HR1 Module 4: Exemptions from Work Requirements

July 22, 2026

HFS
Illinois Department of
Healthcare and Family Services

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Illinois Department of Healthcare and Family Services

Vision and Mission

OUR VISION FOR THE FUTURE

We improve lives.

- We address social and structural determinants of health.
- We empower customers to maximize their health and well being.
- We provide consistent, responive service to our colleagues and customers.
- We make equity the foundation of everything we do.

This is possible because:

We value our staff as our greatest asset.

We do this by:

Fully staffing a diverse workforce whose skills and experiences strengthen HFS.

Ensuring all staff and systems work together.

Maintaining a positive workplace where strong teams contribute, grow and stay.

Providing exceptional training programs that develop and support all employees.

We are always improving.

We do this by:

Having specific and measurable goals and using analytics to improve outcomes.

Using technology and interagency collaboration to maximize efficiency and impact.

Learning from successes and failures.

We inspire public confidence.

We do this by:

Using research and analytics to drive policy and shape legislative initiatives.

Clearly communicating the impacts of our work.

Being responsible stewards of public resources.

Staying focused on our goals.

HFS' Guiding Principles

- **Mitigate harm** as much as possible.
- Ensure the Illinois Medicaid program maintains the ability to **cover as many health care services as possible**.
- Ensure eligible **Illinoisans receive and maintain the coverage and benefits** for which they qualify.

HR1 Education Webinar Series: Goals and Objectives

- Equip our Providers and Partners with the education and tools necessary to assist our customers
- Assure that our Providers and Partners are sharing the same message as HFS and DHS
- Minimize the number of eligible customers who lose coverage

HR 1 Education Series Module 4

Agenda

- Identified Applicable Population
- Exemptions, Exceptions and Exclusions
- Toolkit
- Resources

What is happening with Medicaid?

HR1, or the "Big, Beautiful Bill Act," was passed by Congress in July 2025. State Medicaid programs must comply with federal law.

- Medicaid is a joint federal-state partnership.
- The federal government pays a specified percentage, called the Federal Medical Assistance Percentage (FMAP), of Illinois' program expenditures.
- Illinois funds its share of Medicaid expenditures through general revenue, health care related taxes (e.g., hospital assessment, nursing home assessment), and other sources.
- Illinois ***must comply*** with federal law to keep getting federal match.
- The federal government paid over **$23.5 billion** to help fund the Illinois Medicaid program in calendar year 2025.

50% Federal FMAP floor

51% IL FFY25 FMAP

90% ACA expansion FMAP

Illinois Medicaid Programs

Each program has different income eligibility limits.

- **All Kids -** children aged 18 and younger (*) **
- **FamilyCare -** parents/caretaker relatives of children*
- **Moms & Babies -** Pregnant, 12 months post-partum, or child under 1(*) **
- **ACA Adult Medicaid -** non-disabled adults aged 19-64 with no child under 18
- **AABD Medicaid -** persons with disabilities, people on Medicare or age 65+*
- **DCFS/Former Foster Care –** current DCFS wards/adults under age 26 who were on Medicaid when they left DCFS foster care
- **Medicare Savings Program (MSP) -** helps Medicare recipients pay for premiums, deductibles, co-payments and co-insurance; three levels dependent on income
- **Health Benefits for Workers with Disabilities –** coverage for employed persons with disability ages 19-64
- **Family Planning Program -** Limited Reproductive Health Coverage, regardless of age or gender
- **Home and Community Based Waivers** - Services for individuals in their own homes or community

* Indicates federally mandated coverage groups
** Indicates program does not require immigration status

Work Requirements Under HR1

Individuals between ages 19-64 in the ACA adult eligibility category are "applicable individuals" unless they meet certain exclusions (exemptions) and are subject to **work requirements** starting in 2027.

The Basics:

- Work requirements are a **condition of eligibility for Medicaid for ACA Adults. This means that ACA Adults must meet or be exempt at application and at each redetermination to get/keep Medicaid.**
- Work requirements can be met in a variety of ways, including income, work, education and community service hours.
- Federal law exempts some ACA adults from work requirements.
- Even if an ACA adult is exempted from work requirements, they are NOT exempted from 6-month redeterminations.

Exclusions + Exceptions = Exemptions

For every ACA Adult, the state must determine if they are “an applicable Individual,” or a “specified excluded individual,” and whether they have a mandatory exception for purposes of work requirements.

