CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

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TO: ALL COUNTY WELFARE DIRECTORS Letter No.:25-33
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

SUBJECT: MONTHLY PREMIUMS FOR ADULT MEMBERS WITH UNSATISFACTORY IMMIGRATION STATUS

Purpose

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide guidance regarding monthly premiums for adult members age 19-59 with Unsatisfactory Immigration Status (UIS) effective no sooner than July 1, 2027.

Background

Current federal law states that federally funded full Medicaid is available to Qualified Non-Citizens (QNCs), also federally known as "qualified aliens", who have been in the United States for a minimum of five years (or who are exempt from the five-year waiting period, also known as the five year bar) and Lawfully Present immigrants who are under 21 years of age and/or pregnant. The five-year bar restricts certain QNCs' access to federal public benefits programs for the first five years. These individuals are also referred to as Newly Qualified Individuals (NQI).

Federal Financial Participation (FFP) is limited to emergency and pregnancy-related services for individuals who do not have Satisfactory Immigration Status (SIS) or are unable to establish SIS for federally funded Medicaid (known as Medi-Cal in California). These individuals are referred to as having UIS.

Federal Medicaid eligibility is available to immigrants who are defined as qualified immigrants or lawfully present if they meet certain other requirements. For Medi-Cal Eligibility purposes, these immigrants have Satisfactory Immigration Status (SIS).

If an individual has UIS, it means their current immigration situation does not meet the requirements for full federal eligibility, either because their status is not one of the accepted categories or because it has not yet been verified. In those circumstances, they

may still qualify for restricted coverage Medi-Cal, which covers emergency or pregnancy-related services.

Implementation of Premiums, Elimination of Dental, and Impacted Populations
Assembly Bill 116 (Committee on Budget, Chapter 21, Statutes of 2025), the 2025-26 Budget Health Omnibus bill, amends section 14007.8 of the Welfare and Institutions Code to implement a provision regarding premiums for individuals with UIS.

Effective July 1, 2027, the following impacted populations ages 19-59 will be subject to a $30 monthly premium:

- New and current members with UIS;
- New and current members with NQI status under the 5 year bar; and
- New and current members claiming Permanently Residing Under Color of Law (PRUCOL) status.

There will be no cap on the maximum total amount of premiums charged to a Medi-Cal household. Each household member subject to a premium will be charged. The premium is based solely on an individual's immigration status in the full scope with no dental coverage group and age, and not on income. If a member fails to pay their premium after no more than 90 days of nonpayment, they will be transitioned into restricted scope (emergency and pregnancy-only) coverage with a timely and proper Notice of Action. Members in restricted scope benefits are not subject to a premium.

Pregnant individuals, adults 60 years of age and older, and children aged 18 and younger regardless of immigration status (including those covered under the Children's Health Insurance Programs (CHIP) such as Medi-Cal Access Program (MCAP) and County Children's Health Initiative Program (CCHIP)) are ***not subject*** to the monthly premium to maintain their current Medi-Cal benefits. More information on the populations not affected by these changes is below in the section titled Non-Impacted Populations.

Additionally, Assembly Bill 116 removes dental benefits for the UIS population. DHCS is referring to this new scope of services as "Full Scope with no Dental". Below is a reference of benefit scope terminology for clarification:

Benefit Terminology	Description
Full Scope	Covers a full range of Medi-Cal benefits, such as primary and specialty care, mental health services, substance use disorder treatment, vision, prescriptions, transportation, and comprehensive dental services. No premium required.
Full Scope with no dental (*effective July 1, 2026)*	Covers the same services as full Scope Medi-Cal, except dental services. Dental services are covered only for emergencies. $30 premium required.
Limited Scope	Covers a narrower set of benefits for specific services or diagnosis, such as family planning, dialysis, and organ transplant. No premium required.
Restricted Scope	Covers emergency medical services and pregnancy-related care, such as prenatal care, labor, delivery, postpartum care, and long-term care services. Dental services are covered only for emergencies**.** No premium required.

Non-Impacted Populations

Individuals with Satisfactory Immigration Status

There will be no change for individuals who are verified as having SIS. If they meet all Medi-Cal eligibility criteria, they will remain eligible for full scope Medi-Cal at application and redetermination in federally funded full scope aid codes. These individuals are not subject to monthly premiums.

