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CMS
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State Implementation Tool: Section 71109 of the Working Families Tax Cut (WFTC) Legislation

This tool is designed to aid states in their implementation of the statutory changes made by section 71109 of Public Law 119-21, which CMS refers to as the Working Families Tax Cut (WFTC) legislation. This document outlines policy, operational, and system actions most states will need to take to implement the statutory changes made by section 71109 of the WFTC legislation. While not a comprehensive list of activities, it outlines critical tasks to accurately determine eligibility for full Medicaid and Children's Health Insurance Program (CHIP) benefits; provide the appropriate scope of coverage; and properly claim federal financial participation (FFP) for noncitizens. CMS strongly encourages states to review the "checklist" in Section II as you continue your policy, operations and system development work, as needed, to ensure compliance by October 1, 2026.

Please see Section IV – Glossary of Terms for definitions of terms used in this tool.

I. Overview of Section 71109 of the WFTC Legislation

Beginning October 1, 2026**,** sections 1903(v)(5) and 2107(e)(1)(R) of the Social Security Act (the Act), as added and amended, respectively, by section 71109 of the WFTC legislation, generally limit, with some exceptions, FFP for *"full Medicaid or CHIP benefits"* to the following groups of individuals: U.S. citizens and U.S. nationals; lawful permanent residents (LPRs or "green card holders"); Cuban/Haitian entrants;[1] and Compacts of Free Association (COFA) migrants. We refer to LPRs, Cuban/Haitian entrants, and COFA migrants in this document as *"FFP-eligible noncitizens"*. These FFP limitations do not apply to expenditures for: full Medicaid or CHIP benefits for lawfully residing children and pregnant women covered under a state's election of the CHIPRA 214 option; Medicaid payment for treatment of an emergency medical condition (*"emergency Medicaid"*)*;* or a state-designed Health Services Initiative (HSI) under CHIP. This provision applies to states, D.C., and the territories, which we collectively refer to as "states."

Therefore, on and after October 1, 2026, FFP is not available for full Medicaid or CHIP benefits for noncitizens unless they are determined to be an FFP-eligible noncitizen or meet an exception, such as a lawfully residing child or pregnant woman in a state that has elected the CHIPRA 214 option.

For more detailed information, please see SHO #26-001 RE: Implementation of Section 71109 "Alien Medicaid Eligibility" of the Working Families Tax Cut Legislation (Public Law 119-21).

[1] Cuban/Haitian entrants are considered qualified noncitizens in accordance with 8 U.S.C. § 1641(b)(7) and beginning October 1, 2026, FFP-eligible noncitizens in accordance with section 1903(v)(5)(B)(iii) of the Act. For more information, see https://www.uscis.gov/save/resources/information-for-save-users-cuban-haitian-entrants.

II. Checklist for System and Operational Changes to Implement Section 71109 of the WFTC Legislation

Beginning October 1, 2026, states will need to ensure proper FFP claiming by limiting determinations of eligibility for full Medicaid and CHIP benefits to only those individuals for whom FFP is available under sections 1903(v)(5) and 2107(e)(1)(R) of the Act. At a high-level, by October 1, 2026, states must make any and all necessary changes to their eligibility, Medicaid Management Information System (MMIS), notices, and claiming systems to ensure that they can:

1. **Complete redeterminations for all "*potentially affected beneficiaries*" ** to ensure they have a "*satisfactory immigration status*" for full Medicaid or CHIP benefits under sections 1903(v)(5) and 2107(e)(1)(R) of the Act.
2. **Accurately determine eligibility at application and renewal**, consistent with sections 1903(v)(5) and 2107(e)(1)(R) of the Act.
3. **Provide clear communications to individuals and other state agencies and partners**.
4. **Appropriately report financial claiming** in the Medicaid and CHIP Financial System (MACFin) **and enrollment data** in Transformed Medicaid Statistical Information System (T-MSIS) to CMS.

We describe specific changes and tasks for each of these four requirements in the sections below. States should review applicable tasks and determine necessary actions for their state to ensure compliance with section 71109 of the WFTC legislation by October 1, 2026.

As described further in Section III, states unable to meet these requirements must implement a temporary strategy to ensure they do not inappropriately claim FFP on or after October 1, 2026.

1. Complete Redeterminations for All Potentially Affected Beneficiaries

To ensure states only claim FFP for Medicaid and CHIP benefits provided to noncitizens in accordance with sections 1903(v)(5) and 2107(e)(1)(R) of the Act beginning October 1, 2026, states must complete redeterminations for potentially affected current beneficiaries to verify satisfactory immigration status by October 1, 2026 in accordance with 42 C.F.R. §§ 435.916(d) and 457.343.[2] To complete this requirement, states must follow these steps:

STEP 1. Identify the potentially affected beneficiaries enrolled in full Medicaid and CHIP benefits. This includes potentially affected beneficiaries who are Supplemental Security Income (SSI) recipients and children with adoption assistance, foster care, or guardianship care under section title IV-E of the Act.

