

# H.R. 1 – Medicaid Eligibility Impacts

May, 2026

# H.R. 1 Medicaid Changes That Require Immediate Implementation Action

## Impact of H.R. 1

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

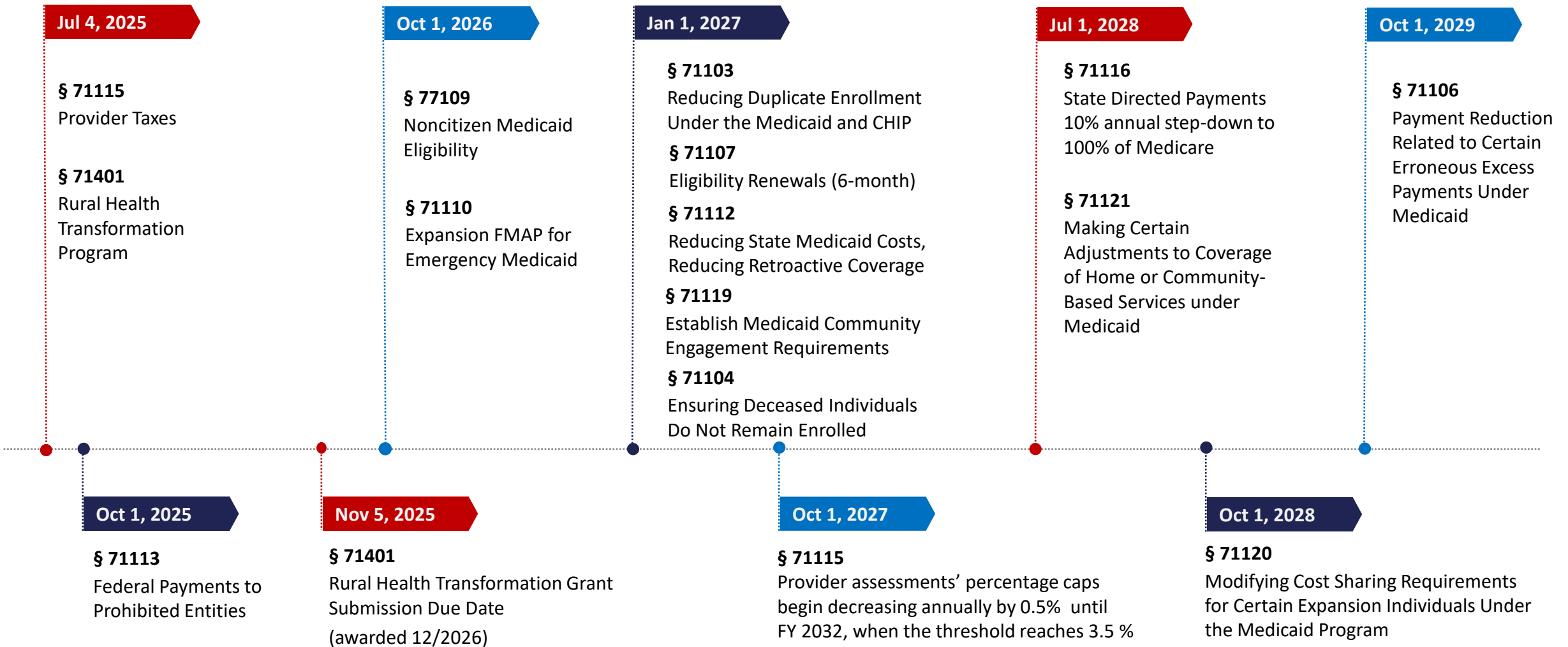
- These changes include, in part:
  - **New eligibility requirements**, including federal work requirements and more frequent eligibility renewals for the Medicaid Expansion population and eligibility changes for lawfully present noncitizen adults.
  - **Changes to state financing of their share** of 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 guidance. Interim final rules for the work 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

Requirement	Effective Date
<b>‘Qualified Noncitizen’ definition and eligibility changes</b> – Amends the definition of ‘qualified alien,’ limiting Medicaid eligibility for noncitizen adults.	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>Work requirements</b> – Requires states to implement the federal work requirements for Medicaid Expansion.	January 1, 2027

# H.R.1 - Eligibility & Enrollment Changes

Requirement	Effective Date
<p><b>Reducing retroactive coverage</b> – Reduces retroactive coverage for Medicaid from three months to one month for Medicaid expansion and two months for all other covered groups. Reduces optional CHIP retroactive coverage from three to two months. VA has not adopted the CHIP retroactive coverage state option.</p>	January 1, 2027
<p><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.</p>	January 1, 2027
<p><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 &gt;3%.</p>	October 1, 2029

