. States electing to allow short-term hardship exceptions will be required to establish and document processes and procedures and make any corresponding technical edits to relevant systems (e.g., eligibility and enrollment systems) necessary to effectuate short-term hardship exceptions described at § 435.555(d). Required processes and procedures include the method and timeframe by which an applicable individual or an individual acting on behalf of the applicable individual may request a short-term hardship exception under § 435.555(d)(1) and (4) and the timely process by which the State will determine whether such requests will be granted.

In addition, States electing the short-term hardship exception must notify applicable individuals of the method by which a short-term hardship exception may be requested (for certain hardship circumstances such as institutional/hospital services or travel outside the community for

treatment of a serious or complex medical condition), and beneficiaries may submit requests to the State. As directed by § 435.555(c)(1), States electing the option for short-term hardship requests must provide notice informing applicable individuals that the State offers short-term hardship exceptions available under the circumstances described in § 435.555(d)(2) and (3), and the method by which such exceptions may be requested. Separately, § 435.555(c)(2) directs States to provide notice informing applicable individuals of short-term hardship exceptions available under the circumstances described in § 435.555(d)(1) and (4). Beneficiaries may submit requests to the State for hardship circumstances such as institutional or hospital services or travel outside the community for treatment of a serious or complex medical condition.

B. Description of Information Collection

This collection of information covers activities associated with short-term hardship exception requests under § 435.555. Given uncertainty at this time and to be conservative, CMS assumes that all 44 jurisdictions subject to community engagement requirements will elect to make short-term hardship exceptions available under the circumstances described in section 1902(xx)(3)(B)(ii) of the Act and § 435.555(d). This collection therefore includes: (1) one-time State activities to establish and document processes and procedures and make associated technical changes to State systems; (2) one-time State activities to develop short-term hardship exception notices and update operational workflows; (3) initial mailing of required notices, including labor and ancillary non-labor costs; (4) ongoing annual maintenance of notice templates, workflows, and associated technical changes; (5) ongoing annual mailing of updated notices, including labor and ancillary non-labor costs; (6) State requests to CMS related to emergency or disaster declarations under § 435.555(d)(2); (7) State requests to CMS related to unemployment-based short-term hardship exceptions under § 435.555(d)(3); and (8) beneficiary short-term hardship exception requests to States under § 435.555(d)(1) and (4).

For emergency or disaster-related exceptions, the exception codified at § 435.555(d)(2) exists when an emergency or disaster is declared by the President pursuant to the National Emergencies Act or the Robert T. Stafford Disaster and Emergency Assistance Act. For emergencies declared pursuant to the National Emergencies Act, States must submit a request to CMS identifying their inclusion in the scope of the emergency, how the emergency affects the ability of applicable individuals to demonstrate community engagement, whether the effect applies in a particular county, multiple counties, or statewide, and the anticipated duration of the effect. For Stafford Act-related declarations, States must submit a request if they seek an extension of the exception beyond the duration described at § 435.555(d)(2)(ii).

For unemployment-related short-term hardship requests, States must assess county-level or equivalent local economic conditions and compile supporting documentation for submission to CMS. Based on an analysis of 2024 county-level unemployment statistics, and using BLS' 2024 average unemployment rate of 4.0 percent, CMS assumes that around 23 applicable States will have at least one county that could be eligible for an unemployment-related short-term hardship exception. Not all potentially eligible States will request such an exception, whereas some States with multiple qualifying counties may submit more than one request. In total, CMS estimates 40 unemployment-related short-term hardship exception requests annually across 20 State respondents.

For short-term hardship exceptions related to circumstances in which the individual alleges hardship due to the receipt of institutional or hospital services or other services, or in cases in which an individual alleges he or she (or a dependent) must travel outside of the individual's community for treatment of a medical condition, applicable individuals or individuals acting on their behalf must document and submit a short-term hardship exception request to the State using the method established by the State.

For other short-term hardship circumstances, such as receipt of institutional or hospital services or other services, or travel outside the community to obtain treatment for a medical condition, applicable individuals or individuals acting on their behalf must document and submit a request to the State using the method established by the State.