- **Exclusions:** Specified excluded individuals are part of an excluded category and are not considered “applicable individuals,” so do not need to meet the work requirements. Exclusions are reviewed at the time of application or redetermination.
- **Applicable Individual:** If an individual is not excluded, then they are an applicable individual and are subject to work requirements.
- **Exceptions:** Exceptions do not remove an individual from the definition of “applicable individual,” but they require the state to deem the applicable individual compliant with community engagement.

Exclusions

Exclusions	
Medically frail (must have a condition that impairs ability to work)	**Parents, guardians, and caretaker relatives** of dependent children ≤13 years or disabled individuals
Veterans with a total disability ratings	**Subject to SNAP work requirements and not exempt**
Former foster youth under the age of 26	**Meeting TANF work requirements**
Pregnant or entitled to 12-month **postpartum** coverage	**Participating in a drug addiction or alcohol treatment** rehabilitation program
American Indian / Alaska Native	**Inmate** of a public institution

Details on Exclusions

Veterans

- A VA disability rating (from 0% to 100%) reflects how much a service-connected condition limits an individual's earning capacity and daily functioning.
- If a Veteran already has a decision, their rating and condition can be reviewed using the VA Disability Rating Portal.
- For additional information go to View Your Disability Ratings | Veterans Affairs

AI/AN

- Unlike other exclusions which may change from month to month or be time-limited, States will not be required to (and may not) reverify someone's status as an American Indian for exclusion from the community engagement requirement.

Details on Exclusions *(cont.)*

Former Foster Youth

- This exclusion pertains to individuals who were enrolled in Medicaid while in foster care, then exited foster care (or “aged out”) without an adoption or other permanency and are under age 26.
- This applies to individuals that aged out in any state.

Pregnant or Postpartum

- This exclusion covers individuals who are pregnant or entitled to postpartum coverage.
- This includes 12-months postpartum coverage for individuals that terminate or miscarry a pregnancy.

Parents, Guardians and Caretaker Relatives

- **Dependent child:** A child 13 years of age or under who relies on another individual for care*
- **Caretaker Relative:** CMS defines family caregiver as an adult family member or other individual who has a significant relationship with, and who provides care within a broad range of assistance to, a dependent child or a disabled individual.*
- **Disabled individual:** Under the CMS definition, disabled individual means an individual who meets the ADA definition of disability at 28 CFR 35.108. An individual does not need to be eligible for Medicaid or other Federal programs on the basis of a disability to be a disabled individual under this definition.

CMS allows multiple parents, caretaker relatives, guardians, and/or family caregivers in a single residence to qualify for the exclusion, if they meet the definitions and criteria.

*In Illinois, parents (or caregiver relatives) living with children under 18 are in the FamilyCare coverage category. **Parents in FamilyCare are not ACA adults.**

Medical Frailty Exclusion

The HR1 statute defines medically frail or individuals who otherwise have special medical needs as those with a:

1) Substance-use disorder (SUD)
2) Disabling mental disorder
3) Physical, intellectual or developmental disability that significantly impairs their ability to perform one or more activities of daily living
4) Serious or complex medical condition
5) Who are blind or disabled (as defined in section 1614 of the Social Security Act)

Narrowing the Definition of Medical Frailty

The Interim Final Rule (IFR) released on June 1st narrowed the definition of who is Medically Frail (MF) “enough” to get an exemption from new work requirements.

- "Medical frailty will depend on the **condition significantly impairing their ability to comply** with the community engagement requirement."
- Because the IFR definition of MF differs from past definitions and is still an evolving and changing categorical determination, discussion of this topic will be covered more fully in a later presentation.

Takeaway: In many cases, **a diagnosis alone will not be sufficient** to meet the standard for a medical frailty exemption, and **additional information will be needed**. This may be gathered from data available to HFS or may require additional documentation from customers.

