DHB ADMINISTRATIVE LETTER NO: 02-26, AMENDED-LOCAL AGENCY PROCEDURES FOR NON-CITIZEN MEDICAID ELIGIBILITY

DATE: July 13, 2026

SUBJECT: LOCAL AGENCY PROCEDURES FOR NON-CITIZEN MEDICAID ELIGIBILITY-AMENDED

DISTRIBUTION: County Departments of Social Services
Medicaid Supervisors
Medicaid Eligibility Staff

I. BACKGROUND

On July 4, 2025, the House Reconciliation bill (H.R. 1), previously known as the House Reconciliation Bill, Working Families Tax Cut (WFTC) was signed into law. This legislation has also been called the One Big Beautiful Bill Act. This legislation changed which non-citizen statuses are considered qualifying for Medicaid eligibility purposes.

Effective October 1, 2026, a qualified non-citizen is limited to certain immigration statuses. Federal financial participation is no longer available for non-qualified non-citizens. Action must be taken to identify individuals who will no longer be eligible for full Medicaid benefits and terminate beneficiaries effective September 30, 2026.

DHB Administrative Letter 02-26 has been amended due to Senate Bill and to provide addition clarification. The updates include:

- This bill allows Medicaid coverage to continue for lawfully residing children up to age 19 and for lawfully residing pregnant women through their 12-month postpartum period.
- Lawful Permanent Residents (LPRs) who are exempt from the five-year bar.
- An example when applying Reasonable Opportunity Period (ROP) during recertification was added.
- The hearings section has been updated.

II. POLICY PRINCIPLES

Non-citizens must have a qualifying immigration status to receive full Medicaid benefits, on or after October 1, 2026. Those without a qualifying status may be eligible for emergency Medicaid services.

A. Qualifying Statuses

Individuals that are identified as having a qualifying status are limited to:

1. U.S. Citizen and U.S. National
2. Lawful Permanent Resident (LPR)
3. Cuban Haitian Entrants
4. Compact of Free Association (COFA) migrants also known as Freely Associated States (FAS) Citizens. COFA Migrants are identified in the Systematic Alien Verification Entitlement (SAVE) System with a Class of Admission (COA) of:

    - FSM- Citizens of Federal States of Micronesia
    - MIS-Citizens of the Marshall Islands
    - PAL-Citizens of Palau

B. Five-Year Bar

The five-year bar is an immigration restriction that requires most lawful permanent residents (LPRs or green card holders) to wait five years in the United States before they become eligible for federally funded means-tested public benefits, such as Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).

The five-year bar applies to most Lawfully Permanent Residents (LPRs). However, there are certain exceptions to this requirement, including but not limited to the following:

- LPRs with 40 qualifying work quarters
- Veterans or active-duty armed forces service members.
- Individuals are admitted under an exempt status such as Refugee, Asylee, and other humanitarian status.

C. Impacted Population

This change impacts most non-citizen applicants and beneficiaries (a/b's) who are either applying or receiving full Medicaid benefits regardless of the program in which benefits are authorized. Individuals who do not meet one of

the qualifying statuses may include, but are not limited to, the following:

1. Family and Children's Programs
   a. Parent/caretaker relatives
   b. Women receiving Medicaid through the Breast and Cervical Cancer Program
   c. Individuals receiving under Medicaid Expansion Program
   d. Individuals receiving under the Family Planning Program
2. Adult Medicaid Programs
   a. Individuals age 65 or older,
   b. Individuals who have been deemed disabled by Social Security or through a disability determination.
   c. Blind individuals
   d. Beneficiaries receiving limited Medicaid under as a Medicare Qualified Beneficiary (MQB Q/B/E).
   e. SSI beneficiaries

      Individuals in any living arrangement including but not limited to applicants and beneficiaries in:

   f. Private Living
   g. Longterm-Care including:
      - Nursing Facility
      - Community Alternatives Program (CAP)
      - Innovations
      - PACE (Program All Inclusive Care for the Elderly)
      - Incarceration

D. Excluded Population

Excluded individuals are not required to meet one of the qualifying immigration statuses. Excluded individuals include those who are applying or receiving:

1. Presumptive Medicaid when determined by a presumptive provider, or
2. Emergency medical services, or
3. During the 90-day Reasonable Opportunity Period (ROP). Refer to MA-2504/3330 Alien Requirements.
4. Lawfully residing children up to age 19 and lawfully residing pregnant women through their 12-month postpartum period Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

III. APPLICATIONS

The change in federal regulation applies to applicants requesting eligibility beginning October 1, 2026. The date for which benefits are authorized determines which non-citizen rule(s) applies. The date of application is not a determining factor in citizenship eligibility.

