

Frequently Asked Questions about CMS’s Recently Approved Medicaid Section 1115(a) Reentry Demonstration Project: “California Advancing and Innovating Medi-Cal (CalAIM)”

What is the purpose of California’s newly approved Medicaid reentry waiver?

California’s section 1115(a) Reentry Demonstration Project was created to provide short-term Medicaid enrollment assistance and pre-release coverage for certain services to facilitate successful care transitions, improve the identification and treatment of specific chronic and other serious conditions to reduce acute care utilization in the period soon after release from incarceration, and test whether there is a subsequent improved uptake and continuity of medication-assisted treatment (MAT) and other substance use disorders (SUD) and behavioral health treatment to reduce [decompensation](#), suicide-related death, overdose, and [overdose-related fatalities](#).

In its January 2023 [letter](#) approving California’s Reentry Demonstration Project, CMS (the Centers for Medicare and Medicaid Services) grants expenditure authority to the State of California and provides federal financial participation ((FFP) or Medicaid federal dollars) to cover certain pre-release services to [Medicaid](#)- and [Children’s Health Insurance Program](#) (CHIP) eligible justice-[involved](#) individuals for up to 90 days immediately prior to their expected date of release from incarceration in institutions such as, county jails, state prisons, and youth correctional facilities.

Additionally, California’s Reentry Demonstration seeks to:

- Increase coverage, continuity of coverage, and appropriate service uptake through assessment of eligibility and availability of coverage for benefits in carceral settings just prior to release;
- Improve access to services prior to release and improve transitions and continuity of care into the community upon release;
- Improve coordination and communication between correctional systems, Medicaid and CHIP systems, managed care plans, and community-based providers;
- Increase additional investments in health care and related services, aimed at improving the quality of care for beneficiaries in carceral settings and in the community to maximize successful reentry post-release;
- Improve connections between carceral settings and community services upon release to address physical health, mental health, and substance use disorder (MH/SUD), and health-related social needs;
- Provide intervention for certain behavioral health conditions and using stabilizing medications like long-acting injectable anti-psychotics and medications for addiction treatment for SUDs, with the goal of reducing decompensation, suicide-related deaths, overdoses, and overdose-related deaths in the near-term post-release; and
- Reduce post-release acute care utilizations such as emergency department (ED) visits and inpatient hospitalizations and all-causes of death among recently incarcerated Medicaid beneficiaries and individuals otherwise eligible for CHIP but for their incarceration status through robust pre-release identification, stabilization, and management of certain serious physical and behavioral health conditions that may respond to ambulatory care and treatment (e.g., diabetes, heart failure,

hypertension, schizophrenia, SUDs) as well as increased receipt of preventive and routine physical and behavioral health care.

What is significant about California’s newly CMS-approved Medicaid Reentry waiver?

This waiver is the first time CMS has allowed federal Medicaid funding to finance health care for people who are incarcerated. Typically, people who are held involuntarily in a [public institution](#) can be eligible for and enrolled in Medicaid, but generally federal Medicaid funds may not be used to pay for services for such individuals while they are incarcerated. These requirements are known as the “[inmate exclusion policy](#).”

In 2018, Congress passed and the President signed into law the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT [Act](#)) (Pub. L. No. 115-271). The SUPPORT Act required the Secretary of the Department of Health and Human Services (HHS), through the CMS Administrator, to issue sub-regulatory stakeholder-identified best practices guidance that identified 1115 demonstration program opportunities to improve care transitions for certain individuals who are soon-to-be released from incarceration in public institutions and who are otherwise eligible for Medicaid. Such CMS/Medicaid guidance to the states has not yet been issued, although its release is soon expected; California is the first state in the country to receive CMS approval for a section 1115 Reentry Demonstration Project which allows for federal Medicaid funds to finance certain transitional health care as eligible people prepare to reenter from incarceration. The waiver’s novel approach also supports and provides linkages to community-based health care services for people who are transitioning from incarceration to their communities.

By improving access to Medicaid coverage and needed health care services as people prepare to return to their communities from prison or jail, Medicaid reentry will strengthen reentry outcomes, improve individual and public health, and promote greater racial justice and equity. People reentering the community are [129 percent](#) more likely to die from a drug overdose and are at significantly higher risk to die by suicide. Allowing for Medicaid [coverage](#) just prior to release reduces the use and costs of emergency departments, hospitalizations, and other medical expenses connected to health care needs upon reentry. [Untreated](#) mental health and substance use disorders are a significant driver of the overrepresentation of Black and Brown people in jails and prisons. Strengthening people’s access to quality community-based health care upon reentry fosters racial justice and equity by improving Black and Brown people’s health outcomes and reducing rates of [re-involvement](#) with the criminal legal system.