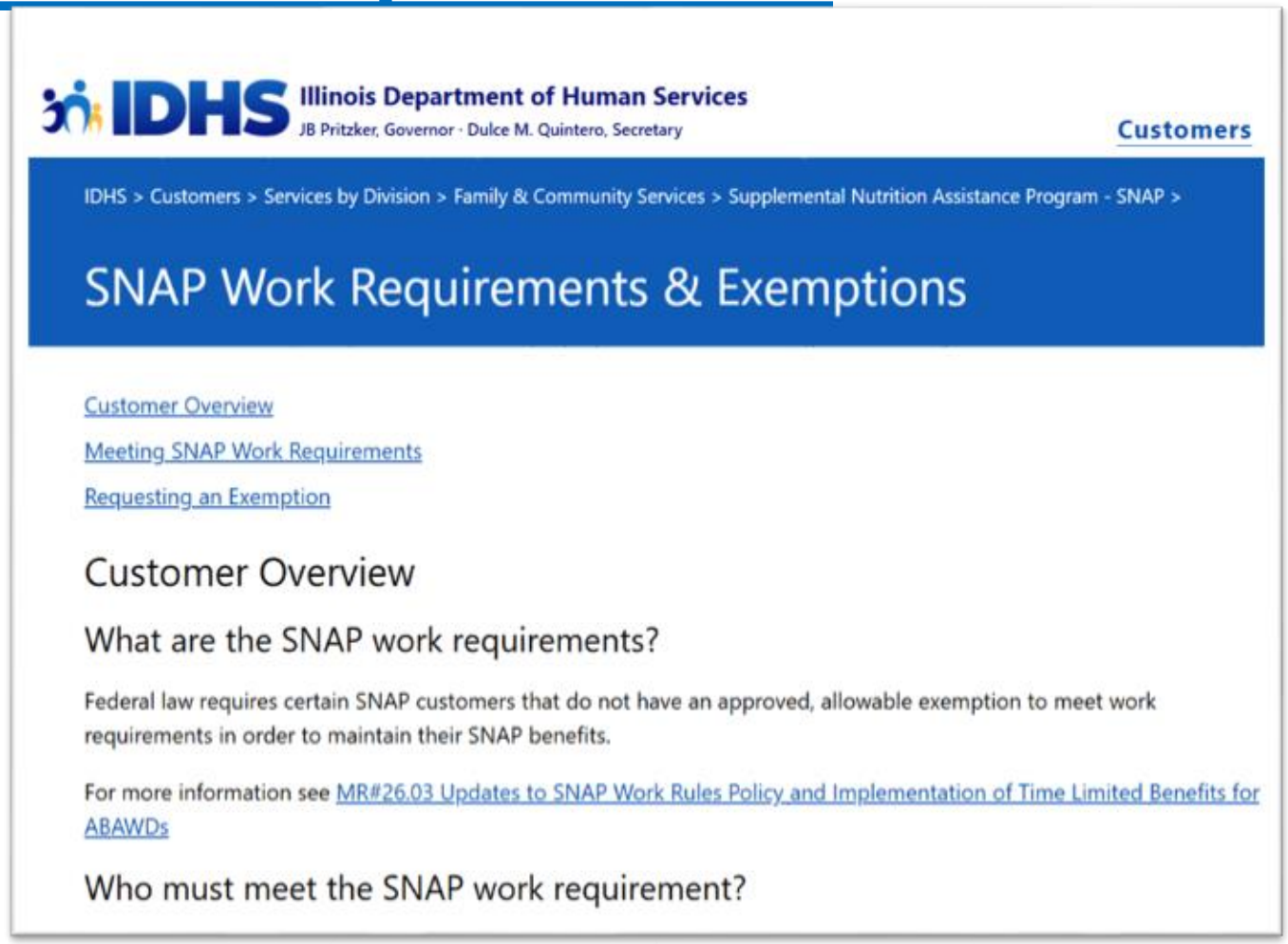
Relationship to SNAP Work Requirements

Who must meet SNAP Work requirements?

- An able-bodied adult without dependents* (ABAWD) who is:
  - age 18 through 64; and
  - receives SNAP benefits; and
  - does not qualify for an exemption.

Individuals do not need to meet work requirements for BOTH Medicaid and SNAP or Medicaid and TANF.

Temporary Assistance for Needy Families (TANF) - Job Placement


IDHS Illinois Department of Human Services
JB Pritzker, Governor · Dulce M. Quintero, Secretary
Customers

IDHS > Customers > Services by Division > Family & Community Services > Supplemental Nutrition Assistance Program - SNAP >

SNAP Work Requirements & Exemptions

Customer Overview
Meeting SNAP Work Requirements
Requesting an Exemption

Customer Overview

What are the SNAP work requirements?

Federal law requires certain SNAP customers that do not have an approved, allowable exemption to meet work requirements in order to maintain their SNAP benefits.

For more information see MR#26.03 Updates to SNAP Work Rules Policy and Implementation of Time Limited Benefits for ABAWDs

Who must meet the SNAP work requirement?