- When identifying potentially affected beneficiaries receiving SSI, states should start by reviewing current records to identify and exclude those SSI beneficiaries who are U.S. citizens or U.S. nationals. If U.S. citizenship, U.S. national, or immigration status is not known, states can use the SSA's State Verification & Exchange System (SVES) batch query to receive current SSA data, including citizenship and immigration status.

[2] We refer to the requirements at 42 C.F.R § 435.916 as amended by the interim final rule with comment period titled "Medicaid Program; Community Engagement Requirement for Certain Individuals" (91 Fed. Reg. 33,343, June 3, 2026), which are effective July 31, 2026.

STEP 2. Use information in the beneficiary record to determine whether potentially affected beneficiaries continue to have satisfactory immigration status by attempting to reverify their status through DHS's Systematic Alien Verification for Entitlements (SAVE) program.

- If the beneficiary continues to have a satisfactory immigration status for full Medicaid or CHIP benefits, the beneficiary must retain that coverage.

STEP 3. If the state is unable to verify if the beneficiary remains in, or has adjusted to, a satisfactory immigration status, the state must send a request for additional information to the beneficiary and provide a reasonable period of time for the beneficiary to respond. If the beneficiary responds and provides a new declaration of U.S. citizenship, U.S. national status, or satisfactory immigration status and the state is still unable to verify that status through SAVE, the state must provide the beneficiary with a 90-day reasonable opportunity period (ROP) during which the state must continue efforts to complete the verification of satisfactory immigration status, including, if necessary, requesting documentation from the individual.

- If the beneficiary provides documentation and the state verifies satisfactory immigration status, the beneficiary must retain full Medicaid or CHIP benefits.
- If the beneficiary provides information or documentation that demonstrates the individual no longer has satisfactory immigration status, or if they do not respond within the time specified, the state must take additional actions outlined in Steps 4 and 5 before terminating eligibility or reducing benefits.

STEP 4. For those individuals for whom the state is unable to verify are FFP-eligible noncitizens, the state must evaluate whether they are eligible for full Medicaid or CHIP benefits on any basis under the state plan, including CHIPRA 214 (if elected by the state), or emergency Medicaid.

STEP 5. Once the redetermination is complete, the state must provide notice.

- If a beneficiary is determined eligible, states should notify the beneficiary that they continue to be eligible for the coverage in which they are enrolled.
- If a beneficiary no longer has satisfactory immigration status for full Medicaid or CHIP benefits or does not respond within the timeframe specified, states must provide the beneficiary with advance notice of adverse action, including the right to a Medicaid fair hearing or CHIP review, before terminating coverage or reducing benefits.

In order to complete these steps to accurately redetermine eligibility for full Medicaid or CHIP benefits by October 1, 2026, states will need to update their eligibility determination logic and verification logic as outlined below.

2. Accurately Determine Eligibility at Application and Renewal

States will need to update their applications, eligibility determination logic, and verification logic to ensure accurate eligibility determinations and proper claiming of FFP for Medicaid and CHIP benefits in accordance with section 71109 of the WFTC legislation. These changes will impact eligibility determinations made at application and renewal on and after October 1, 2026.

A. Review and revise all applications used for Medicaid and CHIP

- ❑ Ensure all single streamlined (including multi-benefit) applications, as well as applications used to apply on the basis of age, blindness or disability, and any simplified

applications accepted by the state, collect the necessary information to determine and verify satisfactory immigration status for full Medicaid and CHIP benefits (and account for the state's election of the CHIPRA 214 option, if applicable). This may necessitate changes across all modalities in which applications must be accepted (e.g., paper, online, and telephonic applications).

- ❑ Modify all presumptive eligibility and hospital presumptive eligibility applications used in all modalities, administrator and/or caseworker portals, and provider training materials to reflect the changes from this provision.
    - ❑ States will need to train providers to correctly assess presumptive eligibility.
- ❑ At state option, update state applications to align with the changes made to the Single, Streamlined Application ("the Model") used by the Federally-Facilitated Marketplace.

B. Align eligibility determination, redetermination, and verification logic with changes under section 71109

- ❑ Update and test eligibility determination logic and business rules to accurately determine eligibility and provide the appropriate scope of coverage (e.g., in Medicaid, full benefits or emergency Medicaid coverage), including pulling appropriate attestations and information from submitted applications.
- ❑ Update and test verification logic:
    - ❑ For Hub Verify Lawful Presence (VLP) users: complete transition to Hub VLP v37.1v2 service and make any changes needed to ingest the new "eligible noncitizen" code.
    - ❑ For SAVE GUI users or those with direct connections to SAVE: update specifications to interpret SAVE codes and identify FFP-eligible noncitizens.
- ❑ Update logic for unique populations, including:
    - ❑ For SSI recipients, ensure systems are programmed to consume SSA data that identifies SSI recipients who are FFP-eligible noncitizens and, if applicable, accurately determine eligibility for SSI noncitizen recipients under the CHIPRA 214 option. More information on the changes SSA is making to the State Data Exchange (SDX) file to support the implementation of section 71109 of the WFTC legislation is forthcoming.