# Noncitizen Eligibility Changes

October 1, 2026

- Limits eligibility for non-pregnant adults to:
  - U.S. citizens and nationals
  - Lawful Permanent Residents (aka Green Card Holders), after 5 years
    - 5-year bar waived continue to be waived for certain LPRs (see next slide)
  - Cuban and 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	On or After October 1, 2026
<ul style="list-style-type: none"><li>• Lawful 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 with Special Immigrant Visas (SIVs)*</li><li>• SSI recipients</li><li>• 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>• Lawful Permanent Residents</li><li>• Compact of Free Association (COFA) migrants</li><li>• Cuban and Haitian entrants</li></ul> <p>* Amerasian and SIV status automatically receive LPR status and can be treated as such.</p>

# Reducing Retroactive Coverage

January 1, 2027

## Medicaid

- Medicaid Expansion: Retroactive coverage reduced to one month.
- Non-Medicaid Expansion eligibility groups: Retroactive coverage reduced to two months.
  - Current exceptions still apply (ex: Qualified Medicare Beneficiaries)

## CHIP (FAMIS)

- Reduces optional CHIP retroactive coverage from three months to two months
- VA does not provide retroactive coverage in CHIP
  - Exception: Newborns for whom an application is submitted within 3 months of birth. This will be reduced to applications submitted within 2 months of birth.

# Six-Month Eligibility Redeterminations

January 1, 2024

- Review the eligibility of Medicaid Expansion members (>550,000) every six months
  - American Indians and Alaska Natives are exempt and will continue to be renewed every 12 months
  - Individuals enrolled in other types of Medicaid will continue to be renewed every 12 months
  - Pregnant members will continue to be renewed at the end of their protected postpartum coverage period
- Effective for **applications submitted** on or after January 1, 2027
- Effective for **renewals initiated** on or after January 1, 2027
  - Members with March 2027 renewal dates will have their renewal initiated in January 2027

# Work Requirements

January 1, 2027

- Requirements apply to **Medicaid Expansion** only
  - Adults aged 19 to 64, with income at or under 138% FPL and not eligible for Medicare.
- Individuals must either be compliant, be an excluded individual, or meet an exception to be eligible for Medicaid Expansion.
- Interim final rules are expected to be released by CMS in **June 2026**.

*DMAS' implementation decisions and strategies are based on preliminary, informal CMS guidance. Formal CMS guidance is expected to be issued in June 2026 and may result in changes.*

# Work Requirement Review Periods

January 1, 2027

## Application

### **Application Compliance Lookback Period: One Month**

- A member must have been compliant in the month before the month they that apply to be eligible (unless exempt).
- CMS has not yet confirmed if a person must meet an exception or exclusion **in the** month that they apply, the month before they apply, or either to be exempt.

## Renewal

### **Renewal Compliance Lookback Period: The period between the most recent determination or redetermination and the next regularly scheduled redetermination**

- A person must have been compliant for **at least one month during the renewal lookback period** to remain eligible (unless exempt).
- CMS has not yet confirmed if a member must meet an exception or exclusion during their renewal month or in any month during any month in the lookback period to remain exempt.

## Change

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

# Compliance

An individual must do at least one of the following to be compliant with the requirements.



Work at least 80 hours per month.



Complete at least 80 hours of community service per month.



Participate in a work/training program for at least 80 hours per month.



Be enrolled in an education program at least half-time.



Have monthly income that is at least 80 times the federal minimum wage (\$580 per month).



Seasonal worker: have an average income of \$580 per month or work an average of 80 hours per month over the previous 6 months.

Any combination of these activities for a total of 80 hours per month.

# Mandatory Exclusions

## Mandatory Excluded Individuals

- Former Foster Care Youth
- Certain American Indians and Alaskan Natives
- Parent, guardian, caretaker relative or family caregiver of a dependent child age 13 or under
- Parent, guardian, caretaker relative or family caregiver of an individual with a disability
- Veteran with a 100% disability rating
- Medically frail individuals (as specified by H.R. 1 and defined by the state)
- Compliant with state TANF work requirements
- A member of a household that receives SNAP benefits and is not exempt from SNAP work requirements
- Participating in a substance use treatment and rehabilitation program
- Incarcerated
- Pregnant or within 12 months of the end of a pregnancy
- Mandatory Excepted individuals