Exceptions

Mandatory Exceptions
Formerly a specified excluded individual (in lookback) under age 19
Recently **incarcerated** (last three months)
Medicare Part A eligible or enrolled or **Part B enrolled**
Those in **mandatory eligibility groups** (e.g., SSI)

Short-term Hardship Exceptions
Traveling for medical care for serious or complex condition for yourself or a dependent
Receiving inpatient services in a hospital, nursing home, ICF/IDD, or other such services of similar acuity
Residing in county with **high-unemployment** rate
Residing in area with **federally-declared disaster**

Additional Exception Information

Incarceration

Under this exception, an applicable individual is deemed compliant with work requirements for that eligibility period if at any point during the 3-month period ending on the first day of the applicable month, the individual was an inmate of a public institution.

Example: The customer applies for benefits mid-July after exiting incarceration. The state could look back to April 1st for this exclusion.

Formerly Excluded Individual

Under this exception, the specified excluded individual is deemed compliant with community engagement if during the lookback period the individual was under the age of nineteen.

Short-Term Hardships - Customer Request

A customer subject to the work requirement (an "applicable individual") can request a short-term hardship if:

- They are receiving **inpatient** hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities (ICF/IID), inpatient psychiatric hospital services, or such other services of similar acuity.
- They, 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.

Short-Term Hardship – State Determined

The State will determine these types of short-term hardships with no action needed from the customer:

- If an applicable individual resides in a county in which there exists an **emergency or disaster declared** by the President under the National Emergencies Act or the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
- If an applicable individual resides in a county in which the **unemployment rate** is at or above the lesser of 8 percent or 1.5 times the national unemployment rate.

Verification of Exemptions

- In 2027, the state will accept self-attestation of exemptions which cannot be verified through our interfaces/data sources with the individual attesting to the information being true and correct under penalty of perjury. Should the States data sources provide conflicting information, the State may request additional proof from the customer.
    - Attestation "under penalty of perjury" means swearing that the information provided is true and that the individual knows that lying is illegal. If found to be lying, they could be charged with a felony and subject to fines or time in prison.

HR1 Education Webinar Series: Module 4

- **ABE MMC**
- **Toolkit**

Help Customers Create Manage My Case (MMC) Accounts!

The 3 Cs of Manage My Case (MMC)

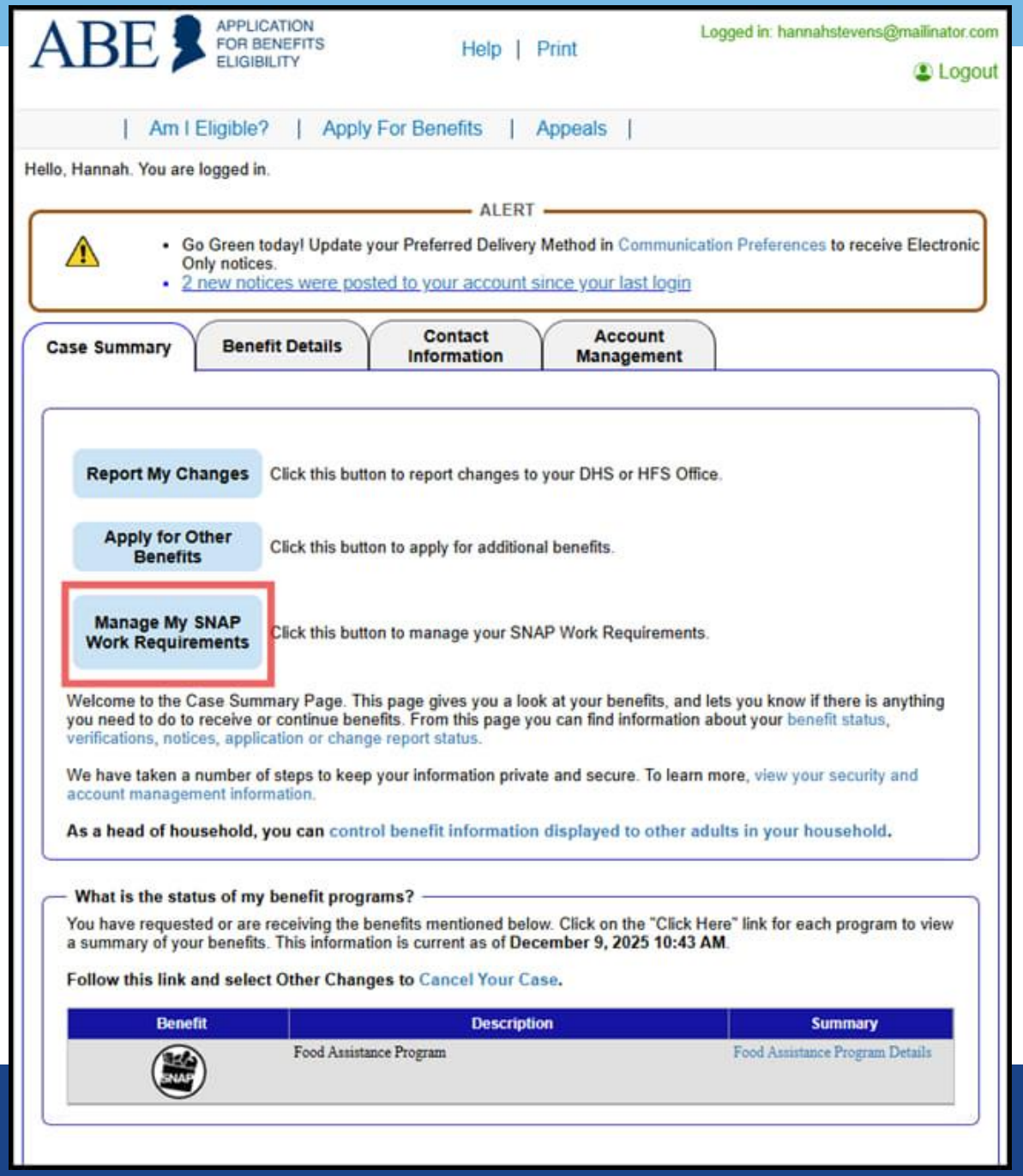
Create	Check	Change
• **Create** a Login • **Link** Accounts • ID Proof	• **Check** your renewal date • **Review** your case Information • **Check** for notices from HFS and DHS • **Check** upcoming appointments and reschedule	• **Submit your renewal** • **Change** your address • **Change** of Income • **Report** Expenses • **Upload** Work documents • **Request** Exemptions

