CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: August 21, 2026

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

Letter No.: I 26-13

SUBJECT: QUALIFIED NON-CITIZEN CHANGES FROM HOUSE RESOLUTION 1 (H.R. 1)
(Reference: All County Welfare Directors Letter Nos: 18-09, 19-20, 16-21, 25-13, I25-18, 25-33 and Medi-Cal Eligibility Division Information Letter Nos: 26-02, 25-27)

**Purpose**

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide counties with guidance regarding the implementation of the federal full scope Medicaid eligibility changes for certain Qualified Non-Citizens (QNCs) under Section 71109 of House Resolution 1 (H.R.1) (Public Law 119-21).

This ACWDL supersedes the QNC-related guidance provided in Medi-Cal Eligibility Division Information Letter 25-18 (MEDIL 25-18).

**Background**

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 created the federal term "qualified alien" to define which immigration groups were eligible for certain federal public benefits, such as Medicaid. The Department of Health Care Services (DHCS) refers to the term "qualified alien" as "qualified non-citizen" (QNC).

Current federal law states that QNCs are eligible for federal full scope Medicaid if they have resided in the United States for a minimum of five years, unless they are exempt. This requirement is referred to as the five-year bar. Many QNC immigration statuses are exempt from the five-year bar (e.g., Asylees, Refugees, and Deportation Withheld). QNCs

are also exempt from the five-year bar if they are a Veteran or active-duty service member, are under 21, or are pregnant.

In California, QNCs who would meet the eligibility requirements for federal full scope Medicaid but for the five-year bar are granted state-funded full scope Medi-Cal until they are eligible for full scope Medicaid. If an individual does not meet the eligibility requirements for federal full scope Medicaid, Federal Financial Participation (FFP) is only available for their emergency and pregnancy-related services.

**Federal Medicaid Eligibility Changes Under H.R.1**

On July 4, 2025, H.R. 1 (Public Law 119-21), which the Centers for Medicare & Medicaid Services (CMS) refers to as the Working Families Tax Cut (WFTC) legislation, was signed into law. Section 71109 of the law, titled "Alien Medicaid Eligibility," changes federal full scope Medicaid eligibility for some QNCs, not whether someone will still be considered a QNC for immigration purposes. The QNC federal full scope Medicaid eligibility changes take effect on October 1, 2026.

The QNC statuses that will remain eligible for federal full scope Medicaid, so long as they meet all other Medicaid eligibility requirements, are:

- Lawful Permanent Residents (LPRs) who are exempt from or have met the five-year bar;
- Cuban/Haitian Entrants; and
- Migrants legally residing in the United States and its territories under the Compact of Free Association (COFA), such as citizens from the Marshall Islands, Micronesia, or Palau.

QNC immigration statuses that remain eligible for federal full scope Medicaid are considered to have Satisfactory Immigration Status (SIS). SIS means the person's immigration status is satisfactory for federal full scope Medicaid eligibility. If a person does not have an immigration status that is satisfactory for federal full scope Medicaid eligibility, they are considered to have an Unsatisfactory Immigration Status (UIS).

Beginning October 1, 2026, California will provide state-funded full scope Medi-Cal to QNCs who no longer meet the immigration status criteria for federal full scope Medicaid. QNCs who are subject to and have not met the five-year bar already receive state-funded full scope Medi-Cal and will not be impacted by this change.

**QNC Immigration Statuses Eligible to Federal Full Scope Medicaid (Prior to October 1, 2026)**

- LPRs who are exempt from or have met the five-year bar

- Cuban/Haitian Entrants
- COFA migrants
- Refugees
- Asylees
- Individuals granted withholding of removal
- Conditional Entrants
- Paroled into the U.S. for one year or more
- Amerasian immigrants
- Victims of trafficking
- Battered non-citizens and certain family members
- Deportation withheld

**QNC Immigration Statuses Eligible to Federal Full Scope Medicaid (Effective October 1, 2026)**

- LPRs who are exempt from or have met the five-year bar, including Amerasian immigrants
- Cuban/Haitian Entrants
- COFA migrants

On April 8, 2026, the Centers for Medicare & Medicaid Services (CMS) released State Health Official (SHO) letter 26-001, Implementation of Section 71109 "Alien Medicaid Eligibility." The SHO provides states with guidance on implementing Section 71109, which is included in this ACWDL.

**Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA 214)**

Under CHIPRA 214, lawfully present children under the age of 21 and lawfully present pregnant people, including during the 12-month postpartum period, are eligible for federal full scope Medi-Cal, so long as they meet all other Medi-Cal eligibility criteria. Individuals who are eligible for federal full scope Medicaid receive FFP for all their Medi-Cal services.

All QNC statuses are considered lawfully present. Therefore, QNC children under the age of 21 and QNC pregnant people, including during the 12-month postpartum period, will remain eligible for federal full scope Medi-Cal, so long as they meet all other Medi-Cal eligibility criteria.

**QNCs and the Five-Year Bar**

Under current federal law, some QNCs must satisfy a five-year waiting period before becoming eligible for federal full scope Medicaid. Individuals in certain immigration categories are exempt from this waiting period. Exempt immigration categories include:

- Refugees,
- Asylees,
- Individuals granted withholding of deportation or removal,
- Cuban or Haitian entrants,
- COFA migrants (citizens of Compact of Free Association nations),
- Survivors of trafficking (and qualifying family members), and
- Amerasian immigrants who are an LPR.

Additionally, QNCs are exempt from the five-year bar if they are:

- Veterans or active duty service members (including their families),
- Under age 21, or
- Pregnant (including individuals up to 12 months postpartum).

**New H.R.1 Rule Clarification:**
Beginning October 1, 2026, H.R.1 narrows eligibility for federally funded full scope Medicaid for non-citizens. Under these new rules, LPRs are the only immigration category still subject to the five-year bar. All other previously exempt groups remain exempt.

California will continue to provide state-funded full scope Medi-Cal to LPRs during their five-year waiting period as long as they meet all other Medi-Cal eligibility requirements (i.e., income, residency, etc.) For more information about the five-year bar, refer to ACWDL 18-09 or enclosure in MEDIL 25-27.

**Immigration Status Adjustments and the Five-Year Bar**
An immigration status adjustment occurs when an individual's immigration status is adjusted to LPR, such as moving from a refugee or asylee status to an LPR status.

Whether the five-year bar applies following an adjustment of immigration status to LPR depends on the individual's prior immigration status.

- Individuals who adjust from an exempt status, such as refugees, asylees, persons granted withholding of removal, or Amerasian immigrants, continue to be exempt from the five-year bar after obtaining LPR status.
- Individuals whose prior status was not exempt remain subject to the five-year bar when they adjust to LPR. In such cases, the five-year waiting period begins on the date that LPR status is granted.

Additionally, LPRs are exempt from the five-year bar if they are:

- Veterans or active-duty service members (including their families),
- Under age 21, or

- Pregnant (including individuals up to 12 months postpartum).

**Verify Lawful Presence Update**
The California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) uses the Verify Lawful Presence (VLP) hub to electronically verify immigration status. CalHEERS is scheduled to implement an update to VLP in Release 26.9, September 21, 2026. This update will add a new Eligible Non-Citizen (ENC) indicator to the VLP response to identify QNCs statuses that may continue to qualify for federal full scope Medicaid and Covered California Advance Premium Tax Credit (APTC). The ENC indicator will also be included in the VLP response that is sent to the California Statewide Automated Welfare System (CalSAWS). VLP indicators are specific to VLP. They are not provided on the Systematic Alien Verification for Entitlements (SAVE) response.

When the ENC indicator is set to "Y" (for yes), VLP has electronically verified that the person is an LPR, Cuban/Haitian Entrant, or COFA migrant. The ENC indicator by itself does not determine eligibility for federal full scope Medicaid. For LPRs who are not exempt from the five-year bar, counties must also check the five-year bar information returned on the VLP response.

For VLP examples, refer to the QNC County Support Training located in your county SFTP folder: DHCS/PDB/COUNTIES/[county name].

**Federal Requirement to Re-verify the Immigration Status of Impacted QNCs**
Under Section 71109, states are required to re-verify the immigration status of all Medi-Cal members with a QNC status who will no longer be eligible for federal full scope Medicaid as of October 1, 2026. Before contacting the Medi-Cal member, states must first attempt to re-verify the member's immigration status through electronic verification sources with the information available on the member's record.

