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Medicaid's Role in Advancing Reentry: Key Policies

HARP
THE HEALTH AND REENTRY PROJECT

For the first time, Medicaid is covering targeted health services for individuals in the period before they are released from incarceration.

Although some people who are incarcerated may be eligible for and enrolled in Medicaid, the program's longstanding inmate exclusion has historically not covered any service during incarceration other than inpatient hospital stays. Recent health and reentry-focused policy changes aim to improve health and safety by building smoother reentry transitions, better connections to community based providers, and improved access to services at release. Ensuring that individuals have health care 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 recidivism.

Changes to health and reentry policies have taken place through bipartisan statutory changes made by Congress, starting with the 2018 SUPPORT Act, and through administrative changes made by states and the Centers for Medicare & Medicaid Services (CMS) via Medicaid 1115 demonstration waivers. This fact sheet summarizes recent changes that have taken place as of Spring 2025. Congress continues to consider additional legislative changes.

NATIONAL POLICY CHANGES FOR YOUTH AND YOUNG ADULTS

What is the policy change? In 2023 Congress enacted the first nationwide changes to the inmate exclusion by authorizing Medicaid and the Children's Health Insurance Program (CHIP) to cover certain services provided to Medicaid and CHIP-eligible, post-adjudicated youth and young adults. For more information, see CMS's 2024 policy guidance Provision of Medicaid and CHIP Services to Incarcerated Youth (July 2024) and Provision of Medicaid and CHIP Services to Incarcerated Youth - FAQs (December 2024).

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, diagnoses, and service referrals for youth in 30 days before *or* shortly after release

These changes apply to all post-adjudicated 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, tribal jails, and state prisons, as well as youth correctional facilities and juvenile detention centers.

Under this policy, states also have the option to offer comprehensive Medicaid-covered services to youth pending disposition of charges.

In fall 2024, CMS announced the availability of more than $100 million in State Planning Grants to Promote Continuity of Care for Medicaid & CHIP Beneficiaries following Incarceration. These grants can be used to support implementation of new policy changes affecting youth and young adults. Decisions are currently being made about the grant awards.

What is next? The policy took effect in January 2025. States are required to submit Medicaid and CHIP state plan amendments to CMS by March 31, 2025 outlining how they will implement the new policies.

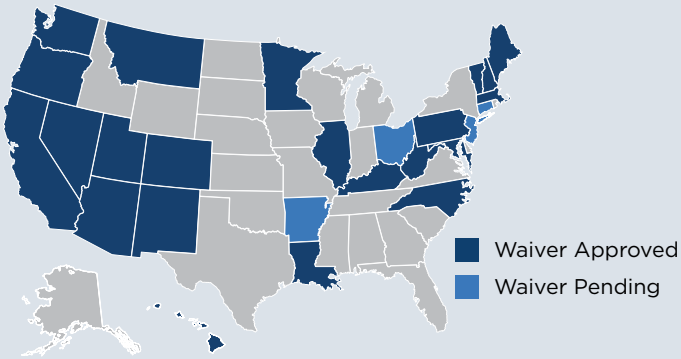
MEDICAID 1115 DEMONSTRATION WAIVERS: CMS GUIDANCE AND APPROVED/ PENDING WAIVERS

What is the policy change? As part of the bipartisan SUPPORT Act of 2018, Congress required CMS to issue guidance to states on how Medicaid waivers could be used to support reentry. In 2023, CMS released guidance on a Medicaid Reentry Section 1115 Waiver Demonstration Opportunity that allows state Medicaid programs to cover a set of limited pre-release services for people who are incarcerated in state prisons; county, city, and tribal jails; and/or youth corrections, depending on the states.

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

The minimum set of 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 propose to go beyond these three services in designing their service package and have flexibility to identify which populations are covered and what facilities provide services.

As mentioned above, 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. These grants can be used to support implementation of waivers.



What's next? CMS has approved waivers from 22 states. These states are implementing their waivers on state-specific timeframes. Four other states and the District of Columbia have submitted waiver proposals, which CMS is considering, and additional states may submit proposals.

NATIONAL REQUIREMENT TO SUSPEND MEDICAID ELIGIBILITY DURING INCARCERATION

What is the policy change? In 2024, bipartisan legislation required that beginning in 2026, all states 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 also be used to support implementation of this policy.