MMC is one of the easiest way for consumers to submit redeterminations!

- MMC allows customers to make fewer visits to their local DHS office, stay informed on the status of their benefits, and manage their case information.
- We urge all agencies with customer contact and resources available to assist customers in setting up MMC accounts.

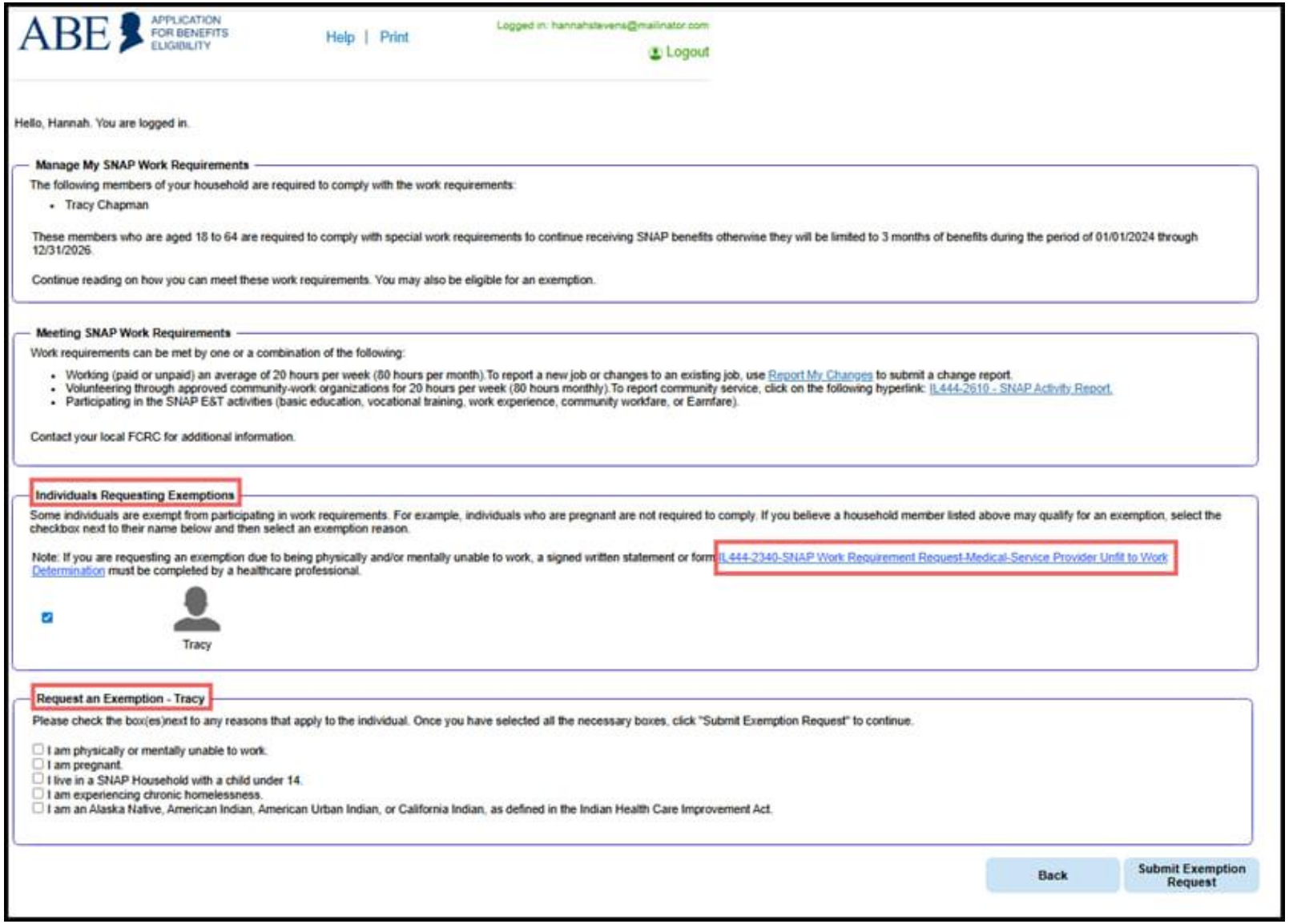
Using ABE MMC for Work Requirements and Exemption Requests