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 and Financial Operations Occupations	13-0000	45.04	45.04	90.08
Business Operations Specialists	13-1000	43.76	43.76	87.52
Computer Programmers	15-1251	49.83	49.83	99.66
General and Operations Manager	11-1021	64.00	64.00	128.00
Mail Clerks and Mail Machine Operators, Except Postal Service	43-9051	19.33	19.33	38.66

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

For Medicaid, all States receive a 50 percent Federal matching rate for most administration expenditures. States also receive higher Federal matching rates of 90 percent for design, development, and implementation of and 75 percent for operations and maintenance of Medicaid IT systems. After taking into account the Federal contribution to the costs of administering the Medicaid programs for purposes of estimating State burden for collection of information, we are estimating that States will contribute 25 percent of the costs for Medicaid IT system updates and 50 percent of all other costs, even though the burden will likely be smaller.

For State activities associated with establishing and documenting short-term hardship exception processes and procedures, CMS estimates that each jurisdiction will require 116 hours to complete this one-time effort. Specifically, CMS estimates that each jurisdiction will require 80 hours of staff time from a Business and Financial Operations analyst, 32 hours of staff time from a Computer Programmer, and 4 hours of review or oversight from a General and Operations Manager. Across 44 jurisdictions, this results in a total one-time burden of 5,104 hours. The total associated one-time cost is estimated at \$479,931, with the State share amounting to \$119,983.

For State activities associated with developing short-term hardship exception notices and updating related workflows and systems, CMS estimates that each jurisdiction will require 112 hours to complete this one-time effort. Specifically, CMS estimates that each jurisdiction will require 80 hours of staff time from a Business Operations Specialist to develop or update the notice templates and associated workflows, 24 hours of staff time from a Computer Programmer to implement the technical changes required to generate electronic notices, and 8 hours of review or oversight from a General and Operations Manager. Across 44 jurisdictions, this results in a total one-time burden of 4,928 hours. The total associated one-time cost is estimated at \$458,367, with the State share amounting to \$114,592.

For the initial mailing of short-term hardship exception notices, CMS estimates that each mailed notice will require 1 minute (0.017 hours) of staff time from a Mail Clerk to process and mail. CMS estimates that States will mail 30 million notices in the initial year, resulting in a total one-time labor burden of 510,000 hours. The total associated one-time labor cost is estimated at \$19,716,600, with the State share amounting to \$9,858,300.

In addition to the one-time labor burden for the initial mailing of notices, CMS estimates one-time non-labor mailing costs associated with paper, toner, envelopes, and postage. CMS estimates a per-notice cost of \$0.802, based on \$0.007 per page for paper, \$0.007 per page for toner, \$0.044 per envelope, and \$0.73 for postage. Applied across 30 million initial mailings, the total one-time non-labor cost is estimated at \$24,060,000, with the State share amounting to \$12,030,000.

For annual maintenance of short-term hardship exception notices and associated workflows, CMS estimates that each State will require 28 hours annually to complete this ongoing activity. Specifically, CMS estimates that each State will require 20 hours of staff time from a Business Operations Specialist, 6 hours of staff time from a Computer Programmer, and 2 hours of review or oversight from a General and Operations Manager. Across 44 jurisdictions, this results in a total annual burden of 1,232 hours. The total associated annual cost is estimated at \$114,592, with the State share amounting to \$28,648.

For the ongoing annual mailing of short-term hardship exception notices, CMS estimates that each mailed notice will require 1 minute (0.017 hours) of staff time from a Mail Clerk to process and mail. CMS estimates that States will mail 22.5 million notices annually, resulting in a total annual labor burden of 382,500 hours. The total associated annual labor cost is estimated at \$14,787,450, with the State share amounting to \$7,393,725.

In addition to the annual labor burden for mailing notices, CMS estimates annual non-labor mailing costs for paper, toner, envelopes, and postage. Using the same estimated per-notice cost of \$0.802, CMS estimates that 22.5 million annual mailings will result in total annual non-labor costs of \$18,045,000, with the State share amounting to \$9,022,500.

For State submissions involving emergency/disaster-related short-term hardship exception requests to CMS, CMS estimates that each request will require 22 hours to complete. Specifically, CMS estimates that each request will require 20 hours of staff time from a Business Operations Specialist and 2 hours of review or oversight from a General and Operations Manager. Across 20 annual responses, this results in a total annual burden of 440 hours. The total associated annual cost is estimated at \$40,128, with the State share amounting to \$20,064.

