

# *H.R.1* – Medicaid Eligibility Changes

March 2026

# H.R. 1 Made Changes to Medicaid That States Must Begin Implementing Immediately

## Impact of H.R. 1

Enacted on July 4, 2025, H.R. 1 made major changes to Medicaid eligibility and financing.

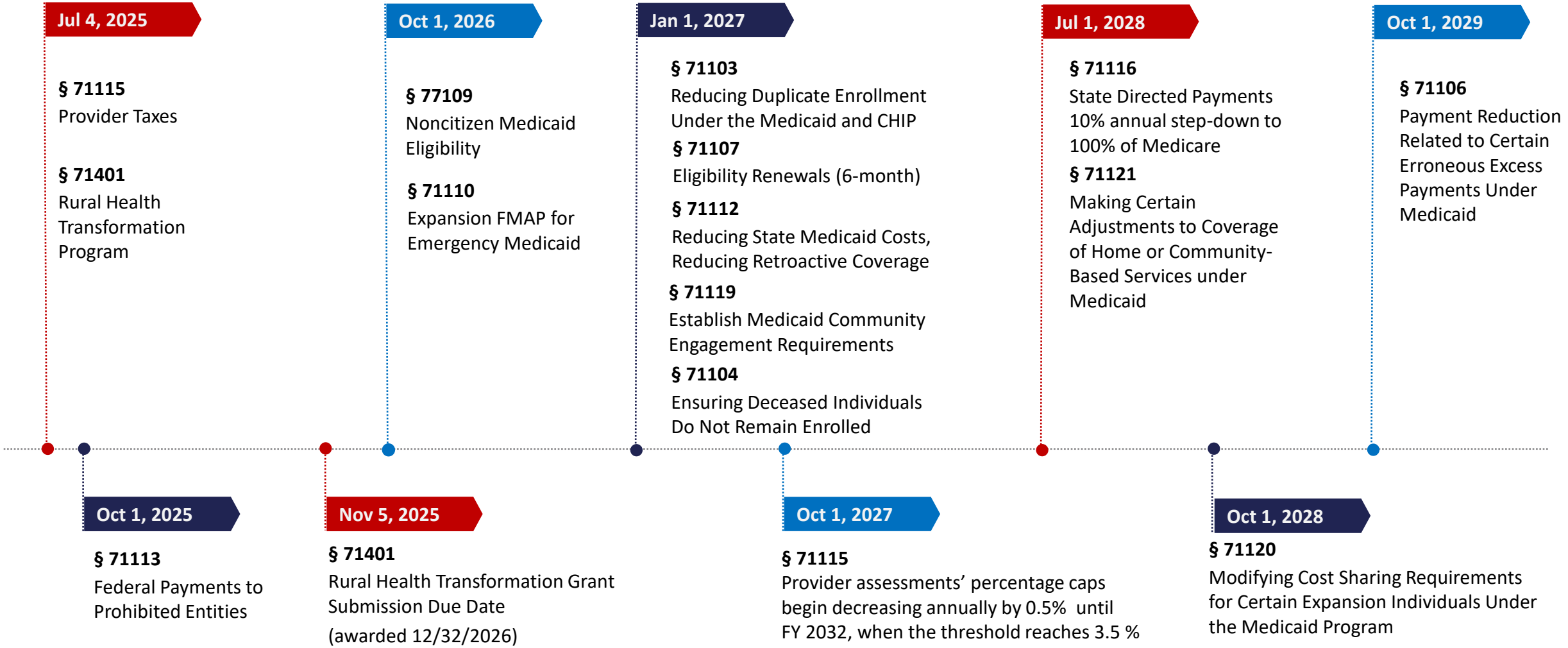
- These changes include, in part:
  - **New eligibility requirements**, including work & community engagement, more frequent eligibility renewals for the Medicaid Expansion population and eligibility changes for lawfully present noncitizens.
  - **Changes to state financing of their share** of Medicaid costs including copayments and reimburse health providers.
- H.R. 1's new policies require states to modify their systems and undertake significant changes to Medicaid operations. Virginia has begun implementation to meet the deadlines outlined in H.R. 1.
- CMS has stated that implementing H.R. 1 is their top priority but has released only limited, embargoed guidance. Interim final rules for the work and community engagement requirements are expected to be released in **June 2026**.

## Medicaid Footprint



About **1.8 million Virginians** count on Medicaid for their health coverage (**22%** of the state's population).