How does CA’s Reentry Demonstration address the needs of people living with SUD?

CA’s Reentry Demonstration includes a number of provisions aimed at strengthening health outcomes for people with substance use disorders. Better addressing the needs of reentering people with SUD, including by strengthening the care transition to the community, is a primary purpose of California’s section 1115(a) Reentry Demonstration. In addition, among other goals, the demonstration aims to reduce acute health care utilization after incarceration; identify and treat chronic and serious health conditions (including SUD); determine if the project improves use of MAT, other SUD and mental health treatment; and reduce deaths from overdose.

People with SUD (either confirmed or suspected) who are incarcerated in state prisons, county jails, and youth correctional facilities, are enrolled in or eligible for Medicaid, or eligible for CHIP, and are 90 days from release are eligible to receive pre-release services through CA’s Reentry Demonstration. Medicaid- or CHIP-eligible

people incarcerated in a youth correctional facility who are 90 days from release do not need to meet any clinical criteria to qualify.

The range of pre-release services and medications covered in CA's Reentry Demonstration includes a number important to people with SUD including: [in-reach case management services](#) and behavioral health clinical consultation services provided in-person or via telehealth, MAT (using all FDA approved medications) for SUD with accompanying counseling, medications and medication administration, and services of community health workers and community navigators with lived experiences, and laboratory and radiology services. In addition, California will also provide covered outpatient prescribed medications and over-the-counter drugs (pursuant to a minimum 30-day supply, as clinically appropriate, consistent with the approved Medicaid State Plan) and durable medical equipment (DME) as the individual leaves the facility for reentry into the community.

How long before an individual's release from incarceration can Medicaid services begin under the California waiver?

This waiver authorizes the state to cover specified services for up to a 90-day pre-release period. The California waiver approval letter acknowledges the [30-day timeframe](#) discussed in the SUPPORT Act but makes clear that that language does not limit the HHS Secretary's preexisting authority to approve demonstration projects and associated expenditure authorities under [section 1115 of the Social Security Act](#), and that it is according to that authority that CMS is authorizing California to cover specified pre-release services for up to a 90-day pre-release period.

Which incarcerated people preparing for reentry will be eligible to participate in California's Reentry Demonstration?

Individuals who can be considered for this waiver include people who are eligible for [California's Medicaid State Plan](#) or [Medi-Cal](#) coverage, including adults, parent-caretakers, youth under 19, pregnant or post-partum women, individuals who are aged/blind/disabled, and children in foster care and former foster care youth.

To be eligible, individuals must:

- Be already enrolled or eligible for Medicaid or eligible for CHIP, except for their incarceration.
- Be incarcerated in state prisons, county jails, and youth correctional facilities,
- Be 90 days from the expected date of release (fewer days for people who are expected to be released from incarceration in fewer than 90 days), and
- Meet one or more health-related criteria.
 - However, Medicaid- or CHIP-eligible people incarcerated in a youth correctional facility who are 90 days from release DO NOT need to meet any clinical criteria to qualify.

Qualifying health-related criteria include, but are not limited to,

- confirmed or suspected:
 - mental health diagnosis,
 - SUD,
 - chronic condition or significant non-chronic clinical condition,
- an intellectual or developmental disability,
- traumatic brain injury,
- positive test or diagnosis of human immunodeficiency virus (HIV) or acquired immunodeficiency syndrome (AIDS), or
- current pregnancy or being within a 12-month postpartum period.

What is the purpose of the pre-release benefit package?

CMS/Medicaid notes that the pre-release benefit package is designed to:

- support the proactive identification of both physical and MH/SUD needs and includes development of a plan to address health and health-related social needs for soon-to-be released incarcerated individuals who meet the requirements of the demonstration
- promote coverage and quality of care to improve transitions for individuals being released from jails or prisons
- support improvement in the identification and treatment of certain chronic and other serious conditions to reduce acute care utilization in the period soon after release, and it will test whether it improves uptake and continuity of MAT and other SUD and behavioral health treatment, as appropriate for the individual, to reduce decompensation, suicide-related death, overdose, and overdose-related death.

CMS also acknowledges that many individuals exiting prisons and jails and other correctional facilities “may not” have received sufficient health care to address their physical and/or behavioral health care needs while incarcerated but notes that the California demonstration benefit package they have approved is designed to improve identification of health and health-related social needs and facilitate connections to providers with the capacity to meet those needs in the community during the period immediately before an individual’s expected release.