Pregnant Individuals

Individuals who are pregnant are not subject to monthly premiums while pregnant and during their 12-month postpartum regardless of their immigration status. Individuals who are pregnant or in their 12-month postpartum period will continue to be entitled to pregnancy-related services, which include dental services.

Incarcerated Individuals

Members with UIS who are enrolled in county or state Medi-Cal Inmate Eligibility Program (MCIEP) coverage are not subject to monthly premiums regardless of their immigration status. This includes individuals who have their benefits "suspended" while incarcerated. Current policy in ACWDL 24-04 provides counties with guidance on eligibility for incarcerated Medi-Cal members.

Individuals Aged 18 and Younger

There will be no change for individuals aged 18 and younger, regardless of immigration status. Individuals aged 18 and younger are not subject to monthly premiums, regardless of their immigration status. Once an individual who has UIS reaches age 19, they must be redetermined and transitioned from full scope Medi-Cal benefits to full scope Medi-Cal with no dental with a premium.

CalSAWS and CalHEERS will use the following age policy in their eligibility systems for applications, changes in circumstances, or annual redeterminations on or after July 1, 2027:

- Individuals who turn age 19 on or after the second day of the month are considered 18 for the entire month and will be transitioned from full scope Medi-Cal to limited scope Medi-Cal with a premium the following month.

- Individuals who turn age 19 on the first day of the month are considered 19 for the entire month and will be transitioned from full scope Medi-Cal to limited scope Medi-Cal with a premium for their application, change in circumstance, or redetermination month.

Individuals Aged 60 and Older

Individuals 60 years of age and older are not subject to monthly premiums regardless of their immigration status. Once an individual in a premium aid code reaches age 60, they will not be subject to a premium. They will remain in their full scope Medi-Cal with no dental aid code.

CalSAWS and CalHEERS will use the following age policy in their eligibility systems for changes in circumstances or annual redeterminations on or after July 1, 2027:

- Individuals who turn age 60 on or after the first day of the month are considered 60 for the entire month and will not be subject to monthly premiums.

Individuals in Aid Paid Pending

Medi-Cal members may be entitled to Aid Paid Pending after filing a fair hearing, which keeps them in their existing coverage until a decision is made on their eligibility outcome. Individuals who are in Aid Paid Pending coverage due to filing a fair hearing are not subject to monthly premiums to maintain their full scope with no dental scope Medi-Cal benefits until a final decision is made on their hearing request.

Business Processes – Application and Redeterminations
In order to operationalize the collection of premiums, DHCS will contract with a third party vendor to bill and collect premiums on behalf of DHCS and transmit data for when individuals do not pay their premiums. Members will make payment arrangements directly with the vendor.

To facilitate premium payment reporting to the vendor, DHCS is creating full scope with no dental aid codes that will be used to track individuals who are subject to monthly premium payments. When the new aid codes are transmitted to the Medi-Cal Eligibility Data System (MEDS) for new and on-going eligibility, these aid codes will be reported to the vendor.

The county eligibility worker will maintain and perform all eligibility-related case maintenance for the UIS population. The county will not be a designated entity to accept premium payments. If a member has a question about the premium payment, the member is to be directed to contact the vendor. Counties will follow the normal application and redetermination processes for this population, and the vendor will automatically have the information they need to initiate or stop premium processing, via a data transfer with CalSAWS. The vendor will have the responsibility for payment arrangements, acceptable payment methods, billing cycles, refunds, and other services as listed below:

Vendor Responsibility
The vendor will be responsible for duties including, but not limited to:

- Maintaining non-eligibility case files of members with premiums and scheduling payment notifications
- Collecting premiums paid via:
  - Cash
  - Check
  - Western Union
  - Electronic funds transfer
  - Credit card transactions (one-time or recurring).
- Establishing and maintaining billing procedures including:
  - Billing notices
  - Billing reminders
- Sending notices of overdue payments, missed payments, etc.
- Following up on calls/mailings

- Notifying the counties of past due payments to trigger the process for disenrollment/noticing if applicable (expiration of grace period at 90 days)
- Providing lists to the counties of members who have:
    - payments in arrears
    - reconciled past due payments
    - reconciled missed payments
- Granting refunds when applicable
- Providing a means to settle billing disputes that are not elevated to a state hearing process
- Initiating premium collection or premium reimbursements following a state hearing or appeal process
- Closing a premium case upon direction from the counties when the county reports the members is no longer eligible for Medi-Cal or no longer required to pay premiums

Guidance regarding the collection of premium payments will be provided once a vendor is contracted.

