

State Demonstrations Group

September 17, 2026

Ryan Schwarz
Assistant Secretary for MassHealth
Office of Medicaid
Executive Office of Health and Human Services
One Ashburton Place, 10th Floor
Boston, MA 02018

Dear Assistant Secretary Schwarz:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of the Temporary Assistance for Needy Families (TANF) and Emergency Aid to the Elderly, Disabled, and Children (EAEDC) Phase-Out Plan for Massachusetts' section 1115(a) demonstration, "MassHealth Medicaid and Children's Health Insurance Program (CHIP) Section 1115 Demonstration" (Project Numbers 11-W-00030/1 and 21-W-00071/1). We have determined that the plan to phase out the authority by December 31, 2027, is consistent with the requirements outlined in the special terms and conditions (STCs) and are therefore approving it. A copy of the approved phase-out plan is enclosed.

Program Integrity

States are responsible for following all applicable federal law and regulations when they claim and use federal Medicaid funds and must fully comply with all applicable Medicaid statutes and regulations under a section 1115 demonstration, except where specific provisions have been expressly waived or identified as not applicable for that demonstration. This obligation includes all requirements in title XIX of the Act and implementing regulations governing provider screening and enrollment activities, pre- and post-payment review claiming, payment methodologies and rate-setting, utilization controls, and program integrity including processes to identify, investigate, and refer suspected fraud, and methods to receive complaints and identify questionable practices. States must maintain effective systems and safeguards to prevent, detect, and address any fraud, waste, or abuse (FWA) in the delivery of and payment for Medicaid services, including referrals to law enforcement when appropriate.

States should have heightened monitoring and oversight mechanisms in place featuring robust internal controls to identify and remediate all vulnerabilities (including, but not limited to, FWA and beneficiary access issues) inherent in service areas approved as part of a demonstration. At any time, CMS may request that the state provide a plan detailing the state's systems and safeguards to prevent, detect, and address any FWA relative to this demonstration. Failure to meet program integrity obligations under federal statutes and regulations or under the terms and conditions of this demonstration approval may result in compliance actions or other enforcement measures that could include requirements to develop and implement corrective action plans, withholdings, deferrals, disallowances, and termination of demonstration authority.

We look forward to our continued partnership on the MassHealth section 1115(a) demonstration. If you have any questions, please contact your project officer, Rabia Khan, at Rabia.Khan1@cms.hhs.gov.

Sincerely,

ANGELA D.  ANGELA D. GARNER -S5
GARNER -S5

Digitally signed by
ANGELA D. GARNER -S5
Date: 2026.09.17
16:45:50 -04'00'

Angela D. Garner
Director
Division of System Reform Demonstrations

Enclosure

cc: John Dedrick, State Monitoring Lead, Medicaid and CHIP Operations Group



EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
COMMONWEALTH OF MASSACHUSETTS
OFFICE OF MEDICAID
ONE ASHBURTON PLACE, BOSTON, MA 02108



MAURA T. HEALEY
GOVERNOR

KIAME MAHANIAH, MD, MBA
SECRETARY

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

RYAN SCHWARZ, MD, MBA
ASSISTANT SECRETARY
FOR MASSHEALTH

Dan Brillman
Deputy Administrator, CMS
Director, Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, MD 21244

August 27, 2026

Dear Deputy Administrator Brillman:

In accordance with the MassHealth Medicaid and CHIP Section 1115 Demonstration (Project Numbers 11-W-00030/1 and 21-00071/1) Special Terms and Conditions (STCs) Item 3.9, the Massachusetts Executive Office of Health and Human Services (EOHHS) hereby notifies the Centers for Medicare and Medicaid Services of its intent to terminate its "TANF and EAEDC Recipients" 1115 Demonstration Expenditure Authority. As such, Massachusetts is formally requesting the termination of its Expenditure Authority 5 and corresponding STC 4.5 in its 1115 Demonstration program.

Enclosed with this notification letter is EOHHS's revised Transition and Phase-Out Plan, which describes the Commonwealth's approach to terminating this authority and transitioning affected members to other MassHealth coverage for which they may be eligible.

A public comment period regarding EOHHS's plan to terminate Expenditure Authority 5 and corresponding STCs 4.5 in its 1115 Demonstration program occurred from June 5, 2026 to July 6, 2026, and a tribal consultation on this topic occurred via email on June 5, 2026 (in accordance with STCs 3.9 and 3.13).