# Mandatory & Optional Exceptions

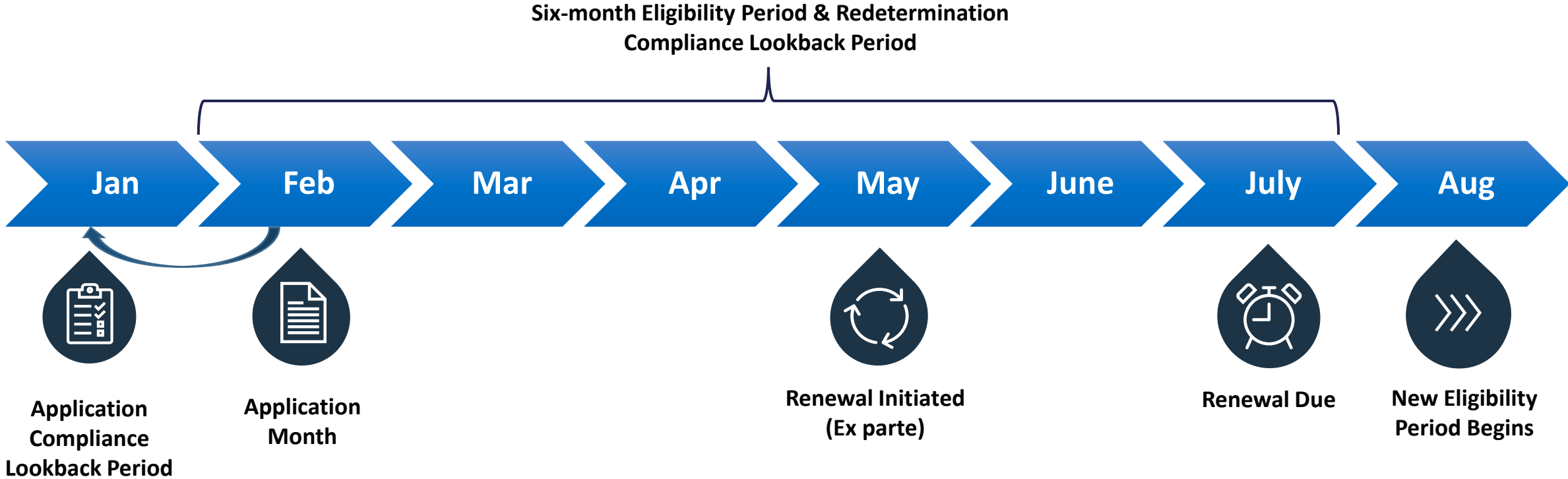
## Mandatory Excepted Individuals

- Age 18 or younger
- Age 65 or older
- Entitled to or enrolled in Medicare Part A or enrolled in Medicare Part B
- Defined in a mandatory Medicaid categorically needy eligibility group (ex: SSI recipient, children, pregnancy, title-IV foster care or adoption assistance)
- Released from incarceration within the previous 3 months

## Optional Temporary Hardship Exceptions

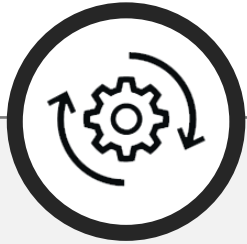
- Receiving care in a hospital/psychiatric hospital, SNF, or ICF-IID, or care of similar acuity
- Residing in a locality with an unemployment rate greater than 8% or 150% of the national average
- Residing in a locality in which a federal emergency or disaster has been declared
- Must travel outside of their community for an extended period to get necessary medical care for themselves or a dependent

# Work & Community Engagement & 6-Month Redetermination Member Timeline



# Core 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.

Invest in a Module System to streamline eligibility evaluation.

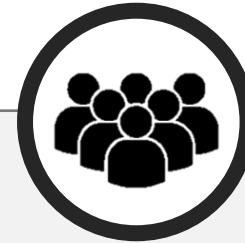


## Build Capacity

Enable Cover Virginia vendor to do renewals for Medicaid Expansion members only.

Enhance CoverVA self-serve options.

Onboard DMAS staff dedicated to work and community engagement.



## Collaborate

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.

# Resources

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- 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)
  - Medicaid changes: Sections 71101-71121
  - Medicare changes: Sections 71201-71203
  - Health Tax changes: Sections 71201-71308
  - Rural Health Transformation Program: Section 71401
- Working Families Tax Cut Legislation Webpage, CMS landing page for H.R. 1 guidance [medicaid.gov/resources-for-states/working-families-tax-cut-legislation](https://www.medicaid.gov/resources-for-states/working-families-tax-cut-legislation)
- DMAS community-facing materials: [NEW Federal Requirements](#)
- Employment and Volunteer Activity Supports: [Employment Assistance Services - Virginia Department of Social Services](#)

Thank You!

