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June 18, 2026

The Honorable Mike Crapo
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Brett Guthrie
Chairman
The Honorable Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce
House of Representatives

The Honorable Jason Smith
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

Subject: *Department of Health and Human Services, Centers for Medicare & Medicaid Services: Medicaid Program; Community Engagement Requirement for Certain Individuals*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS) titled "Medicaid Program; Community Engagement Requirement for Certain Individuals" (RIN: 0938-AV98). We received the rule on June 2, 2026. It was published in the *Federal Register* on June 3, 2026. 91 Fed. Reg. 33348. The effective date of the rule is July 31, 2026.

According to CMS, this rule interprets and implements the community engagement requirement for Medicaid under section 1902(xx) of the Social Security Act. CMS stated that states are required to implement the new requirement no later than January 1, 2027. CMS also stated that the rule specifies the requirements and expectations for states, including the Medicaid applicants and beneficiaries who must demonstrate community engagement as a condition of their eligibility, the types of qualifying activities that satisfy the community engagement requirement, the criteria to meet an exception from the requirement (that is, be deemed compliant), and the criteria to meet a specified exclusion from the requirement. CMS stated further that the rule specifies requirements for verification of qualifying activities, outreach to affected populations, steps states must take if they determine individuals are noncompliant, and

additional operational considerations for states. Finally, CMS stated that the rule specifies implementation timing and establishes new state reporting requirements.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The 60-day delay in effective date does not apply, however, if the agency finds for good cause that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest, and the agency incorporates the finding and a brief statement of its reasons in the rule. 5 U.S.C. §§ 553(b)(B), 808(2). See 91 Fed. Reg. at 33425. Here, although CMS did not specifically mention CRA's delayed effective date requirement, the agency found good cause to waive notice-and-comment procedures and incorporated a brief statement of reasons. *Id.* More specifically, CMS explained that it found good cause to issue this rule without notice and comment because Congress directed the Secretary of HHS to issue an interim final rule by June 1, 2026, and expressly exempted actions implementing section 71119 of Public Law 119-21 from the requirements of 5 U.S.C. § 553. *Id.*; see *generally* An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Pub. L. No. 119-21, § 71119, 139 Stat. 72, 306, 314 (July 4, 2025) (providing that actions taken to implement this section are not subject to 5 U.S.C. § 553). CMS explained that states must implement the community-engagement requirement by January 1, 2027, and therefore need immediate regulatory clarity, making notice-and-comment impracticable, unnecessary, and contrary to the public interest. 91 Fed. Reg. at 33425.

Enclosed is our assessment of CMS's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact me at (202) 512-8156.



Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Calvin E. Dukes II
Regulations Coordinator
Department of Health and Human Services

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
CENTERS FOR MEDICARE & MEDICAID SERVICES
TITLED
“MEDICAID PROGRAM;
COMMUNITY ENGAGEMENT REQUIREMENT FOR CERTAIN INDIVIDUALS”
(RIN: 0938-AV98)

(i) Cost-benefit analysis

The Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS) prepared an analysis of the costs and benefits for this rule. 91 Fed. Reg. 33348, 33463 (June 3, 2026). CMS modeled four scenarios with different verification schedules and compliance-month requirements and estimated annual benefits from beneficiary engagement of \$22.5–\$36 billion and from ex-beneficiary engagement of \$10–\$16 billion at a 7 percent discount rate. *Id.* CMS also estimated annual opportunity costs of \$11.7–\$18.7 billion for beneficiaries and \$5.2–\$8.3 billion for ex-beneficiaries. *Id.* CMS stated that total annual net benefits range from \$15.6–\$25 billion at a 7 percent discount rate and \$15.8–\$25.2 billion at a 3 percent rate. Lastly, CMS estimated expected annualized net benefits of \$17.9 billion at 7 percent and \$18.1 billion at 3 percent for 2027–2036, with net present values of \$134.2 billion and \$158.8 billion, respectively, and concluded that all scenarios show positive net economic effects. *Id.*

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

CMS stated that because this final rule is not preceded by a general notice of proposed rulemaking, the RFA does not apply to this rule. 91 Fed. Reg. at 33468.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

CMS stated that because this final rule is not preceded by a general notice of proposed rulemaking, the Act does not apply to this rule. 91 Fed. Reg. at 33468.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

CMS stated that it has good cause to issue this rule without notice and comment because Congress directed the Secretary of HHS to issue an interim final rule by June 1, 2026, and expressly exempted actions implementing section 71119 of Public Law 119-21 from the requirements of 5 U.S.C. § 553. 91 Fed. Reg. at 33425; *see generally* An Act To provide for reconciliation pursuant to title II of H. Con. Res. 14, Pub. L. No. 119-21, § 71119, 139 Stat. 72, 306, 314 (July 4, 2025) (providing that actions taken to implement this section are not subject to 5 U.S.C. § 553). CMS also stated that states must implement the community-engagement requirement by January 1, 2027, and therefore need immediate regulatory clarity, making

notice-and-comment impracticable, unnecessary, and contrary to the public interest. 91 Fed. Reg. at 33425

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

CMS determined that this rule contains information collection requirements under the Act. 91 Fed. Reg. at 33426.

Statutory authorization for the rule

CMS promulgated this rule pursuant to sections 300gg, 1302, 1395, and 18051 of title 42, United States Code, and section 71119 of Public Law 119-21.

Executive Order No. 12866 (Regulatory Planning and Review)

CMS stated that the Office of Information and Regulatory Affairs has determined this rule is significant per section 3(f)(1) of the Order. 91 Fed. Reg. at 33450.

Executive Order No. 13132 (Federalism)

CMS determined that the rule has federalism implications. 91 Fed. Reg. at 33469. CMS stated that the rule imposes substantial direct costs on states. *Id.* According to CMS, these costs arise from the administrative and technical activities necessary to support eligibility operations and data-verification systems. *Id.* CMS explained that these activities are required to maintain program integrity and are consistent with the cooperative federalism framework that underpins the Medicaid program. *Id.*