For State submissions involving unemployment-related short-term hardship exception requests to CMS, CMS estimates that each request will require between 84 and 104 hours to complete. To ensure a conservative burden estimate, CMS uses the upper end of that range for scoring purposes. Specifically, CMS estimates that each request will require 100 hours of staff time from a Business Operations Specialist and 4 hours of review or oversight from a General and Operations Manager, for a total estimated burden of 104 hours per request, resulting in a total annual burden of 4,160 hours across all respondents, submitted annually. The total associated annual cost is estimated at \$370,560, with the State share amounting to \$185,280.

CMS estimates that the total one-time State burden for these activities is \$44,714,898, including both labor and non-labor costs, with the State share amounting to \$22,122,875. CMS estimates that the total annual State burden is \$33,357,730, with the State share amounting to \$16,650,217. Combined, the total State burden is estimated at \$78,072,628, with the State share amounting to \$38,773,092. For labor-based State activities only, CMS estimates a total of 520,032 one-time hours, 388,332 annual hours, and 908,364 total hours, excluding non-labor mailing costs.

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage / Unit Cost	Total Cost (\$)	Federal Share (\$)	State Share (\$)
Establish and document short-term hardship exception processes and procedures	44 Jurisdictions	44	One-time	116	5,104	Varies	479,931	359,948	119,983
Develop short-term hardship exception notices and update workflows/systems	44 Jurisdictions	44	One-time	Varies	4,928	Varies	458,367	343,775	114,592
Initial mailing notices: Labor	44 Jurisdictions	30,000,000	One-time	0.017	510,000	\$38.66/hr	19,716,600	9,858,300	9,858,300
Initial mailing notices: Non-Labor	44 Jurisdictions	30,000,000	One-time	n/a	n/a	\$0.802/notice	24,060,000	12,030,000	12,030,000
<i>Subtotal: one-time State burden</i>	44 Jurisdictions	<i>30,000,088</i>	<i>One-time</i>	<i>Varies</i>	<i>520,032</i>	<i>Varies</i>	<i>44,714,898</i>	<i>22,592,023</i>	<i>22,122,875</i>
Annual maintenance of short-term hardship exception notices	44 Jurisdictions	44	Annual	Varies	1,232	Varies	114,592	85,944	28,648
Ongoing mailing notices: Labor	44 Jurisdictions	22,500,000	Annual	0.017	382,500	\$38.66/hr	14,787,450	7,393,725	7,393,725
Ongoing mailing notices: Non-Labor	44 Jurisdictions	22,500,000	Annual	n/a	n/a	\$0.802/notice	18,045,000	9,022,500	9,022,500
Emergency/disaster-related short-term hardship exception requests to CMS	20 Jurisdictions	20	Annual	22	440	Varies	40,128	20,064	20,064
Unemployment-related short-term hardship exception requests to CMS	20 Jurisdictions	40	Annual	104	4,160	Varies	370,560	185,280	185,280

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage / Unit Cost	Total Cost (\$)	Federal Share (\$)	State Share (\$)
<i>Subtotal: annual burden</i>	<i>44 Jurisdictions</i>	<i>22,500,104</i>	<i>Annual</i>	<i>Varies</i>	<i>388,332</i>	<i>Varies</i>	<i>33,357,730</i>	<i>16,707,513</i>	<i>16,650,217</i>
Total State burden	44 Jurisdictions	52,500,192	One-time and Annual	Varies	908,364	Varies	78,072,628	39,299,536	38,773,092

For beneficiary short-term hardship exception requests to a State for institutional or hospital services, other services, or travel outside the individual's community for treatment of a medical condition, CMS estimates that each request will require 1 hour of time from an applicable individual, or an individual acting on behalf of an applicable individual, to document and submit the short-term hardship exception request. Across 300,000 annual responses, this results in a total annual burden of 300,000 hours. Using an hourly value of \$12.92, the total associated annual beneficiary cost is estimated at \$3,876,000. These short-term hardship exception activities are expected to occur on an annual basis.

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)
Beneficiary short-term hardship exception requests to State (institutional/hospital services or travel)	300,000 beneficiaries	300,000	Annual	1	300,000	12.92	3,876,000

Burden Summary

	No. Respondents	Total Responses	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)	Federal Share (\$)	State Share (\$)
State Burden	44 Jurisdictions	52,500,192	908,364	Varies	78,072,628	39,299,536	38,773,092
Beneficiary Burden	300,000 beneficiaries	300,000	300,000	12.92	3,876,000	n/a	n/a
TOTAL	300,044	52,800,192	1,108,364	varies	81,948,628	39,299,536	38,773,092

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.