Non-citizen applications approved with eligibility on or before September 30, 2026, will follow current citizenship requirements in MA-2300/3200 Application and MA-2504/3330 Alien Requirement.

Applicants/beneficiaries who are authorized for benefits on or after October 1, 2026, must have a qualifying immigration status defined in II. A. above.

A. Individuals Who Have Qualifying Immigration Status Before and After October 1, 2026

Applicants who have a qualifying immigration status in effect before and after October 1, 2026, would be authorized for the full certification period when all other factors of eligibility are met. Refer to MA-2300/3200 Application.

Example:

Applicants applies for benefits June 2, 2026, SAVE is run, and the individual has an immigration status as a COFA migrant and meets all financial and non-financial requirements. This immigration status is a qualifying immigration status before and after October 1, 2026. Approve the application and authorize the benefits for June 1, 2026, through May 31, 2027, and send the appropriate notice. Follow MA-2300/3200 Application.

B. Individuals Who Do Not Have a Qualifying Immigration Status After September 30, 2026

Applicants that apply for benefits and do not have an immigration status that is considered qualified effective, October 1, 2026, cannot be authorized for Medicaid after September 30, 2026.

Example:

Applicants applies for benefits June 2, 2026, and attests to having an immigration status of Asylee. SAVE is run and the result returned verifies the applicant is an ~~A~~sylee. The applicant's immigration status of Asylee meets the immigration status to **only** receive benefits through September 30, 2026. The immigration status of Asylee is not a qualifying immigration status, effective October 1, 2026.

The DHB-5002/5003, Medicaid Approval notice must indicate the dates benefits are approved June 1, 2026, through September 30, 2026. Notices must also indicate a denial beginning October 1, 2026, due to a change in regulation resulting in a non-qualified immigration status.

Utilize forced eligibility to authorize benefits in the appropriate program/category:

MAGI

- Add forced eligibility evidence to the existing MAGI Insurance Affordability Application. Authorizing June 1, 2026, through September 30, 2026.

Non-MAGI

- Deny the application administratively and key a forced income support application. Authorizing benefits June 1, 2026, through September 30, 2026.

1. Send a DSS-8110, Change/Termination Timely indicating benefits terminate September 30, 2026, due to change in federal regulations.

   Note: The DSS-8110, Change/Termination Timely will prevent a COVID extension.

2. It is recommended to review all on-hold cases to prevent any payback charges.

   Note: Applications should be processed as an open/closed when the disposition date will not allow for a timely notice to be sent by September 15, 2026.

   Example:

   A/b is eligible August through September based on immigration status. Application is disposed on September 20, 2026. Benefits must not continue beyond September 30, 2026.

   Add forced evidence to a MAGI application or deny the non-MAGI administratively and approve a forced non-MAGI for August 1, 2026 through September 30, 2026. Close the case.

   Send the DHB-5002/5003, Medicaid Approval notice indicating the date of approval and denial. No DSS-8110,Change/Termination Timely is required because timely requirements cannot be met. **The a/b must be added to the COVID exclusion batch to prevent benefits from extending.**

C. Applying for Retroactive on or After October 1, 2026

1. Applications submitted on or after October 1, 2026, may include a request for 3 months prior to the application date.

2. Caseworkers must follow policy based on the date for which benefits are authorized. Individuals applying for:

   - Benefits for dates prior to October 1, 2026 must meet policy requirements in MA-2504/3330 Alien Requirements .

   - Benefits for dates on or after October 1, 2026 must meet one of the qualifying immigration statuses listed in II.A above.