# H.R. 1 Requirements & Implementation Dates



# H.R.1 - Eligibility & Enrollment Changes

Requirements	Effective Date
<b>'Qualified Noncitizen' definition and eligibility changes</b> – Amends the definition of 'qualified alien,' limiting Medicaid eligibility for noncitizens.	October 1, 2026
<b>Reducing duplicate enrollment under Medicaid and CHIP programs</b> – Requires states to use additional data sources to identify potential out of state individuals (including but not limited to the National Change of Address files and Managed Care data), and in the future, to utilize a federal system implemented by HHS.	January 1, 2027 October 1, 2029 HHS system available
<b>Six-month eligibility redeterminations</b> – Requires states to redetermine the eligibility of Medicaid expansion members every 6 months.	January 1, 2027
<b>Reducing retroactive coverage</b> – Reduces retroactive coverage from three months to one month for Medicaid expansion and two months for all other covered groups.	January 1, 2027

# H.R.1 - Eligibility & Enrollment Changes

Requirements	Effective Date
<b>Work and community engagement requirements</b> – Requires states to implement work and community engagement requirements for Medicaid expansion.	January 1, 2027
<b>Ensuring deceased individuals do not remain enrolled</b> – Requires states to utilize the quarterly Social Security Administration (SSA) Death Master File (DMF) in addition to state files to identify deceased members. (States must also use the DMF to identify deceased providers effective January 1, 2028.)	January 1, 2027
<b>Payment reduction related to certain erroneous excess payments (PERM)</b> – Expands definition of erroneous excess payment and imposes state fiscal impacts for error rate >3%. 5	October 1, 2029

# Noncitizen Eligibility Changes, October 1, 2026

- Limits eligibility for non-pregnant adults to:
  - Legal Permanent Residents (aka Green Card Holders), after 5 years
  - Cuban/Haitian Entrants, 7-year limit
  - Compact of Free Association (COFA) migrants
- Does NOT impact the eligibility rules for:
  - Legally residing children under 19 and pregnant individuals
  - FAMIS Prenatal, pregnancy coverage regardless of status
  - CHIP Health Services Initiatives (HSI)
  - Emergency Medicaid

# Noncitizen Eligibility Changes, Non-pregnant Adults

Before October 1, 2026	After October 1, 2026
<ul style="list-style-type: none"><li>• Legal Permanent Residents</li><li>• Compact of Free Association (COFA) migrants</li><li>• Parolees</li><li>• Conditional Entrants</li><li>• Battered noncitizen</li><li>• Refugees</li><li>• Asylees</li><li>• Amerasians</li><li>• Cuban and Haitian entrants</li><li>• Deportees whose deportation is withheld</li><li>• Victims of trafficking and their spouse, child, sibling or parent</li><li>• Iraqi and Afghan Special Immigrant</li><li>• SSI recipients</li><li>• Certain American Indians/Alaskan Natives born in Canada</li><li>• Legally residing active-duty military/veterans and their spouses and dependent children</li></ul>	<ul style="list-style-type: none"><li>• Legal Permanent Residents</li><li>• Compact of Free Association (COFA) migrants</li><li>• Cuban and Haitian entrants</li></ul>

# Reducing Retroactive Coverage

January 1, 2027

## Medicaid

- Medicaid Expansion: Retroactive coverage reduced to one month
- Non-Medicaid Expansion Coverage Groups: Reduces retroactive coverage to two months
  - Current exceptions (ex: QMB) still apply

## CHIP (FAMIS)

- Reduces optional CHIP retroactive coverage from three to two months
- VA does not provide retroactive coverage through CHIP
  - Exception: Newborns for whom an application is submitted within 3 months of birth.

# Six-Month Eligibility Redeterminations

January 1, 2027

- Conduct eligibility redetermination (aka renewal) for Medicaid Expansion members every six months
  - Currently done every 12 months
  - ~550,000 members total
- Certain American Indians/Alaskan Natives are exempt.
- CMS guidance released in March 2026.

# Work & Community Engagement Requirements

January 1, 2027

## Compliance

To fulfill the requirements, an individual must either:

- Work, volunteer, or participate in an education or work program for a total of at least 80 hours per month\*;
- Be enrolled in an educational program at least part-time; or
- Have a monthly income of at least \$580 (federal minimum wage x 80 hours/month)\*.

\*Thresholds can be averaged over a 6-month period for seasonal workers.

## Exemptions

**Certain populations are exempt from the requirements, including:**

- Pregnant or postpartum (12 months) individuals
- People with special medical needs, including substance use disorders, serious or complex medical conditions, or disabilities
- Veterans with a 100% disability rating from the VA
- Parents, guardians, or family caregivers for children under 14 or a person with a disability
- American Indians and Alaska Natives
- People incarcerated or are within 3 months of released

**States may adopt temporary hardship exemptions for individuals:**

- Receiving care in a hospital/psychiatric hospital, SNF, or ICF-IID, or care of similar acuity
- Residing in counties with an unemployment rate greater than 8% or greater than 150% of the national average
- Who experienced a natural disaster
- Who must travel outside of their community for necessary medical care

# Work & Community Engagement Requirements

## Impacted Population

Requirements apply to **Medicaid Expansion**

- **Medicaid Expansion covers** adults aged 19 to 64, with income at or under 138% of the federal poverty level (about \$21,597/year for an individual), and not eligible for Medicare.
- There are >550,000 Virginians enrolled in Medicaid Expansion.

