PUBLIC SECTOR SERVICES

Medicaid Opportunities: Community Reentry for Incarcerated Youth and Adults

Approximately 1.7 million individuals in the United States are incarcerated in state prisons, local jails, and juvenile justice and tribal detention facilities.[1] A high proportion of people with justice system involvement have a history of unstable housing, mental health issues and substance use disorder (SUD) as well as heightened vulnerability for chronic conditions and infectious diseases.[2]

Upon release from incarceration, these individuals often encounter obstacles to accessing health care and supportive services, hindering their ability to maintain and improve their health. These barriers include lack of funds, uninsurance, limited availability of services, and stigma.

People with justice involvement are often eligible for Medicaid coverage upon release, particularly in states that expanded Medicaid under the Affordable Care Act where eligibility is estimated to be 80–90 percent.[3] This means that Medicaid programs and the federal government — as the major contributor of Medicaid funding — have a vested interest in the health of individuals being released from incarceration, if for no other reason than financial risk management.

With bipartisan support, the federal government offers states ways to upgrade community reentry (CRE) with both pre- and post-release services. Some planning grants are available, and states approved for Medicaid Section 1115 reentry demonstrations can receive federal Medicaid matching funds to support initiatives that improve health care access and quality for incarcerated individuals and those recently released.

> **Upon release from incarceration, individuals often encounter major obstacles to accessing health care and supportive services, hindering their ability to maintain and improve their health.**

Community Reentry Services and Impacts

Services Available

- Health screening and diagnosis
- Medicaid payment for pre- and post-release treatment
- Health, social, educational and employment case management
- Medicaid outreach and enrollment
- Intake to community providers

Population Outcomes

- Improved transitions of care
- Lower use of acute health services after reentry
- Decreased morbidity and mortality
- Improved mental health
- Less risk of recidivism
- Stronger community connections

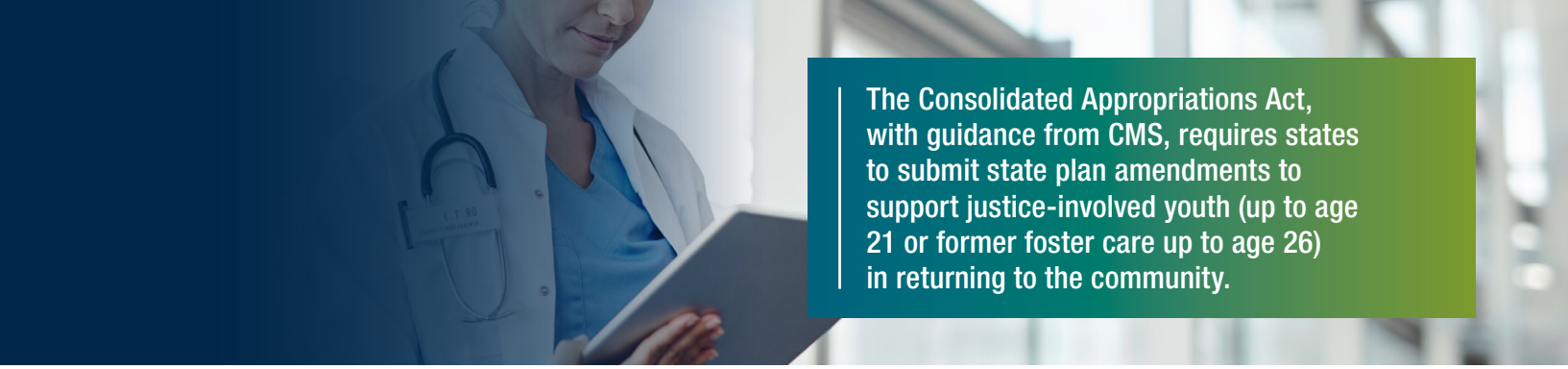
Benefits to State

- Federal cost contribution
  - For CRE programming
  - For newly Medicaid-covered care
- Reduced Medicaid outlays
- Lower spending on corrections
- Safer, healthier communities

1 "How many people are locked up in the United States?" Prison Policy Initiative, Accessed April 3. 2025, https://www.prisonpolicy.org/graphs/pie2025.html

2 "Public Health Considerations for Correctional Health," Centers for Disease Control, Accessed April 3, 2025, https://www.cdc.gov/correctional-health/about/index.html

3 EM Albertson et al., "Eliminating Gaps in Medicaid Coverage During Reentry After Incarceration," American Journal of Public Health. 2020 Mar; 110(3):317–321. doi: 10.2105/AJPH.2019.305400.



