



Medicaid's New Role in Advancing Reentry: Key Policy Changes



For the first time, Medicaid is being authorized to cover some health services for individuals in the period before they are released from incarceration.

Historically, although people who are incarcerated may be eligible for and enrolled in Medicaid, the program's longstanding inmate exclusion prevented coverage of services for people who are incarcerated except for inpatient hospital stays. Recent policy changes aim to promote smoother transitions at reentry, establish connections to community based providers at release, and promote access to needed care and support. Ensuring that individuals have Medicaid coverage and connections to care upon reentry has the potential to improve a range of health and public safety outcomes, including reducing mortality, unnecessary emergency room visits and hospitalizations, and rates of reincarceration.

These policy changes are groundbreaking and ongoing. They have taken place through statutory changes made by Congress and administrative changes made by The Centers for Medicare & Medicaid Services (CMS) via Medicaid 1115 demonstration waivers. These waivers are a tool through which CMS can waive provisions of federal law for individual states, provided that the waiver serves the objectives of the Medicaid program. This fact sheet summarizes recent changes that are taking effect.

NATIONAL POLICY CHANGES FOR YOUTH AND YOUNG ADULTS



What is the policy change? Last year Congress enacted the first nationwide changes to the inmate exclusion by authorizing Medicaid and the Children's Health Insurance Program (CHIP) to cover specific services provided to Medicaid-eligible, adjudicated youth and young adults. For more information, see CMS's July 2024 policy guidance: [Provision of Medicaid and CHIP Services to Incarcerated Youth](#)



- What does it do?** The policy requires all states to:
- Provide case management in the 30 days before AND at least 30 days following release
 - Provide screenings and diagnoses and service referrals for youth in 30 days before OR shortly after release

These changes apply to all youth who are under age 21 as well as former foster care youth (who remain eligible for Medicaid until they reach age 26). The policy affects people who are in local jails, state prisons, and tribal jails in addition to youth correctional facilities and juvenile detention centers.

The policy also gives states the option to offer comprehensive Medicaid-covered services to youth pending disposition of charges.

To support implementation, CMS recently announced the availability of more than \$100 million in [State Planning Grants to Promote Continuity of Care for Medicaid & CHIP Beneficiaries following Incarceration](#).



What is next? The policy takes effect in January 2025. States are in the process of submitting Medicaid and CHIP state plan amendments to CMS to implement the new policies.

MEDICAID 1115 DEMONSTRATION WAIVERS: CMS GUIDANCE AND APPROVED/ PENDING WAIVERS



What is the policy change? In April 2023, CMS released [guidance on a Medicaid Reentry Section 1115 Waiver Demonstration Opportunity](#) that will allow state Medicaid programs that wish to do so to cover a set of pre-release services for people who are incarcerated in state prisons, jails, and youth corrections.

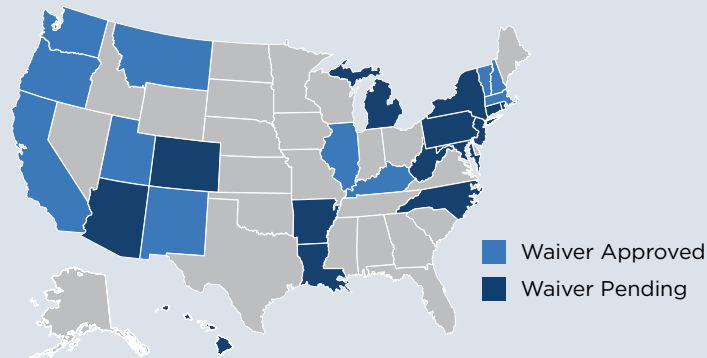


What does it do? The policy change allows states to provide a specific set of Medicaid-covered services to individuals during the 90 days before their anticipated release from incarceration.

The minimum services states must provide to be approved for a waiver are: case management, medication assisted treatment (MAT), and a 30-day supply of medications upon release. States can go above and beyond these three services in designing their service package and have flexibility to identify which populations are covered and what facilities provide services.

To support some of the capacity investments needed to stand up these services, CMS will consider state requests for temporary funding to support implementation as well as an ongoing enhanced federal matching rate for investments in technology infrastructure.

[State Planning Grants to Promote Continuity of Care for Medicaid & CHIP Beneficiaries following Incarceration](#) can be used to support implementation of waivers.



What's next? CMS has approved waivers from California, Illinois, Kentucky, Massachusetts, Montana, New Hampshire, New Mexico, Oregon, Utah, Vermont, and Washington. These states are moving toward implementation on state-specific timeframes. Fourteen other states and DC have submitted waiver proposals, which CMS is considering, and additional states are likely to submit proposals.

NATIONAL REQUIREMENT TO SUSPEND MEDICAID ELIGIBILITY DURING INCARCERATION



What is the policy change? Starting in 2026 all states will be required to suspend, rather than terminate, Medicaid eligibility during incarceration.



What does it do?

- Requires states to suspend, rather than terminate, Medicaid enrollment when a Medicaid beneficiary is incarcerated. This extends a requirement Congress enacted in 2018 for youth to all Medicaid beneficiaries.
- CMS is also required to issue guidance on best practices and ways states can use Medicaid administrative matching funds to implement new policies promoting continuity of care.



What's next? The suspension requirement is effective January 2026.

[State Planning Grants to Promote Continuity of Care for Medicaid & CHIP Beneficiaries following Incarceration](#) can be used to support implementation of this policy.

CMS is expected to issue implementation guidance in fall 2025.