Electronic immigration status verification sources:
- VLP for Modified Adjusted Gross Income records (MAGI); and
- SAVE for both MAGI and Non-Modified Adjusted Gross Income (non-MAGI) records.

If the state cannot electronically verify that the member's immigration status remains eligible for federal full scope Medicaid, the member must be given a reasonable opportunity to provide new immigration status information to establish a status that will remain eligible for federal full scope Medicaid.
If the state can electronically verify that the member's immigration status remains eligible for federal full scope Medicaid, their record must be updated to reflect the

electronically verified status. Counties shall not require the members to take any further action to confirm their immigration status.

**Steps to Reassess Impacted QNCs**
To comply with the federal requirement to re-verify the immigration statuses of QNCs who will no longer be eligible for federal full scope Medicaid and to ensure members receive the most beneficial coverage to which they are entitled, DHCS has partnered with CalSAWS and CalHEERS to implement a one-time process outlined below.

**Step 1 – Electronic Verification**
At the end of September 2026, records of impacted QNCs will be automatically submitted for electronic immigration status re-verification. VLP will be used to re-verify the MAGI population and SAVE will be used to re-verify the Non-MAGI population. For this one-time process, CalSAWS will suppress SAVE alerts that are generated when a SAVE verification response is received.

**Step 2 – Member Outreach Notice**
DHCS will send a Member Outreach Notice to the impacted QNC population, on a flow basis, beginning September 14, 2026, with instructions to report any change in immigration status to the county by December 1, 2026. The Member Outreach Notice meets the federal requirement to provide members with a reasonable opportunity to provide new immigration status information to establish a status that will remain eligible for federal full scope Medicaid. The county is responsible for timely updating the case record when a member reports a new immigration status.

REMINDER: Even if the county receives a verification of the immigration document from the member, the county must still re-run VLP or SAVE with the new information to electronically verify the member's immigration status.

For additional information about the Member Outreach Notice, see the section "Member Outreach Notice – General Information Notice" at the end of this ACWDL.

**Step 3 – DHCS County List Processing**
DHCS will provide each county with three lists, uploaded to each county's SFTP folder: DHCS/PDB/COUNTIES/[county name]. Counties must review the lists, take required county action, and provide DHCS with the status of each record on the Immigration Status Change List and Immigration Status Conflict List by December 15, 2026. The counties will return the lists to DHCS by uploading them to the SFTP folder: DHCS/PDB/COUNTIES/COUNTIES TO DHCS.

- **Immigration Status Change List – Requires County Action**
  This list includes QNCs whose VLP or SAVE response indicates the person has an immigration status that will remain eligible for federal full scope Medicaid. The county must:
    - Update the CalSAWS Citizenship Detail Page with the information from the VLP or SAVE verification response,
    - Run the Eligibility Determination and Benefits Calculation (EDBC) and confirm the updated immigration status information is sent to the Medi-Cal Eligibility Data System (MEDS), and
    - Document the updated immigration status in the case file.
    - No further action is required.

- **Immigration Status Conflict List – Requires County Action**
  This list includes QNCs whose VLP or SAVE response indicates that additional action is required (i.e., "Institute Additional Verification") and QNCs who do not have the required immigration status information on their record to initiate a VLP or SAVE verification request. For example, an automated SAVE verification request requires an Alien Number. If there is no Alien Number on the member's record, this person will be included in the Immigration Status Conflict List.

  Counties must first review the member's case file to see whether immigration information is available to resolve the conflict. For example, immigration document information or an Alien Number that can be used to initiate a VLP or SAVE verification request. Because the U.S. citizenship or immigration status information could not be electronically verified by VLP or SAVE for the members on this list, the county must provide the member with a 90-day reasonable opportunity period (ROP) to provide information or documentation to establish U.S. citizenship or SIS.
    - If the member provides information or documentation to establish U.S. citizenship or SIS during the 90-day ROP, the county must:
      - Update the CalSAWS Citizenship Detail Page,
      - Complete a VLP or SAVE verification,
      - Run and accept EDBC and confirm the updated immigration status information is sent to MEDS, and
      - Document in the case file.
      - No further action is required.
    - If the member does not provide information or documentation to establish U.S. citizenship or SIS by the end of the 90-day ROP, no adverse action will occur. Members will maintain their full scope Medi-Cal. The county must:

  - Maintain the previously verified QNC status on the member's record, and
  - Document in the case file.
  - No further action is required.