- Customers can currently use ABE MMC to manage their SNAP work requirements by choosing the Work Requirements button.
- On this page, you can choose options to meet SNAP work requirements or request an exemption.
- Customers will be able to use ABE MMC to manage Medicaid work requirements and exemptions requests too.

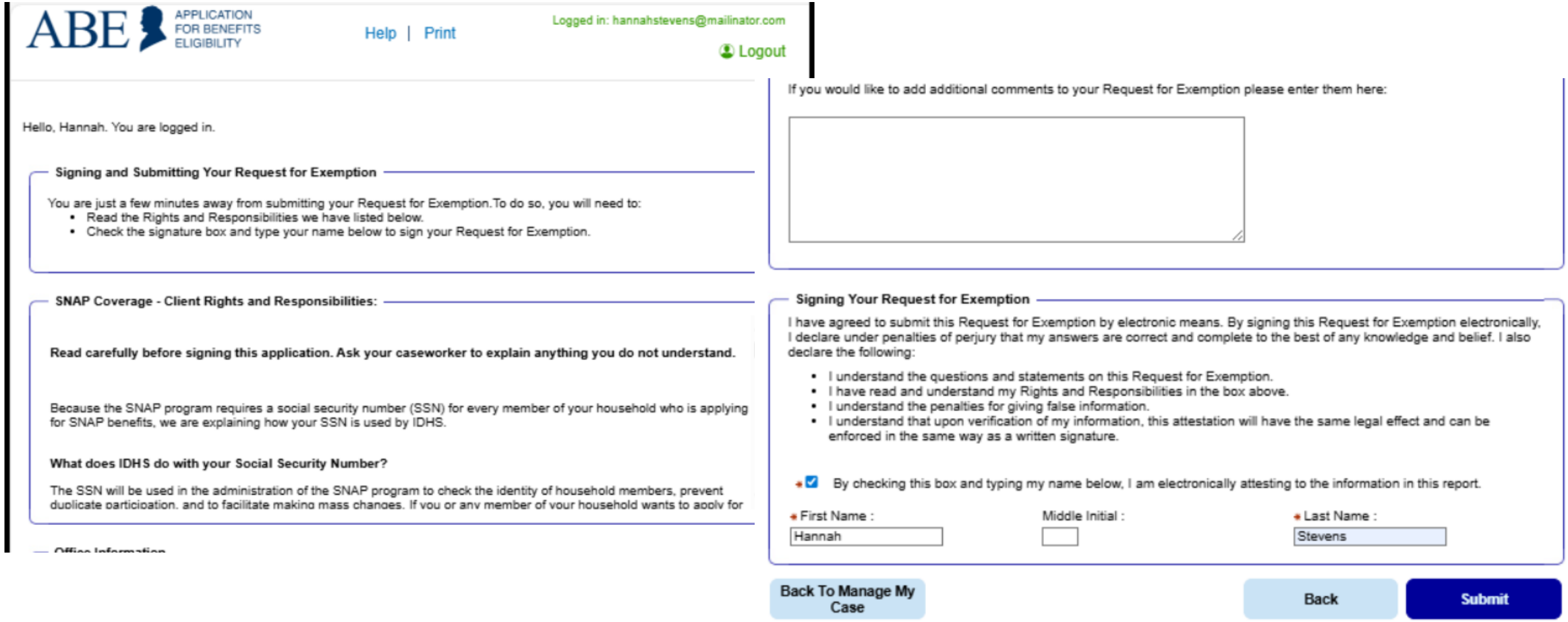


