

UNDERSTANDING THE MEDICAID COVERAGE CHANGES FOR IMMIGRANTS

SUMMARY OF IMMIGRANT COVERAGE POST-HR 1

Overview

Beginning October 1, 2026, many immigrants who are currently eligible for Medicaid or Children's Health Insurance Program (CHIP) because of a lawful humanitarian status, including refugees, asylees, parolees, and trafficking survivors, will no longer qualify for federally funded coverage based on changes brought by the implementation of the budget reconciliation package, HR 1. Federal Medicaid funding will generally continue to be available for lawful permanent residents (green card holders), Cuban and Haitian entrants, and Compact of Free Association (COFA) migrants, subject to existing eligibility rules. As states prepare for implementation, many are evaluating operational changes and considering whether state-funded coverage options can help maintain access to care for people who will lose federal eligibility.

States will need to redetermine eligibility for affected children and update their eligibility systems and procedures accordingly. [\[medicaid.gov\]](https://www.medicaid.gov), [\[shvs.org\]](https://www.shvs.org)¹

Important Exceptions

The law **does not eliminate all immigrant coverage options for children.**

CMS specifically notes that the statutory changes **do not apply to the state option to cover lawfully residing children and pregnant individuals in Medicaid and CHIP**, meaning states may still have pathways to provide coverage to some immigrant children depending on how state programs are structured and financed. [\[cms.gov\]](https://www.cms.gov), [\[medicaid.gov\]](https://www.medicaid.gov)

In addition, other exemptions remain including the

- Existing rules regarding the five-year waiting period ("five-year bar") remain in place.
- Existing exemptions to the five-year bar also remain in place, for states that have taken up this option.²
- States must be careful not to incorrectly terminate children who remain eligible under another category.

What are States Currently Doing?

Based on CMS guidance, states are being directed to identify currently enrolled beneficiaries whose immigration status will no longer qualify for federally funded full-scope Medicaid or CHIP beginning October 1, 2026, and to conduct eligibility redeterminations before the effective date. States will need to update eligibility systems,

¹ <https://shvs.org/resources/cms-guidance-on-h-r-1s-restrictions-for-non-citizen-coverage-in-medicaid-and-chip/>

² <https://www.kff.org/affordable-care-act/state-indicator/medicaid-chip-coverage-of-lawfully-residing-immigrant-children-and-pregnant-women/>

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verification processes, notices, and managed care payment arrangements to comply with the new federal rules.

[\[medicaid.gov\]](https://www.medicaid.gov), [\[shvs.org\]](https://www.shvs.org)

- **Redeterminations and outreach:** States must review affected enrollees' eligibility and provide appropriate notices before coverage changes occur. [\[medicaid.gov\]](https://www.medicaid.gov), [\[shvs.org\]](https://www.shvs.org)
- **State-funded coverage options:** Some states are evaluating whether they can continue covering impacted immigrant groups using state-only funds, similar to how some states currently fund coverage for populations not eligible for federal matching funds. [\[shvs.org\]](https://www.shvs.org), [\[kff.org\]](https://www.kff.org)
- **Verification and administrative barriers:** New reverification requirements may increase administrative burdens and could lead to eligible individuals losing coverage because of paperwork or procedural issues rather than actual ineligibility. [\[kff.org\]](https://www.kff.org)
- **Preserving existing exceptions:** Advocates are closely monitoring whether states correctly apply continuing exceptions, such as rules related to green card holders, the five-year bar, and certain coverage options for children and pregnant individuals. [\[healthlaw.org\]](https://www.healthlaw.org), [\[medicaid.gov\]](https://www.medicaid.gov)

RESOURCES

Below is a compilation of available resources that are useful to understand the pending coverage changes and other considerations:

KFF Resources

How States Verify Citizenship and Immigration Status in Medicaid (KFF)

(<https://www.kff.org/medicaid/how-states-verify-citizenship-and-immigration-status-in-medicaid/> [\[kff.org\]](https://www.kff.org))

- Comprehensive overview of current immigrant eligibility rules and the upcoming October 1, 2026 restrictions.
- Explains which categories of lawfully present immigrants will lose access to federally funded Medicaid and CHIP.
- Discusses new reverification requirements.

Medicaid: What to Watch in 2026 (KFF)

(<https://www.kff.org/medicaid/medicaid-what-to-watch-in-2026/> [\[kff.org\]](https://www.kff.org))

- High-level overview of 2026 Medicaid policy changes.
- Includes a section on restrictions to Medicaid eligibility for certain lawfully present immigrants and implementation considerations for states.

Federal Guidance

CMS State Health Official Letter (SHO #26-001)

(<https://www.medicaid.gov/federal-policy-guidance/downloads/sho26001.pdf> [\[medicaid.gov\]](https://www.medicaid.gov))

- Primary federal implementation guidance.
- Explains that beginning October 1, 2026, federal Medicaid and CHIP funding generally will be limited to:
 - U.S. citizens/nationals
 - Lawful permanent residents (green card holders)
 - Cuban/Haitian entrants

- COFA migrants
- Includes operational guidance for states and redetermination requirements.

CMS Press Release on Implementation

(<https://www.cms.gov/newsroom/press-releases/cms-issues-guidance-implement-new-limits-federal-medicaid-chip-funding-certain-noncitizens> [\[cms.gov\]](https://www.cms.gov))

- Shorter summary of the SHO letter and policy changes.
- Useful for quick reference.

State Health and Value Strategies (SHVS) State Implementation Analysis

(<https://shvs.org/resources/cms-guidance-on-h-r-1s-restrictions-for-non-citizen-coverage-in-medicaid-and-chip/> [\[shvs.org\]](https://shvs.org))

- Policy translation of the CMS guidance which summarizes impacts on refugees, asylees, trafficking survivors, parolees, and other populations that have historically been eligible.

National Health Law Program (NHeLP)

(<https://healthlaw.org/wp-content/uploads/2026/06/OBBBA-Immigrant-Changes-Checklist-Template-Final.pdf> [\[healthlaw.org\]](https://healthlaw.org))

- Checklist and tool for reviewing state implementation.
- Legal analysis that identifies protections that remain in place, including certain exceptions to the five-year bar and continued options for children and pregnant individuals.

This resource is intended to support understanding of the Medicaid and CHIP eligibility changes affecting immigrant populations that are scheduled to take effect on October 1, 2026. For additional information or questions about state implementation and advocacy considerations, please contact AAP State Advocacy at stgov@aap.org.