MassHealth received 15 comments during the public comment period mentioned above. The main topics of the comments include the following:

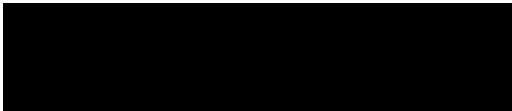
- **Concerns for the effect on rest homes:** Several comments expressed concerns regarding rest home funding through the Department of Transitional Assistance (DTA), including stability of the finances of rest homes and coverage for residents. MassHealth appreciates the concerns from this important group of stakeholders. MassHealth and DTA have discussed how to ensure DTA clients maintain coverage that they are eligible for.
- **Potential loss of health coverage:** Commenters expressed worry over potential health coverage loss as members transition from referred to direct MassHealth eligibility. Through advance

noticing, enhanced systematic changes, and coordination with DTA as well as partners and stakeholders, MassHealth is committed to assisting individuals transitioning from referred to direct eligibility in a way that limits any gaps in coverage and ensures eligible members keep their health care coverage. MassHealth will work with stakeholders and partners to train community-based organizations and certified application counselors who can assist individuals in their community with their applications and ensure they are following timelines.

- **Clear, strategic, member-friendly communications and outreach:** Commenters requested an enhanced and comprehensive outreach and communication plan to support members and stakeholders. Many commenters mentioned the need to implement strategies like a dedicated phone line and warm handoffs between MassHealth and DTA. In response, our phase out plan now details additional strategies for assistance for members during this transition. We will set up a dedicated phone line as well as warm handoffs for individuals affected by this change. We will send multiple notifications through numerous modalities including mail, text message, email and phone calls. Additionally, we will continue to work with stakeholders and advocates through the phase out to monitor communications and pivot as needed to support members.

If you have any questions, please contact Elizabeth LaMontagne, Chief Operating Officer at Elizabeth.M.LaMontagne@mass.gov or by phone at 617-519-6327.

Sincerely,



Ryan Schwarz, MD, MBA
Assistant Secretary for MassHealth

Cc: Elizabeth LaMontagne, MassHealth Chief Operating Officer
Sarah Aker, Acting Director, CMS State Demonstrations Group
Rabia Khan, CMS Project Officer

Transition and Phase-Out Plan

Background

MassHealth currently has authority to provide coverage to individuals approved for Temporary Assistance for Needy Families (TANF) and Emergency Aid to the Elderly, Disabled, and Children (EAEDC) programs.

On July 4, 2025, the federal government enacted Public Law 119-21, also known as the “One Big Beautiful Bill Act,” which CMS refers to as the “Working Families Tax Cut” (WFTC) legislation. Section 71119 of the WFTC legislation introduces community engagement requirements (also known as work and education requirements) for certain adults enrolled in MassHealth beginning on January 1, 2027. CMS has informed Massachusetts that participants in the TANF and EAEDC Recipients 1115 Demonstration will be subject to community engagement requirements.

However, the application of community engagement requirements to this Demonstration population presents significant challenges. Specifically, the technology infrastructure maintaining eligibility for the Demonstration population is housed within our legacy eligibility system, which is unable to support community engagement requirements as described in the WFTC legislation. As a result, we must reestablish eligibility for this population in our separate Integrated Eligibility System (IES), which is currently undergoing development to reflect the rules necessary to apply community engagement requirements. Additionally, under MassHealth’s approved 1115 Demonstration authority, the EAEDC/TANF recipients do not submit the information necessary to determine if they comply with community engagement requirements.

Given these factors, MassHealth is unable to maintain its 1115 Demonstration authority while also meeting the requirements of the WFTC legislation, when community engagement requirements begin on January 1, 2027. To ensure ongoing compliance with federal rules, MassHealth therefore requests termination of its Expenditure Authority 5 and corresponding STC 4.5.

Process to Notify Affected Members in Advance of Terminating Demonstration Authority

- MassHealth provided a 30-day public notice and comment period for members and the public to comment on the proposed transition and phase-out plan.