   Example:

   An applicant applies October 12, 2026, and requests benefits for August 2026 and September 2026. SAVE verifies the applicant is a

refugee. All eligibility factors are met for August and September.

The DHB-5002/5003, Medicaid Approval notice must indicate the dates benefits are approved August 1, 2026, through September 30, 2026. The notice must also indicate a denial beginning October 1, 2026, due to a change in regulation resulting in a non-qualified immigration status

The applicant does not have a qualifying immigration status as of October 1, 2026.

IV. IDENTIFIED BENEFICIARIES WHO ARE AFFECTED

NC Medicaid has identified current beneficiaries potentially impacted by this change in regulation. (See V. H.R.1 Non-Citizen Reports below). The certification period end date determines whether a full recertification or change in circumstance should be initiated.

A. Individuals listed on the H.R.1 Non-Citizen Report 202605 with a certification end date on or before September 30, 2026, require a full recertification.

A full recertification is required. The ex-parte process should be utilized. This means that all electronic matches should be run and the evidence managed and eligibility must be determined.

1. When ongoing eligibility can be determined and the individual meets one of the qualifying immigration statuses listed in II.A above, recertify the case for the full certification period.

   Example:

   A/b is income eligible and is a legal permanent resident. The caseworker must update all factors that are subject to change and authorize benefits for the full certification period. Send the DSS-8110, Notice of Continuation indicating benefits continue unchanged.

2. When ongoing eligibility cannot be determined and the certification period ends on or before September 30, 2026, the caseworker must update the evidence based on electronic matches, this includes updating citizenship and immigration evidence on the person page and case. Send the NCFAST20020 prepopulated recertification form and the DHB-5097, Request for Information allowing 30 days. (For Adult Medicaid cases send one DHB-5097, Request for Information allowing 30-days.)

   When sending the DHB-5097, Request for Information:

   - Request the updated immigration status
   - Income and
   - Other factors subject to change (such as address change, household composition, resources, etc.)

a. When information is returned and the a/b does not meet one of the qualifying immigration statuses, benefits must be terminated September 30, 2026.

b. Send a DSS-8110, Change/Termination Timely. Indicate change in regulation, selecting the reason “you no longer meet the qualified non-citizen status.” (This reason should be utilized regardless of other reasons for ineligibility. Including excess income, resources, or failure to provide).

c. Timely notice must be sent prior to **September 15, 2026,** to meet timely notice requirements.

d. Put the case in pending closure when appropriate. If the beneficiary is being removed from an existing case, manage the evidence and terminate the beneficiary with the appropriate notice.

B. Individuals listed on the report with a certification period end date of October 1, 2026, or after do not require a full recertification.

1. Although a full recertification is not required, SAVE must be requested for all beneficiaries. When the a/b has one of the qualifying immigration statuses listed in II.A above benefits must continue.

   a. Update the immigration evidence.

   b. Send the DSS-8110, Notice of Continuation.

2. When ongoing eligibility cannot be determined based on the information returned by SAVE, the beneficiary must be given the opportunity to provide an updated immigration status that meets one of the qualifying immigration statues listed in II.A above.

   a. Send the DHB-5097, Request for Information allowing 12 business days to provide current immigration status or self-attestation indicating their current status.

   b. If no information is returned or the returned information indicates a status that does not meet one of the requirements listed in II.A above, benefits must terminate September 30, 2026.

   c. Send a timely DSS-8110, Change/Termination Timely.

   d. Timely notice must be sent on or before **September 15, 2026.**

   e. Put the case in pending closure for September 30, 2026. When appropriate. If the beneficiary is being removed from an existing case, manage the evidence, and terminate the beneficiary with the appropriate notice.

V. H.R.1 NON-CITIZEN REPORT

NC FAST has identified all beneficiaries potentially impacted by the change in regulation. The H.R.1 Non-citizen Report 202607 is located in Fast Help.

Columns have been added to this report.

- Column V provides the living arrangement
- Column X provides the date the DHSID details are updated.
- Column A/B indicates:
  - Added- New Individuals not on the previous report.
  - No change- Individuals on previous report.
  - Dropped-Individuals no longer classified as non-qualified immigrant.

