November 24, 2026

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Room 445-G Herbert H. Humphrey Building
200 Independence Avenue SW
Washington, DC 20201

Re: Medicaid Director Letter SMD# 26-006, *Optional Hold Harmless Period for Community Engagement Implementation*

Dear Administrator Oz,

Catholic Charities USA (CCUSA), the Catholic Health Association of the United States, and the U.S. Conference of Catholic Bishops appreciate that the Centers for Medicare & Medicaid Services (CMS) is offering all states an optional hold harmless period for six months beginning January 1, 2027, as states undertake the task of implementing the community engagement requirements that became law with the passage of H.R. 1. As noted by CMS Deputy Administrator and Director Daniel Brillman in Medicaid Director Letter SMD# 26-006, *Optional Hold Harmless Period for Community Engagement Implementation*, dated November 13, 2026, states have faced a variety of challenges enacting the requirements codified at section 1902(xx) of the Social Security Act. These challenges, in turn, impact vulnerable populations that are eligible for Medicaid.

As we expressed in our July 31, 2026 joint comment[1] on the interim final rule implementing the community engagement requirement, our faith calls us to walk with those who often have little voice within complex systems and institutions. We believe that we have a responsibility to help ensure that laws and policies advance human dignity and opportunity without creating new barriers to care for individuals facing serious medical, behavioral health, or social challenges. We therefore opposed the passage of this provision of H.R. 1 and the regulation implementing the provision that is now codified at 42 C.F.R. § 435.559. We continue to ask that CMS take an approach to implementation of this requirement that emphasizes compassion and safeguards eligible individuals from losing coverage due to administrative burdens rather than true ineligibility.

Again, we appreciate that CMS has offered states an optional hold harmless period but believe that CMS can do more. Additional time and guidance are critical, especially in light of the complex legal and political factors that are further complicating implementation of the community engagement

[1]Catholic Health Assoc. of the U.S., Catholic Charities USA, U.S. Conf. of Catholic Bishops, Comment Letter on Interim Final Rule on Medicaid Community Engagement Requirement (July 31, 2026), https://www.regulations.gov/comment/CMS-2026-2047-42461.

requirement. We strongly encourage CMS, at minimum, to extend the hold harmless period to at least a full year and to provide states with additional, detailed guidance on how states should notify individuals about the hold harmless period and how the hold harmless period applies to specific populations, for example, individuals who were unenrolled for procedural reasons. If CMS declines to extend the hold harmless period, it should consider broadly exercising its authority to grant "good faith waivers" where states demonstrate they are not prepared to implement the requirements without risking inappropriate coverage losses, as we suggested in our July 31 comment.

The extension of the hold harmless period, the provision of additional information, and the option of securing a good faith waiver would reduce uncertainty for states, vulnerable populations that rely on Medicaid, and healthcare providers. It would also prevent disruption of care and would reduce the number of uninsured individuals visiting emergency rooms with illnesses and conditions that should be resolved earlier in a lower cost, more efficient setting. When low-income individuals have insurance, hospitals and other health providers are able to provide more effective, holistic care because individuals are not financially deterred from seeking timely care and health intervention.

We would be happy to discuss our concerns further. You may contact us via the information provided below.

With respect and gratitude,

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