Application Process

Individuals with UIS ages 19-59 will be subject to monthly premiums beginning July 1, 2027. The following impacted populations will be subject to a $30 monthly premium:

- New and current members with UIS;
- New and current members with NQI status under the 5 year bar; and
- New and current members claiming Permanently Residing Under Color of Law (PRUCOL) status.

Retroactive Medi-Cal
Applicants in the MAGI New Adult Group may be eligible for one month of retroactive coverage. All other applicants may be eligible for up to two months of retroactive coverage. An individual may request retroactive coverage during the application process or within one year of the of the month the eligible expenses were incurred. Premiums will be applied to the retroactive months.

Eligibility Redeterminations

The purpose of this section is to provide guidance on changes in circumstances and annual redeterminations, as well as additional information about changes that may affect whether a UIS individual is subject to a premium.

Changes in Circumstances and Annual Redeterminations

Individuals with UIS subject to premiums may experience a change in circumstances or report new information during their renewal that affects their eligibility or premiums. These changes may include:

- Change in their immigration status
- Turning age 19
- Turning age 60
- Pregnancy

The changes listed above may result in an individual moving in or out of an eligibility category requiring premiums. Counties are to follow current business processes for changes in circumstances or annual redeterminations in ACWDL 22-33. Scenarios are available at the end of this letter.

Verification of Immigration Status

All federal and state requirements to verify their immigration status for Medi-Cal applicants and members who claim SIS remain in effect. Counties are required to follow current Medi-Cal policy regarding SIS verification. Counties must not request verification from immigrants who claim an immigration status for which verification is not required under current policy. If after the Reasonable Opportunity Period (ROP), verification of SIS cannot be obtained when it is required at the time of application or renewal, otherwise eligible individuals 19 years of age and older will be eligible for restricted scope coverage.

Immigration status verification requirements will be tracked using the Citizen/Alien Indicator, Alien Eligibility Code, and Date of Entry/Grant Date in MEDS. Therefore, it is critical that counties and CalSAWS take the necessary steps to ensure that MEDS is updated with all necessary 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.

Non-Payment of Premiums

After no more than 90 days of non-payment of a required premium, the member will be transitioned to restricted scope Medi-Cal. Members subject to the Expansion Freeze will have a three month grace period to reestablish eligibility in full scope Medi-Cal with no dental. See ACWDL 25-13 for additional information about the Expansion Freeze population and grace period. A member falling under the Expansion Freeze group who fails to pay their premiums will be able to repay premiums for up to three months after moving into restricted scope Medi-Cal to reestablish eligibility for full scope Medi-Cal with no dental. After the three month grace period, the member will permanently lose eligibility for full scope Medi-Cal with no dental benefits and will only remain eligible for restricted scope unless they have a change in immigration status that makes them eligible for a higher scope of benefits.

Members who are not subject to the Expansion Freeze, such as NQIs under the 5 year bar and individuals claiming PRUCOL, will have the ability to reapply at any point to repay their past-due premiums and become eligible for full scope Medi-Cal with no dental. If a member who has UIS, but is not subject to the Expansion Freeze, reapplies and does not pay their past-due premium payments, they are only eligible for restricted scope Medi-Cal benefits. All outstanding premium balances must be paid in full as a condition of reinstatement for Medi-Cal coverage. Payment of past-due premiums will reinstate their eligibility for full scope Medi-Cal with no dental.

The non-payment of premiums will be tracked by a third-party vendor as part of its collections process. When an individual fails to pay their premiums, the vendor will transmit a file with the information to CalSAWS on a recurring basis. CalSAWS will flag the case for non-payment of premiums, so the members can be provided timely notice, and their benefits reduced to restricted scope. Guidance regarding the tracking of non-payment of premiums will be provided once a vendor is contracted. DHCS is firmly committed to protecting the privacy and well-being of all Medi-Cal members. When someone applies for state-funded benefits, the Medi-Cal applicant and member's information is only used to determine eligibility.