Each county should export their cases utilizing Excel and document action taken on each case. This will allow monitoring and follow-up of cases as needed.

- When working on these reports it is important to make sure that all evidence such as the DHSID, and citizenship are entered correctly for both MAGI and Income Support cases.
- MAGI: Insurance Affordability (Application or Ongoing Case) > Dashboard > DHSID Details.
- Income Support: And Income Support (Application or Ongoing Case) > Dashboard > Alien
- Reports should be worked on, and notices must be sent **no later than September 15, 2026.**
- Local agencies must work on all reports in a timely manner.

VI. REASONABLE OPPORTUNITY PERIOD (ROP)

A 90-day Reasonable Opportunity Period must be provided to individuals for whom the local agency is unable to promptly verify citizenship or satisfactory immigration status by electronic means, third party source, or documentation. If all other eligibility factors are met except for citizenship/identity, an individual may receive Medicaid while securing the documentation.

Effective October 1, 2026, the applicant attests to a new qualifying immigration status, the caseworker will need to verify status through electronic matches. If unable to verify, the caseworker will need to send a secondary verification and complete The Reasonable Opportunity Period. The caseworker must authorize the ROP and follow the policy in MA-2504/3330.

A. Individuals who attest to a non-citizenship status that meets policy in effect through September 30, 2026, cannot be authorized beyond September 30, 2026. This means the individual may or may not get a full 90-days.

Example:

Applicants apply for Medicaid August 12, 2026, and meets all other eligibility

requirements and attests to having an immigration status of an Asylee. The local agency is unable to verify the status utilizing electronic sources, benefits would be limited to August 1, 2026-September 30, 2026.

Example:
Applicant applies for Medicaid prior to October 1, 2026, and meets all factors of eligibility, including immigration requirements through September 30, 2026. The applicant attests to a change in citizenship or immigration status that meets one of the qualifying immigration statuses as of October 1, 2026, but the electronic sources do not verify the attested change. Reasonable Opportunity Period must be implemented. The full 90-day ROP could be authorized based self-attestation that meets a qualifying status October 1, 2026.

B. Individuals who attest to a qualifying immigration status effective October 1, 2026, are eligible for the full 90 days when all eligibility factors are met.

Example:

Applicant applies for Medicaid October 2, 2026, and meets all other eligibility requirements and attests to have a qualifying immigration status of Lawful Permanent Resident. The local agency is unable to verify the status utilizing electronic sources. However, due to the applicant's self-attestation ROP must be implemented. The full 90-days could be authorized.

Refer to Job Aid: MAGI-Reasonable Opportunity Period.

Example:

At recertification the beneficiary meets all other eligibility requirements and attests to change in immigration status from a non-Immigrant Visa holder to a LPR with 40 qualifying quarters. SAVE is run and does not reflect the change in immigration status. The reasonable opportunity period must be authorized to allow the updated documentation to be obtained.

If the beneficiary fails to provide the information after 90 days, the caseworker must terminate the Medicaid case. The individual must reapply.

VII. SUPPLEMENTAL SECURITY INCOME (SSI)

Individuals who are receiving SSI must meet one of the qualified non-citizen statuses listed in II.A. above.

Immigration status may not be available resulting in an inability to run SAVE. Local agencies should attempt to run SAVE. If no information is returned or the information returned does not indicate the a/b meets a qualifying immigration status send the DHB-5097, Request for Information requesting updated immigration status allowing 12 days.

No action can be taken on the case until further guidance is provided to the state. Document any action taken and upload information received to the person page.

Note: On the exported H.R.1 Non-Citizen Report, the individual is SSI.

VIII. HEARINGS

The local agency must grant the opportunity for a hearing when the individual makes a request. However, the local agency is not required to grant a hearing if the sole reason is due to the individual disagreeing with the change in federal law.

IX. IMPLEMENTATION

These policies and procedures are effective immediately for applications, recertifications and change in situations.

If you have any questions regarding this information, please contact your Medicaid Operational Support Team representative.

DocuSigned by:
Melanie Bush
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Melanie Bush
Deputy Secretary, NC Medicaid