ABE MMC for Exemption Requests

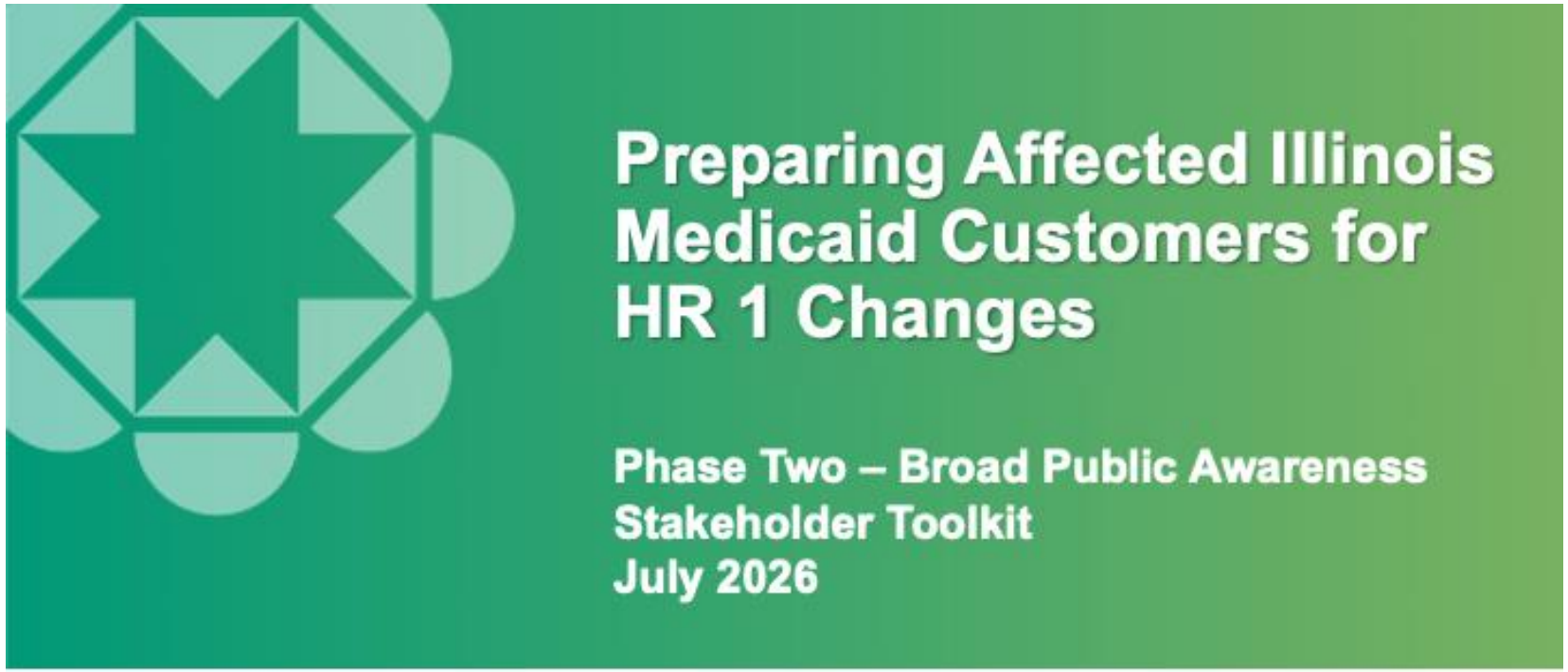
- Currently allows individuals to request SNAP Exemptions for individuals in a household.
- Once the SNAP exemption reason is selected, the customer clicks the Submit Exemptions Request button.
- ABE MMC will be expanding to incorporate Medicaid Exemption Requests.