C. Notices

- ❑ Ensure necessary updates to notices per the section below entitled "Provide Clear Communications to Individuals and Other State Agencies and Partners."

D. Appeals and fair hearings

- ❑ Ensure necessary updates to appeals and fair hearings. Additional information is below in the section entitled "Provide Clear Communications to Individuals and Other State Agencies and Partners."

E. Regularly scheduled renewals

- ❑ Evaluate and implement changes needed to renewal forms used in the scheduled renewal process for Medicaid and CHIP (e.g., update the definition of satisfactory immigration status and revise beneficiary questions).

3. Provide Clear Communications to Individuals and Other State Agencies and Partners

Some noncitizens enrolled in or applying for coverage may be confused about, or unaware of, the changes made by section 71109 of the WFTC legislation. Robust outreach and clear, easy to understand communications will ensure applicants and beneficiaries understand and can prepare for the upcoming changes. Application and renewal assistance are also critical tools to help ensure individuals can appropriately complete necessary processes to access or retain coverage if eligible. States should train their state staff, contractors, and partner agencies and organizations to ensure they are up-to-date on all policy and operational changes that will occur. States should ensure compliance with all notice content and language requirements.[3]

A. Notices to applicants and beneficiaries

- ❑ Notices should include a statement of what action the agency intends to take and the effective date of such action; a clear statement of the specific reasons supporting the intended action; the specific regulations that support, or the change in Federal or State law that requires, the action; and an explanation of the individual's right to request a state agency hearing or, in cases of an action based on a change in law, the circumstances under which a hearing will be granted.
- ❑ Update notice templates to reflect the eligibility requirements for full Medicaid or CHIP benefits for noncitizens, including language related to appeals and fair hearings (e.g., determination approvals, disapprovals, termination, requests for additional information, and initial and periodic outreach notices and efforts).
- ❑ States may want to re-label envelopes to clearly indicate that the information enclosed is important and time-sensitive (e.g., add “time-sensitive urgent action needed” in bold).

B. Outreach communication to applicants, beneficiaries, and state agency and partner organizations

- ❑ Design outreach templates to inform beneficiaries who are losing full Medicaid and CHIP benefits, and, in Medicaid, may be able to receive emergency Medicaid coverage.
- ❑ Coordinate with sister state agencies (e.g., TANF, IV-E, and the Office of Refugee Resettlement agencies) on outreach and communications to reach affected individuals with consistent messages.
- ❑ Engage community-based organizations, application assisters (including Navigators and certified application counselors), managed care plans, and providers to conduct outreach to educate noncitizens enrolled in Medicaid and CHIP about the changes to available coverage.

C. Call centers

- ❑ Revise call center scripts, worker guidance, and automated call tree options to support accurate and consistent communication regarding changes to Medicaid and CHIP coverage for noncitizens, including in translated languages or when using oral interpreters (e.g., update definitions and terminology in automated messages, routing logic, and worker-facing FAQs).

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[3] 42 C.F.R. §§ 435.917, 435.918 and 42 C.F.R. Part 431 Subpart E (for Medicaid) and 42 C.F.R § 457.340(e) (for CHIP).

- ❑ Update the portal used by call center workers to intake applications and renewals to reflect the changes to Medicaid and CHIP coverage for noncitizens.
- ❑ Provide comprehensive training resources and systems updates to ensure all eligibility workers, call center representatives, and other partners understand the new policy (e.g., role-specific job aids, scripts, and scenario-based walkthroughs).

D. Appeals and fair hearings

- ❑ Update the eligibility and case management systems to support fair hearing and CHIP review processes related to adverse actions (denials/terminations/reduction in benefits or eligibility), including updated reason codes and training materials for appeals staff and hearing officers.
- ❑ Educate fair hearing officers on the new policy to ensure accurate fair hearing and CHIP reviews.

4. Appropriately Report Financial Claiming and Enrollment Data

Beginning October 1, 2026, states will need to ensure FFP claiming and expenditure reporting in MACFin for full Medicaid or CHIP benefits is limited to U.S. citizens, U.S. nationals, FFP-eligible noncitizens, and, if applicable, lawfully residing children and pregnant women covered under a state's election of the CHIPRA 214 option; in Medicaid, states will need to ensure proper claiming and reporting for emergency Medicaid services to certain noncitizens who are not eligible for full Medicaid benefits. States will need to update their T-MSIS enrollment data submissions to accurately report who is an FFP-eligible noncitizen in Medicaid and CHIP and, in Medicaid, who is eligible for emergency Medicaid only. CMS is updating the T-MSIS Data Guide to ensure accurate reporting of FFP-eligible noncitizens.