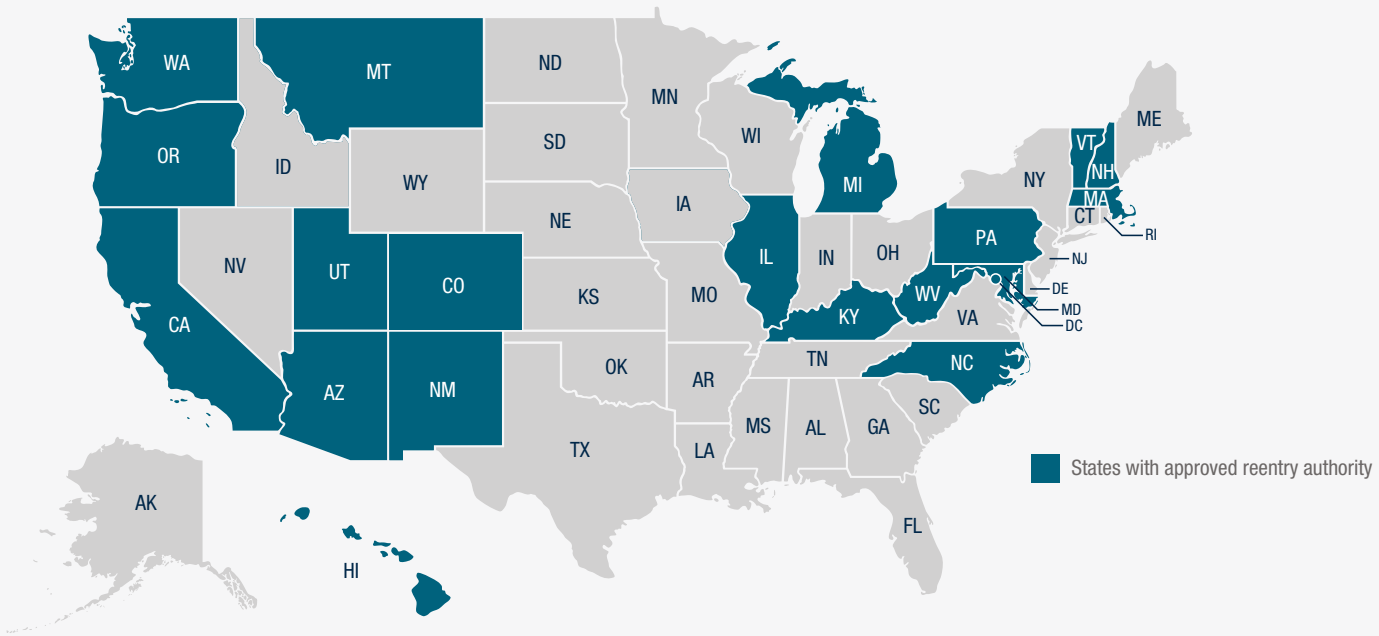
> The Consolidated Appropriations Act, with guidance from CMS, requires states to submit state plan amendments to support justice-involved youth (up to age 21 or former foster care up to age 26) in returning to the community.

Federal Support for CRE Is Expanding

Opportunities for deploying CRE programs have been enabled by recent acts of Congress, particularly Section 5121 of the Consolidated Appropriations Act (CAA) of 2023 and the longstanding authority of the Centers for Medicare and Medicaid Services (CMS) pursuant to Section 1115 of the Social Security Act to grant Medicaid demonstration waivers. There are different channels for juveniles and adults.

The CAA of 2023, along with with guidance from CMS in State Health Official Letter #24-004 (July 23, 2024), requires states to submit state plan amendments to support justice-involved youth (up to age 21 or former foster care up to age 26) in returning to the community. This includes mandatory services for those post-adjudication and optional services for those who are awaiting trial. The CAA of 2024 provides funding for planning grants to states, and the application window for the second round of awards closed on April 18, 2025.

For adult-focused CRE initiatives, CMS uses Section 1115 demonstration waivers. California received the first approval in January 2023, followed by several more states in 2024 and early 2025 as illustrated below.

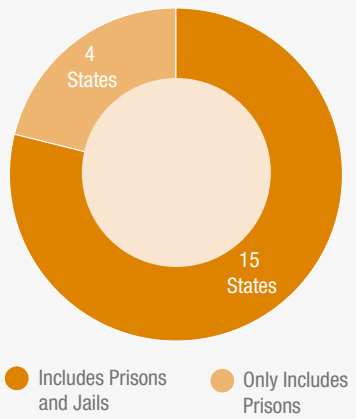


> Medicaid and the federal government have a strong incentive to ensure the health of individuals released from incarceration, primarily to mitigate long-term financial consequences.