- **Impacted QNC Population List – Does NOT Require County Action**
  Information Only. This list includes the impacted QNC population whose VLP or SAVE verification response matches the QNC status on their record. For example, their record indicates they have a refugee immigration status, and the VLP or SAVE verification response confirms their refugee immigration status.

**Step 4 – Transition to State-Funded Full Scope**
DHCS will automatically transition the QNCs who are no longer eligible for federal full scope Medicaid to state-only aid codes on January 1, 2027. Beginning December 1, 2026, the state-funded full scope population will be sent Managed Care to Fee-for-Service (FFS) Transition notices informing them that they will transition from the Managed Care health care delivery system to the FFS health care delivery system on January 1, 2027.

DHCS reminds counties to review the provided lists and update case records by the specified deadline to ensure that QNCs who remain eligible for federal full scope coverage are not assigned state-only aid codes or sent Managed Care to FFS Transition notices.

**QNCs Dually Eligible for Medicare and Medi-Cal**
Sections 1903(v)(5) and 1899C of the Social Security Act, as added by section 71109 and section 71201 of H.R. 1, impact qualified non-citizens (QNC) who are dually eligible for Medicare and Medicaid (known as "dually eligible beneficiaries"). This population includes members enrolled in Medicare Parts A or B, or both, who receive federal full-scope Medicaid benefits or assistance with Medicare costs through Medicare Savings Programs (MSPs) or Buy-In.

Effective October 1, 2026, FFP will be eliminated for dually enrolled QNCs over the age of 21 who are not pregnant, are receiving full-scope Medi-Cal, and do not fall under one of the following three categories: Lawful Permanent Residents (LPRs), Cuban/Haitian entrants, or COFA migrants. This elimination also results in the loss of their Medicare Savings Program (MSP) or Buy-in, and subsequently, these individuals will also lose their Medicare coverage on February 1, 2027. These individuals will continue to receive their core federal Medicare coverage after October 1, 2026; however, they will no longer qualify for federally matched Medicaid-funded premium buy-ins. To prevent an

immediate disruption during this transition, DHCS will use State General Funds to ensure individuals enrolled in an MSP or Buy-in retain their eligibility until they are discontinued from Medicare.

Eligibility for these individuals must be sustained under state-only funding. Counties must not terminate or reduce benefits unless an official data exchange confirms the individual has been completely terminated from Medicare benefits by the Social Security Administration (SSA). Counties may become aware of a termination through a MEDS alert, an annual renewal review, or a self-reported change brought directly to the county by the individual or their representative. Upon notification and confirmation through the official data exchange, counties must act immediately in accordance with current processes for beneficiaries losing Medicare coverage.

As a reminder, eligibility staff must complete the following steps:

- Step 1: Update the Individual's Medicare Status within the CalSAWS System
- Step 2: If the individual is currently enrolled in an MSP or Buy-in:
    - Process the formal change in circumstances
    - Perform an Ex Parte Review
    - Run Eligibility Determination, Benefit and Calculation (EDBC)
    - Issue a formal 10-day Notice of Action (NOA)

Additionally, per existing policy in ACWDL 25-03, which eliminated the requirement to apply for unconditionally available income, counties are not required to send this population to apply for Medicare.

Beneficiary Experience Timeline Example:

- Before October 1, 2026
    - Current Status: An Individual is a Qualified non-citizen who is dually eligible. They hold federal full-scope Medi-Cal and are enrolled in a Medicare Savings Program or buy-in, which pays for their Medicare premiums and cost-sharing,
- Starting October 1, 2026
    - Policy Change: Under H.R. 1, only qualified non-citizens who fall under three categories (LPR. Cuban/Haitian entrants, and COFA migrants) will continue to be eligible for federally funded full scope Medi-Cal and federal MSP.
    - Beneficiary Experience: No immediate disruption. DHCS will transition them to state-funded full scope Medi-Cal and also use state general funds to maintain MSP/buy-in eligibility until Medicare is terminated.
- Starting December 2026