*Information is based on the state's current understanding of the new requirements. Additional forthcoming federal guidance may result in changes.*

## Application

1. Be compliant the month before the month that the application is submitted, **or**
2. Meet an exemption in the month that the application is submitted.

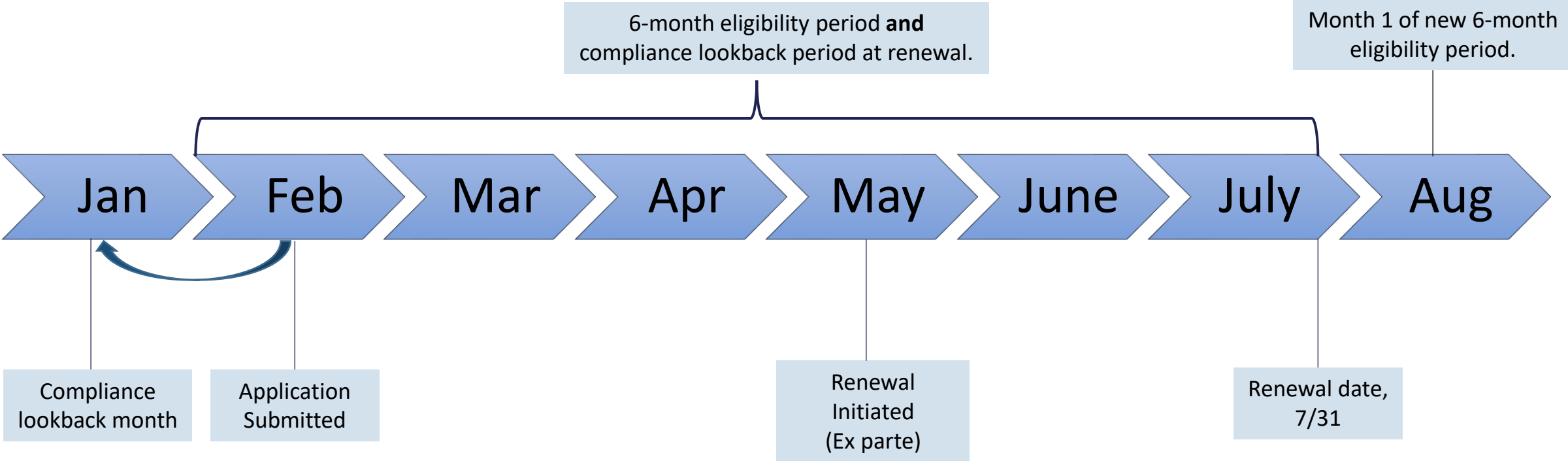
## Renewal

1. Have been compliant for at least one month since the last eligibility determination/redetermination, **or**
2. Meet an exemption when the renewal is processed.

## Change

Members who meet the work and community engagement requirements at application or renewal are determined to be compliant/exempt for the full 6-month eligibility period.

# Application & Renewal Timeline Example – Work/Community Engagement and 6-Month Renewal (Beginning 2027)



# Implementation Strategies

Virginia is committed to minimizing loss of coverage while maintaining compliance with federal requirements. A strong emphasis has been and will continue to be placed on collaboration with state agency partners and stakeholders, communicating clearly and transparently, and leveraging technology to streamline processes.



## Automate

Rely on automation and electronic data sources to minimize administrative burden.

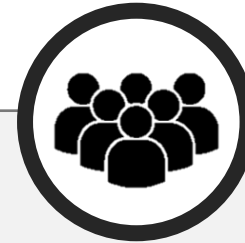
Implement a vendor platform to streamline eligibility evaluation.



## Build Capacity

Enhance member self-serve options and vendor renewal capability.

Onboard DMAS staff dedicated to work and community engagement.



## Collaborate

Build on cross-agency coordination and partnership.

Engage Managed Care Organizations to conduct outreach.

Empower, resource and educate external stakeholders.



## Train

Update and enhance training for eligibility staff.

Train core stakeholders who engage regularly with Medicaid members/eligible populations.

# Resource Links

- H.R. 1 Full Text: [congress.gov/bill/119th-congress/house-bill/1/text](https://www.congress.gov/bill/119th-congress/house-bill/1/text). Health-related changes are in *Subtitle B*:
  - Medicaid changes: Sections 71101-71121
  - Medicare changes: Sections 71201-71203
  - Health Tax changes: Sections 71201-71308
  - Rural Health Transformation Program: Section 71401
- Federal Policy Guidance Updates Page (Medicaid.gov)
  - [medicaid.gov/federal-policy-guidance](https://www.medicaid.gov/federal-policy-guidance)
  - Includes State Medicaid Director Letters, interim guidance press releases, etc.
- Working Families Tax Cut Legislation Webpage (Medicaid.gov)
  - [medicaid.gov/resources-for-states/working-families-tax-cut-legislation](https://www.medicaid.gov/resources-for-states/working-families-tax-cut-legislation)
  - Includes webinars and fact sheets on specific changes related to H.R. 1

Thank You!