As of April 1, 2025, CMS has approved CRE waiver requests from 19 states (eight additional state requests are pending), granting authority to use Medicaid to reimburse prerelease services to otherwise eligible incarcerated individuals for a period of up to 90 days. California was the first state to implement this authority, in October 2024 (in three counties), and New Hampshire was the second state to implement in January 2025 (statewide).

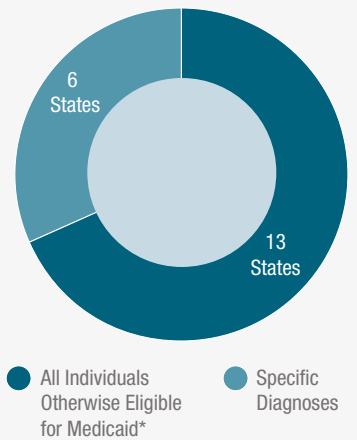
A survey of approved demonstrations is revealing patterns in the basic demonstration framework, as depicted below.

Facility Types Included



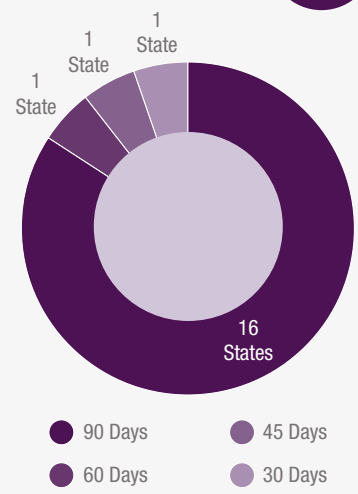
- States have flexibility to determine which facilities to include (e.g., jails, prisons)
- All Institutions for Mental Diseases (IMDs) and federal facilities are excluded
- Approximately 80% of approved state demonstrations include county/local jails

Eligible Populations



- Most approved state demonstrations (~70%) are broadly scoped to include all otherwise Medicaid-eligible inmates*
- States that target specific groups most commonly focus on behavioral health, but can include other chronic health conditions
- CMS allows flexible definitions of Serious Mental Illness (SMI)

Service Timeframe



- The original SUPPORT ACT proposed a 30-day window for prerelease services
- States may use demonstration goals to justify a benefit period of up to 90 days
- More than 80% of approved states have opted for the maximum timeframe, 90 days of prerelease services

*Individuals must be post-adjudication and approaching release date.

All CRE demonstrations must offer case management to assess physical health, behavioral health and health-related social needs; medication-assisted treatment (MAT) for SUD in the prerelease period; and a 30-day supply of all prescription medications at release. States have signficant flexibility in designing demonstrations, allowing them to tailor programs to specific needs and priorities, including those as outlined below.

Service/Benefit	Count
Limited Clinical Consultation Services (Including Telehealth; can be Physical and/or Behavioral Health)	12
Diagnostic and Treatment Services (including Laboratory, Radiology Services)	10
Prescribed Drugs (In Addition to MAT and 30-day Supply) and Medication Administration	10
Medical Equipment and Supplies Upon Release (i.e., Durable Medical Equipment or DME)	9
Peer Support Services	7
Community Health Worker Services (Some with Lived Experience Qualification)	6
Family Planning Services and Supplies	3
Treatment for Hepatitis C	3
Screening for Common Health Conditions	1
Tobacco Cessation Treatment Services	1

Alvarez & Marsal assists states with designing and implementing CRE projects in several ways:

- **Program and Policy Development:** A&M helps identify and pursue the best avenues for **federal government support and approval**, including policy analysis and program design.
- **Stakeholder Engagement:** A&M helps facilitate **interagency coordination and collaboration** to align Medicaid, corrections, community-based providers, and Medicaid managed care organizations to ensure seamless service delivery.
- **Data Collection and Analysis:** A&M reviews Medicaid programs' data capabilities, assists with establishing **data-sharing arrangements with correctional facilities**, and assesses opportunities to produce reliable performance metrics.
- **Systems and Operational Assessment:** A&M helps develop **robust operational systems and workflows, including process mapping and redesign**, for eligibility, enrollment and claims processing to optimize performance.
- **Workforce Development:** A&M helps conduct an assessment of **staffing and training needs** for health care and correctional personnel to implement the program.
- **Project and Change Management:** A&M offers **implementation support** to ensure that changes are executed smoothly and effectively.

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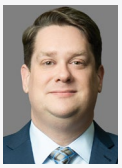

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