UIS Premiums – Systems Impact and Overview

DHCS will complete and implement all system changes necessary to implement the UIS premiums policy no sooner than July 1, 2027. At the time of publication of this letter, DHCS is actively working with CalSAWS, BenefitsCal, California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) and counties to ensure that necessary system changes are implemented, including implementation of new full scope Medi-Cal

with no dental aid codes, all necessary Notice of Action (NOA) revisions in all threshold languages, updated Eligibility Determination Benefit Calculation (EDBC) functionality, County Eligibility Worker (CEW) training and supports, and more.

Notices of Action
DHCS has developed Notice of Action (NOA) snippets for the premium population. These NOA snippets will be translated into all Medi-Cal threshold languages. Current Medi-Cal members will receive the notice in the language that corresponds to the written language on their MEDS record.

The new NOA snippets cover the following scenarios:

- Full scope Medi-Cal with no dental Premium Approval: A new applicant with UIS, not pregnant and 19-59 years of age, who applies in 2027 and is approved for full scope Medi-Cal with no dental benefits with a premium.
- Full scope to full scope Medi-Cal with no dental Transition: A current member with UIS, not pregnant and 19-59 years of age, who is in full scope Medi-Cal and will be transitioned to full scope Medi-Cal with no dental with a premium at implementation.
- Full scope to full scope Medi-Cal with no dental Aging in at 19: A current member with UIS in full scope Medi-Cal who turns 19 and will be transitioned to full scope Medi-Cal with no dental with a premium.
- Full scope Medi-Cal with no dental to Restricted Scope for Non-Payment of Premium: A member with UIS, not pregnant and 19-59 years of age, who will be reduced from full scope Medi-Cal with no dental to restricted scope Medi-Cal after no more than 90 days of non-payment.
- Restricted scope to full scope Medi-Cal with no dental: A member with UIS, not pregnant and 19-59 years of age, who will be transitioned from restricted scope Medi-Cal to full scope Medi-Cal with no dental for paying their past premium payments. This NOA will only apply to members with UIS who are eligible for full scope Medi-Cal with no dental and current members with UIS in full scope Medi-Cal with no dental for the for three-month expansion grace period. This will not apply to the Expansion Freeze.
- Restricted scope to full scope: A member with UIS whose immigration status has changed to SIS and is eligible to full scope Medi-Cal coverage.

- Full scope Medi-Cal with no dental to full scope: A member with UIS whose immigration status has changed to SIS and is eligible to full scope Medi-Cal coverage.

Premiums Scenarios
The following scenarios are being provided to assist in clarifying the premium policy, assuming an implementation date of July 1, 2027. See Immigration Status Categories for common immigration statuses. The examples below highlight various situations and the intended outcome.

Scenario 1: 25-year-old individual applies for Medi-Cal after implementation of premiums.

- Application date July 16, 2027.
- Individual does not claim a SIS status, an NQI status under the 5 year bar, or a PRUCOL status.
- The county eligibility worker confirms all eligibility criteria, and no further verifications are required.
- Individual is found eligible for restricted scope Medi-Cal coverage.

Outcome: The individual is included in the Expansion Freeze group; therefore, they are granted restricted scope Medi-Cal without a premium at application.

Scenario 2: 30-year-old member on full scope Medi-Cal receiving full scope benefits with no dental when the premiums are implemented.

- Individual is in a current full scope Medi-Cal aid code receiving full scope benefits with no dental when premiums are implemented on July 1, 2027.
- Individual is transitioned to a new full scope no dental aid code with a premium.

Outcome: The member's coverage will not change; they will be transitioned to the new aid code and be subject to premiums starting July 1, 2027.

Scenario 3: 35-year-old NQI, subject to the five-year bar, applies for Medi-Cal.

- Application date July 1, 2027.

- The county eligibility worker confirms all eligibility criteria, and no further verifications are required.
- Individual is eligible for full scope Medi-Cal with no dental with a premium.