    - Beneficiary Experience: No longer eligible QNCs will be identified and receive notice from SSA informing them that their Medicare will end effective February 1, 2027.
- Starting January 4, 2027
    - Administrative Change: SSA will process back-end administrative terminations of Medicare benefits for non-eligible QNCs.
    - Beneficiary Experience: No disruption yet. Although the administrative action occurs on this date, the Medicare billing calendar extends active coverage through January 31, 2027.
- Starting February 1, 2027
    - Coverage Change: Medicare coverage has officially terminated.
    - Beneficiary Experience: Individuals will no longer have access to the Medicare coverage they previously received. In addition, they will experience the loss of their MSP or buy-in. However, if eligible, their state-funded full scope Medi-Cal coverage remains active.
    - County Action Required: Counties must immediately initiate the CalSAWS case updates, perform the ex parte review, run EDBC, and issue the 10-day NOA.

**SSI, Foster Care, and CalWORKs**

CMS informed states that the provisions in 8 U.S.C. § 1612(b)(2), which require that certain groups, such as individuals receiving Supplemental Security Income (SSI) benefits, continue to receive full scope Medi-Cal benefits, remain unchanged. However, because some QNC populations will become ineligible for FFP starting October 1, 2026, CMS will no longer require states to offer full scope health coverage to QNCs who are ineligible for federal full scope Medicaid under section 1903(v)(5) of the Social Security Act. This includes asylees, refugees, parolees, or victims of trafficking, including populations listed in section 1902 of the Act. These individuals will continue to receive the SSI payment portion but will no longer qualify for federal full scope Medicaid.

In California, for SSI and Supplementary Payment (SSP), CalWORKs and Foster Care recipients, DHCS has bundled payments with their Medi-Cal eligibility. As a result, DHCS will continue to provide state-funded full scope coverage, including non-emergency dental services, to SSI/SSP, CalWORKs, and Foster Care eligible QNCs who will not be eligible for federal full scope Medicaid at this time.

**Systems Overview**

CalSAWS and CalHEERS must implement the QNC changes necessary to meet the federal implementation requirement by October 1, 2026. The systems are on schedule to

implement the QNC changes in September 2026, complying with the federal requirement.

**Delivery System Changes**
Beginning January 1, 2027, Medi-Cal members who do not have a SIS for federal full scope Medicaid will no longer be eligible for the Managed Care health care delivery system. Members without SIS will transition from their Managed Care Plan to the FFS health care delivery system on January 1, 2027. Beginning December 1, 2026, DHCS will send a Managed Care to Fee-for-Service (FFS) Transition notice to inform impacted members about these changes.

Information about the FFS transition is available on the DHCS Medi-Cal Changes webpage.

DHCS will provide additional information for counties in an upcoming Medi-Cal Eligibility Division Information Letter (MEDIL).

**County Reminders**
Counties are reminded that citizenship and immigration status information is tracked using the Citizen/Alien Indicator, Alien Eligibility Code, and Date of Entry/Grant Date in MEDS. Counties must take the steps necessary to ensure the "Citizenship Status Detail Page" in CalSAWS is accurately completed and MEDS is updated with all required citizenship or immigration status coding based on the outcome of the citizenship or immigration verification process.

See ACWDL 18-09 for additional information on citizenship and immigration status coding and ACWDL 19-20 regarding the SAVE process.

**Member Outreach Notice – General Information Notice**
DHCS will send QNCs who are losing their eligibility for federal full scope Medicaid a general information notice. The notice will be mailed on a flow basis starting September 14, 2026. It will include the Notice of Language Services (GEN 1365). The Outreach Notice will be translated into all threshold languages, and the members will receive the notice in the language that is indicated on their record. DHCS has published the Outreach Notice in MEDIL 26-21.

The Outreach Notice provides general information about the upcoming changes impacting some QNCs, including but not limited to:

- There are no changes to their full scope Medi-Cal coverage. They will retain full scope Medi-Cal benefits.

- On January 1, 2027, they will transition from their Managed Care Plan to FFS.
- If there has been a change in their immigration status or if they think Medi-Cal does not have their correct immigration status, they must contact their county to update their record by December 1, 2026, to avoid being transitioned from Managed Care to FFS.

If you have any questions regarding the information provided in this letter, please contact the Immigration Unit at ImmigrationPolicy@dhcs.ca.gov. County questions regarding policy guidance should be sent to MCED-Policy@dhcs.ca.gov.

Sincerely,

Sarah Crow, Chief
Medi-Cal Eligibility Division