- This period ran from June 5, 2026, to July 6, 2026. A summary of comments is attached to this plan in the Cover Letter.
- Prior to MassHealth commencing any transition or phase-out activities, members who are affected will be sent an advance informational notice via U.S. mail, notifying them of MassHealth's intent, subject to CMS approval, to terminate this pathway, what that means for individuals, and steps they can take to prepare for the upcoming renewal process. This notice does not require any action by members, but will encourage members to submit applications in 2026 so that they can be directly enrolled in MassHealth under State Plan authority.
 - The plan is to send this informational notice at the same as the advanced notice for community engagement.
- MassHealth Customer Service and Member Enrollment Centers (MECs) will be provided with talking points and instructions on how to assist members that need to transition.
- Similarly, MassHealth health plans will be provided with talking points and instructions on how to assist members that need to transition.
- MassHealth will explore a possible text, robo-call, and email campaign to provide additional advance notice to the affected population.
- MassHealth will coordinate with partner agencies and organizations, such as the Department of Transitional Assistance (DTA), Certified Application Counselors (CACs), and community-based organizations to provide talking points and resources to inform members about the changes.

Process for Eligibility Renewals and Enrollment Transitions for Affected Members

End Enrollment of New Individuals in the 1115 TANF/EAEDC Demonstration

- In approximately October – December 2026, pending CMS approval, MassHealth will end the enrollment of new individuals in the TANF and EAEDC Recipients 1115 Demonstration.
- TANF and EAEDC recipients newly seeking healthcare coverage will be told how to apply for MassHealth benefits directly.

Renewals for Existing Demonstration Population

- To comply with the requirement to determine eligibility on other bases prior to termination under 42 CFR 435.916, MassHealth will renew existing Demonstration population members' eligibility by sending an application to transitioning members. Renewals will happen on a rolling basis, rather than all at once, to comply with timelines under 42 CFR 435.916.

- Consistent with 42 CFR 435.916(a)(1), members who have already applied directly and been determined eligible for comprehensive coverage (MEC) outside of the demonstration (i.e. under the State Plan) within the last 12 months before ending enrollment of new members under STC 4.5, will not be subject to an additional renewal. Those members will be renewed based on when they applied directly and were determined eligible.
- If we are unable to verify members' data electronically and/or do not receive necessary manual verifications, we will send a request for information.
- If members respond, we will use the updated information to redetermine their eligibility.
- If members do not respond after the request for information time period expires, we will use the data that is available to us to redetermine their eligibility.

Members who are found ineligible will be provided with a notice with all applicable appeal and hearing rights pursuant to 42 CFR, part 431 subpart E, as well as aid pending appeal where appropriate as required by 42 CFR 431.230. Members who are eligible for MassHealth through their EAEDC/TANF benefits and their coverage results in a downgrade, or termination will receive advanced notice and appeal rights consistent with 42 CFR 431.201.

Member Transition Assistance

- MassHealth will send text, robo-call, and email reminders to members to act in order to avoid losing coverage.
- Call Center staff will be prepared to assist members and process documentation telephonically, which will include a dedicated phone line for members affected by this transition.
- CACs will be available to assist members with renewals.
- Many impacted members are in a MassHealth managed care or integrated care plan, and MassHealth health plans will be provided with talking points and instructions on how to assist members that need to transition.
- MassHealth will coordinate with partner agencies and organizations, such as DTA, CACs, and community-based organizations to provide talking points and resources to inform members about the changes.
- MassHealth and DTA will be able to support members through this transition via warm hand-offs between DTA staff and MassHealth to provide application support.
- The MassHealth Enrollment Centers (MECs) will be provided with talking points and instructions on how to assist members that need to transition.
- Additional strategies to support members through the transition may be considered based on stakeholder feedback and feasibility.

Anticipated Timeline (pending approval by CMS)

June 5, 2026: Post public notice of intent to terminate authority

June 5, 2026 – July 6, 2026: Public comment period

July - August 2026: Review public comments and incorporate into plan as needed; submit notification letter and transition and phase out plan to CMS

September or October 2026: Send advance notice to members about upcoming changes and to encourage members to submit applications so that they can be directly enrolled in MassHealth under State Plan authority

Approximately November – December 2026: End enrollment of new individuals in the Demonstration

January – December 2027: Complete renewals to transition existing Demonstration population to other MassHealth coverage where eligible

December 31, 2027: MassHealth's TANF and EAEDC Recipients 1115 Demonstration Expenditure Authority is terminated