
SMD #26-002

**RE: FFY 2027 Updates to the
Health Home Core Quality
Measure Sets**

May 5, 2026

Dear State Medicaid Director:

This State Medicaid Director letter (SMDL) serves to inform states of the FFY 2027 updates to the Social Security Act (Act) Section 1945 and 1945A Core Sets of Health Home Quality Measures for Medicaid (the Health Home Core Sets). All quality measures in the relevant Health Home Core Sets for FFY 2027 must be reported if a state or territory has a Health Home program under Section 1945 and/or 1945A of the Act. Additionally, 50 percent of the measures must be stratified in the third and fourth years of reporting pursuant to 42 C.F.R. § 437.10(d); this is the fourth year.¹ To enable alignment with and comparisons across other Medicaid programs and to reduce state burden, CMS selected stratification data standards (standards) and categories either established by the Office of Management and Budget (OMB) or in use in other CMS and Department of Health and Human Services (HHS) programs. CMS continues to be interested in stratifying quality measures, including those in Health Home programs, in the standards and categories referenced in regulation. However, the Secretary has discretion to add other standards and categories for stratification. In alignment with the Secretary's health initiatives, CMS is adding two new mandatory stratification standards: Foster Care and the Medicaid adult expansion group, starting in FFY 2027. The Health Home Core Sets remain unchanged for FFY 2026 and FFY 2027.

This letter discusses requirements that apply to all states, the District of Columbia, and territories included in the definition of "State" under section 1101 of the Act for purposes of Title XIX of the Act (hereinafter collectively referred to as states) that have an approved Health Home State Plan Amendment (SPA). Specifically, the letter addresses the following:

- Stakeholder Workgroup for the Health Home Core Sets for 2027
- FFY 2027 Health Home Core Sets
- Updates to the FFY 2027 Health Home Core Sets Stratification Standards
- FFY 2027 Health Home Core Sets Measures Subject to Stratification
- Effective Date of the FFY 2027 Health Home Core Sets

¹ Consistent with the Child and Adult Core Sets Data, states will be required to report stratified data for the Health Home measures under the following standards: race and ethnicity, sex, and geography.

Stakeholder Workgroup for the Health Home Core Sets for 2027

Periodic reassessment of measures is an essential part of implementing an effective quality reporting program, as changes in clinical guidelines, experiences with reporting, and performance rates may warrant modification of the measure sets. An expert Workgroup, including representatives from states, enrollees, and providers, convenes annually to review and recommend updates to the measure sets. The Workgroup for 2027 included 11 members from various stakeholder groups and affiliations, all of whom have expertise and experience in quality measurement. The Workgroup was charged with assessing the Health Home Core Sets for FFY 2026 and recommending measures for addition or removal with the goal of strengthening and improving the FFY 2027 Health Home Core Sets. Workgroup members were asked to suggest, discuss, and vote on measures for addition to or removal from the Health Home Core Sets based on several criteria. These criteria support the adoption of measures that are feasible and viable for reporting at the Health Home program level, are actionable by state Medicaid agencies, and represent strategic priorities for improving health care delivery and health outcomes for Medicaid Health Home enrollees.

FFY 2027 Health Home Core Sets

CMS reviewed all input from the Workgroup process (public and stakeholder) described above and has not selected any measures for addition to or removal from the Health Home Core Sets for FFY 2027.²

Updates to the FFY 2027 Health Home Core Sets Stratification Standards

CMS has made the decision to implement new stratification standards in addition to the existing standards of race and ethnicity, sex, and geography for state quality measure reporting, adding Foster Care and the Medicaid adult expansion group as mandatory stratification standards, beginning with FFY 2027 reporting.³ CMS defines the foster care population stratification standard as beneficiaries who were in foster care at any time during the measurement period using enrollment data to determine foster care status.⁴ CMS defines the Medicaid adult expansion group stratification standard as beneficiaries enrolled in adult expansion (under section 1902(a)(10)(A)(i)(VIII) of the Act, and in regulation at 42 C.F.R. § 435.119) in the state plan or through a section 1115 demonstration that provides eligibility for the entire adult group population. Stratification requirements for foster care will apply to both Health Home Core Sets. Stratification requirements for the Medicaid adult expansion group will apply to the 1945 Health Home Core Set only. The stratification requirements will apply only to those measures identified for stratification. CMS will offer technical assistance to assist states with the reporting on these additional two standards.

FFY 2027 Health Home Core Sets Measures Subject to Stratification

As set out in the final rule (88 Fed. Reg. 60,278, 60,289-60,290 (Aug. 31, 2023)) and as further detailed in State Medicaid Director Letter #25-002 (Federal Fiscal Year 2026 Updates to the

² Health Home Workgroup discussions are open to the public to attend and comment.

³ CMS will make the Foster Care and Medicaid adult expansion stratification standards available for voluntary reporting in 2026 to allow states to prepare for 2027 mandatory reporting.

⁴ Foster Care: States should use enrollment data to identify that the beneficiary was either enrolled in Medicaid in the title IV-E foster care eligibility category or in another eligibility category and had a foster care indicator.

Health Home Core Quality Measure Sets), states are required to report stratified data for 50 percent of the mandatory 2026 Health Home Core Sets measures by December 31, 2026.⁵ For FFY 2027 reporting, states again will be required to report stratified data on 50 percent of the mandatory measures to the Quality Measure Reporting (QMR) system, by December 31, 2027.⁶ The table below identifies the specific measures for which states will be required to report stratified data for the FFY 2027 Health Home Core Sets, which reflect 50 percent of each of the Health Home Core Sets (states may choose to report stratified data on additional quality measures).

CMS selected this subset of measures because they cover the lifespan, from birth through adulthood, and reflect high priority areas for improvement in health care delivery and health outcomes. CMS also prioritized measures that align with other Core Set measure sets across the agency.

Table 1

1945 Health Home Measures for Stratification by FFY 2027 Core Sets Reporting <i>6 measures</i>
Colorectal Cancer Screening (COL-HH)
Follow-Up After Hospitalization for Mental Illness (FUH-HH)
Controlling High Blood Pressure (CBP-HH)
Follow-Up After Emergency Department Visit for Substance Use (FUA-HH)
Follow-Up After Emergency Department Visit for Mental Illness (FUM-HH)
Use of Pharmacotherapy for Opioid Use Disorder (OUD-HH)

Table 2

1945A Health Home Measures for Stratification in FFY 2027 Core Sets Reporting <i>3 measures</i>
Child and Adolescent Well-Care Visits (WVC-HH)
Oral Evaluation, Dental Services (OEV-HH)
Well-Child Visits in the First 30 Months of Life (W30-HH)

⁵ <https://www.medicaid.gov/federal-policy-guidance/downloads/smd25002.pdf>; see also 42 C.F.R. § 437.10(d) found here: <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-437/subpart-A/section-437.10>.

⁶ Ibid.

Effective Date of the FFY 2027 Health Home Core Sets

The Health Home Core Sets will take effect for the FFY 2027 reporting cycle (for Health Home programs implemented between July 1, 2025, and June 30, 2026). To support states, CMS will release updated technical specifications for the Health Home Core Sets in the spring of 2027.

States can submit questions or request technical assistance for reporting the Health Home Core Sets by sending an email to: MACQualityTA@cms.hhs.gov.

If you have questions about this SMDL, please contact Sara Rhoades, Technical Director, Division of Health Homes, PACE and Coordination of Benefits/Third Party Liability, at sara.rhoades@cms.hhs.gov

Sincerely,

/s/

Daniel Brillman
Deputy Administrator, CMS
Director, Center for Medicaid and CHIP Services