Outcome: The individual is not included in the Expansion Freeze group; therefore, is eligible for full scope Medi-Cal with no dental with a premium starting July 1, 2027.

Scenario 4: 30-year-old PRUCOL parent with a 14-year-old child

- Application date July 27, 2027.
- The county eligibility worker confirms all eligibility criteria, and no further verifications are required.
- Parent is eligible for full scope Medi-Cal with no dental with a premium.
- Child is eligible for full scope Medi-Cal coverage without a premium.

Outcome: The parent is not included in the Expansion Freeze group; therefore, is eligible for full scope Medi-Cal with no dental with a premium. Child not subject to the monthly premiums policy and is eligible to full scope coverage.

Scenario 5: 35-year-old DACA Pregnant Individual

- Application date August 27, 2027
- The eligibility worker confirms all eligibility criteria, and no further verifications are required.
- Individual is placed in a pregnancy aid code.
- On September 17th, the baby is reported as born. The infant is deemed eligible for Medi-Cal and placed into full scope Medi-Cal.
- Post-partum coverage continues without a premium.
- In September 2028, the post-partum period for the individual ends.
- In October 2028, the individual is moved to full scope Medi-Cal with no dental with a premium.

Outcome: Pregnant individuals are not subject to monthly premiums. Once the pregnancy and postpartum period has ended, then, beginning October 1, 2028, the member will be transitioned to full scope Medi-Cal with no dental with a premium. The infant's full scope coverage continues without a premium.

Scenario 6: 30-year-old NQI loses full scope Medi-Cal with no dental due to non-payment and does not pay at reapplication

- Member loses full scope Medi-Cal with no dental due to non-payment of premium after 90 days.
- After the 90 days of non-payment have lapsed, the individual is reduced to restricted scope Medi-Cal.
- Member does not pay past due payments and remains eligible for only restricted scope Medi-Cal.

Outcome: The individual did not pay their premium and will remain in restricted scope Medi-Cal. Member can become eligible for full scope Medi-Cal with no dental, if they repay all past due premiums.

Scenario 7: 30-year-old NQI loses full scope Medi-Cal with no dental due to non-payment and repays premiums

- Member loses full scope Medi-Cal with no dental due to non-payment of premium after 90 days.
- After the 90 days of non-payment have lapsed, the individual is reduced to restricted scope Medi-Cal.
- Member repays their premiums for the months they were eligible for full scope Medi-Cal with no dental.
- Member is eligible for full scope Medi-Cal with no dental.

Outcome: The member is eligible for full scope Medi-Cal with no dental once they pay their past due premium.

Scenario 8: 30-year-old member loses full scope Medi-Cal with no dental due to non-payment

- Individual does not claim a SIS status, an NQI status under the 5 year bar, or a PRUCOL status.
- Member loses full scope Medi-Cal with no dental due to non-payment of premium after 90 days.

- After the 90 days of non-payment have lapsed, the member is reduced to restricted scope Medi-Cal.
- Member pays their past premiums within the three-month expansion grace period for the months they were eligible for full scope Medi-Cal with no dental.
- Member is eligible for full scope Medi-Cal with no dental.

Outcome: The member is part of the Expansion Freeze group. Because they pay their past premiums within the expansion grace period, they become eligible for full scope Medi-Cal with no dental.

Scenario 9: 30-year-old loses full scope Medi-Cal with no dental due to non-payment after the three month expansion grace period

- Individual does not claim a SIS status, an NQI status under the 5 year bar, or a PRUCOL status.
- Member loses full scope Medi-Cal with no dental due to non-payment of premium after 90 days.
- After the 90 days of non-payment have lapsed, the individual is reduced to restricted scope Medi-Cal.
- Member does not pay their premiums for the non-payment months and exceeds the expansion grace period.
- Member is eligible for restricted scope Medi-Cal.

Outcome: The individual is a part of the Expansion Freeze group. Because they did not pay their past premiums within the three month expansion grace period, they are no longer be eligible for full scope Medi-Cal with no dental.

County questions regarding policy guidance should be sent to: MCED-Policy@dhcs.ca.gov.

Sincerely,

Sarah Crow
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Department of Health Care Services