- ❑ Ensure proper claiming and expenditure reporting on Forms CMS-64 and CMS-21 by:
  - ❑ Reporting all emergency Medicaid expenditures for noncitizens not eligible for full Medicaid benefits on Line 27 of Form CMS-64; and,
  - ❑ Continuing to report expenditures for FFP-eligible noncitizens and lawfully residing children and pregnant women (in a state that has elected the CHIPRA 214 option) on appropriate service lines.
- ❑ Update MMIS and/or other accounting systems to ensure accurate FFP claiming for full Medicaid or CHIP benefits and emergency Medicaid services.
- ❑ Ensure systems can identify and isolate administrative costs directly related to the administration of the Medicaid/CHIP program from state-only funded health program costs and implement allocation methodologies, if applicable.
- ❑ Update T-MSIS data submissions to report on new T-MSIS values under the "Immigration Status" Valid Value Code Set.

III. Strategy to Ensure Proper FFP Claiming

States must ensure that FFP claiming for Medicaid and CHIP benefits is in accordance with sections 1903(v)(5) and 2107(e)(1)(R) of the Act on and after October 1, 2026. States must ensure that they do not inappropriately claim FFP on or after October 1, 2026, for ineligible individuals, state-only funded coverage to noncitizens, or for current beneficiaries for whom the state is unable to determine or redetermine satisfactory immigration status appropriately.

If a state cannot ensure their claiming practices comply with sections 1903(v)(5) and 2107(e)(1)(R) of the Act by October 1, 2026, the state must not submit FFP claims for potentially affected beneficiaries until the state completes all necessary actions to accurately determine and redetermine eligibility and ensure that claiming of FFP complies with sections 1903(v)(5) and 2107(e)(1)(R) of the Act, or the state's FFP will be at risk. States are reminded that all claims are subject to the two-year timely filing requirements under section 1132 of the Act and 45 C.F.R. Part 95 Subpart A. Note that FFP remains available on and after October 1, 2026, for full Medicaid and CHIP benefits provided during an ROP.

CMS intends to continue to conduct routine oversight activities to ensure state FFP claims for full Medicaid and CHIP benefits comply with all applicable federal requirements.

Please contact CMS for additional technical assistance as needed at MedicaidReforms@cms.hhs.gov.

IV. Glossary of Terms

- "**Full Medicaid and CHIP benefits**" refers to: full Medicaid benefits, partial or limited Medicaid benefits (e.g., only family planning services, Medicare Savings Programs (MSPs)), and CHIP coverage. "Full Medicaid and CHIP benefits" excludes emergency Medicaid.
- "**FFP-eligible noncitizens**" refers to LPRs, Cuban/Haitian entrants, and COFA migrants, as described in section 1903(v)(5)(B)(ii) - (iv) of the Act.
- "**Emergency Medicaid**" refers to Medicaid payment for the limited coverage of an emergency medical condition as authorized under section 1903(v)(2) of the Act. Emergency Medicaid does not include care and services related to an organ transplant procedure. Emergency Medicaid coverage does not apply to separate CHIPs.
- "**Potentially affected beneficiaries**" refers to noncitizens receiving full Medicaid or CHIP benefits who are not FFP-eligible noncitizens or lawfully residing pregnant women and/or children in a CHIPRA 214 state. "Potentially affected beneficiaries" does not include noncitizens receiving emergency Medicaid.
- "**Satisfactory immigration status**" refers to noncitizens for whom states can receive FFP for full Medicaid or CHIP benefits: LPRs, Cuban/Haitian entrants, and COFA migrants and, in states that have elected the CHIPRA 214 option, lawfully residing children (up to age 21 for Medicaid and up to age 19 for CHIP) and/or pregnant women. In determining whether a noncitizen is eligible for full Medicaid or CHIP benefits, states must continue to apply relevant eligibility rules in 8 U.S.C. §§ 1613 (for Medicaid and CHIP) and 1612 (for Medicaid, only) to those qualified noncitizens who are also FFP-eligible noncitizens.

V. Additional Resources

1. State Health Official Letter on Implementation of Section 71109 "Alien Medicaid Eligibility" of the Working Families Tax Cut Legislation (Public Law 119-21) (SHO #26-001)
2. Section 71109 (Alien Medicaid Eligibility) Overview Slide Deck
3. Implementation of Section 71109 "Alien Medicaid Eligibility" of the Working Families Tax Cut Legislation Slide Deck
4. Preliminary Features and Requirements for Section 71109 Implementation
5. Medicaid Eligibility for Compact of Free Association (COFA) Migrants