

Federal Public Benefits and Immigration Status: What HHS's Guidance Means for Mental Health Providers

Article

Amundsen Davis Health Care Alert

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Mental health services are often partially funded with federal money, whether through grants or federal health care plans. Recently, the Department of Health and Human Services ("HHS") updated its guidance clarifying how federal funding for public benefits for certain populations can be used. Specifically, the updated guidance has revised the definition of what is a "federal public benefit" for purposes of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("PRWORA").

Background of PRWORA

PRWORA is a federal law that defines eligibility to receive federal public benefits. It prohibits a non-U.S. citizen who is not a "qualified alien" from being able to receive such benefits. Immigration status verification is generally required to determine eligibility under PRWORA, with certain exceptions.

For purposes of PRWORA, federal public benefits are funds provided by a federal agency or funded through Congressional legislation and include:

- Grants
- Loans
- Contracts
- Licenses
- Retirement
- Welfare
- Health care
- Disability
- Public or assisted housing
- Post-secondary education

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Before July 2025, block grants were excluded from the definition of federal public benefits, which meant that many mental health services were also excluded from the definition.

Updated Guidance Expands Definition of Federal Public Benefits

As a result of the July HHS guidance, the following are now included as federal public benefits for which verification of immigration status is required in most instances:

- Substance Use Prevention, Treatment, and Recovery Services Block Grant
- Community Mental Health Services Block Grant
- Certified Community Behavioral Health Clinics
- Other mental health and substance use disorder treatment, prevention, and recovery support services programs (administered by Substance Abuse and Mental Health Services Administration)

What Has Not Changed

While the definition of federal public benefit has changed, the verification process and the requirements of who must verify eligibility have not.

Significantly, nonprofit charitable organizations are not required to verify immigration status. In some instances, eligibility based on immigration status is already established by another agency. For example, an individual's Medicaid eligibility is determined by the responsible state agency.

Finally, the guidance only applies to federal funds. State and local funds are not subject to the requirements of PRWORA. For mental health centers utilizing only state or local funding, the updated guidance would not apply since it speaks only to federal public benefits. However, state law may provide additional requirements for use of state and local funds.

Impact of the New Guidance on Mental Health Providers

The new guidance became effective July 14, 2025. Mental health providers that are not nonprofit charitable organizations will have to create new processes and procedures to verify clients' immigration status prior to providing services that are funded by federal monies. Providing federally funded services to patients who are not qualified aliens may impact the provider's federal funding for those services. Nonprofits continue to be exempt from the immigration status verification requirements. Providers should review funding streams, client coverage by Medicare and Medicaid, and entity nonprofit status, if applicable, to develop a plan to comply with the PRWORA and avoid misuse of federal funding

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under the updated guidance.

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