Sign and Submit



Phase Two Toolkit – In Approval Phase



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MEDICAID CHANGES COMING IN 2027

Starting January 1, 2027, some adults may need to meet new federal requirements to keep their Medicaid coverage.

DO THESE CHANGES APPLY TO YOU?

- Are ages 19-64
- Received Medicaid through the ACA Adult Program
- Do not receive Medicare
- Do not have a child age 18 or younger living in your home

NOTE: You may qualify for an exemption. Some people may not need to meet these requirements because of a medical condition, disability, or other approved reason. To find out more about exemptions visit xxx.xxxx.xxxx

WHAT IS CHANGING?

At least 80 hours:

- Work
- Community service
- Work program participation
- Educational enrollment (at least half time)
- Income of at least $580/month
- Seasonal workers - average $580/month income over 6-months

Renew your Medicaid coverage every 6 months instead of every 12 months

NOTE: You can combine any of the activities listed above to meet the required 80 hours.

WHAT TO DO NOW

- Update your contact information at abe.illinois.gov
- Watch your mail. HFS will send you a notice if you are affected.

Updating your contact information does not mean your benefits are changing.

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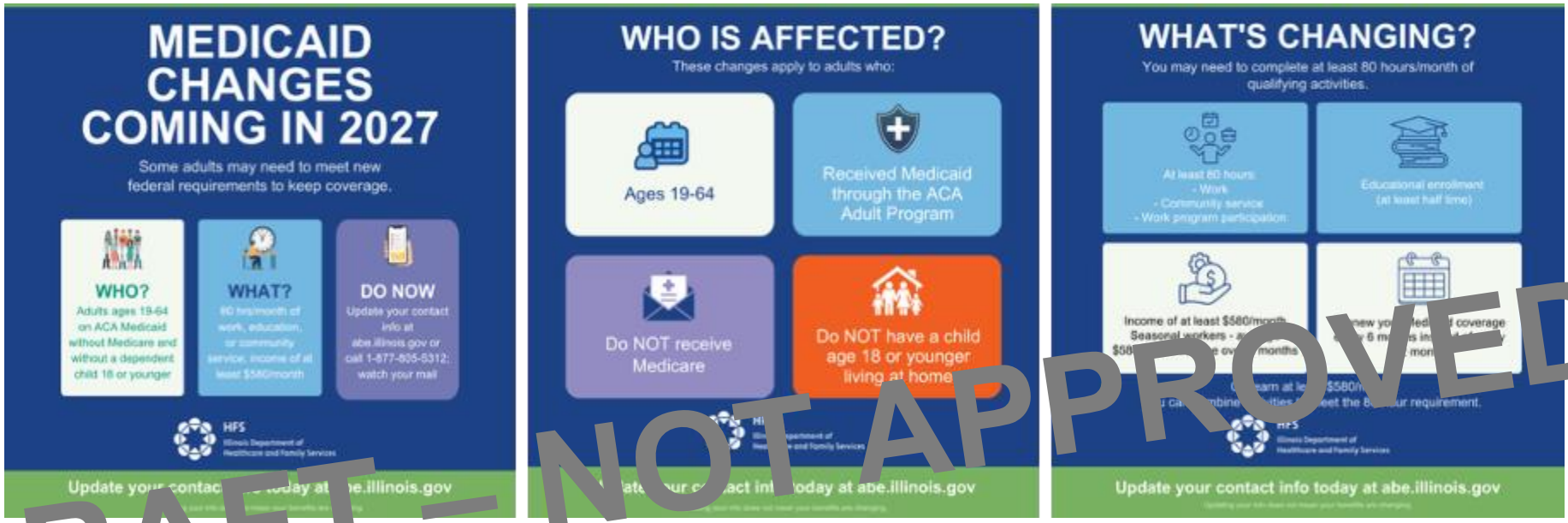

Social Media Carousel:

Some Illinois Medicaid customers may be affected by new federal work requirements beginning January 1, 2027. HFS will contact customers who need to take action or provide information. To make sure you receive important updates, keep your contact information current. Update your information at abe.Illinois.gov or call 1-877-805-5132. Learn more about upcoming Medicaid changes at our Medicaid Customer Guide: https://hfs.illinois.gov/medicalclients.html