Which specific services are covered in CA’s Reentry Demonstration pre-release benefit package?

The non-exhaustive list of covered services includes, but is not limited to:

- in-reach case management services,
- physical and behavioral health clinical consultation services provided in-person or via telehealth,
- laboratory and radiology services
- medications and medication administration
- [Medication Assisted Treatment](#) (MAT) for all types of SUD, using all approved medications, with accompanying counseling, and
- services of community health workers and community navigators with lived experiences.
 - The state will also provide covered outpatient prescribed medications and over-the-counter drugs (a minimum 30-day supply, as clinically appropriate, consistent with the approved Medicaid State Plan) and durable medical equipment (DME) as the individual exits the facility for reentry into the community.

Which service providers are eligible to participate in CA’s Reentry Demonstration?

CA’s Reentry Demonstration includes provisions for pre-release services to be provided by Medicaid participating providers, CHIP participating providers, or by carceral providers who are not participating in Medicaid or CHIP, while beneficiaries are incarcerated. CMS’s approval letter makes clear that a primary purpose of the Reentry Demonstration is to allow individuals to establish relationships with community-based providers from whom they can receive services upon reentry to communities.

Participating providers include:

- Licensed, registered, certified, or otherwise appropriately credentialed or recognized practitioners under California state scope of practice statutes providing services within their individual scope of practice and, as applicable, receiving required supervision

- Participating providers eligible to deliver services under the reentry demonstration initiative may be either community-based or correctional-facility based providers.
- All participating providers and provider staff, including carceral providers, must have necessary experience and receive appropriate training, as applicable to a given carceral facility, prior to furnishing Demonstration-covered pre-release services.
- Participating providers of reentry case management services may be community-based or carceral providers who have expertise working with justice-involved individuals.

Does CMS’s approval of California’s demonstration project and allowance of federal Medicaid funding to finance certain health care services before incarcerated individuals reenter their communities mean that states and localities no longer have a responsibility to finance health care for incarcerated people?

No. The waiver approval letter is very clear that the demonstration does not release California’s jail or prison authorities of their constitutional obligation to provide needed health care services to incarcerated individuals. Moreover, the demonstration is not intended to transfer the financial burden of that duty from a federal, state, or local carceral authority to the Medicaid program.

California’s demonstration project for pre-release services is considered as a limited exception to the “inmate” exclusion policy. However, benefits and services for incarcerated individuals of a public institution that are not approved in the reentry demonstration project and not otherwise covered under the inpatient exception to the “inmate” exclusion policy (i.e., being hospitalized for more than 24 hours in certain community inpatient settings) remain subject to the “inmate” exclusion policy.

What does CMS require for the state’s investment in health care for currently and formerly incarcerated people?

The CMS approval letter notes that another conditional of the waiver is the state’s agreement to reinvest the total amount of new federal matching funds for the reentry demonstration initiative under this demonstration amendment into activities and/or initiatives that increase access to or improve the quality of health care services for individuals who are incarcerated (including individuals who are soon-to-be released) or were recently released from incarceration, or for health-related social services that may help prevent or reduce the likelihood of criminal justice system involvement.

California is required to develop and submit for CMS approval a Reinvestment Plan that outlines how the waiver’s federal matching funds under the demonstration will be reinvested. The reinvestment plan should:

- align with the goals of the state’s reentry demonstration initiative;
- detail the state’s plans to increase access to or improve the quality of health care services;
- address health-related social needs of individuals who are incarcerated (including those who are soon-to-be released), those who have recently been released, and those who may be at higher risk of future criminal justice system involvement, particularly due to untreated behavioral health conditions; and
- describe the activities and/or initiatives selected by California for investment and a timeline for implementation.

Also, the approval letter requires that any investment in carceral health care must add to and/or improve the quality of health care services and resources for individuals who are incarcerated and those who are soon to be released from carceral settings, and not supplant existing state or local spending on such services and resources.

When does California’s Reentry Demonstration become effective and how can I learn more about how it will be implemented?

The demonstration project became effective as of the date of the CMS approval letter on January 26, 2023; however, the state is expected to begin claiming federal Medicaid participation on April 1, 2024. The waiver should remain in effect through the end of the approval period (December 31, 2026) upon which it will expire unless extended or amended.

CMS requires California to submit for CMS approval a Reentry Initiative Implementation Plan documenting how the state will operationalize coverage and provision of pre-release services. The Reentry Initiative Implementation Plan will describe the new key policies being tested under this demonstration amendment and provide additional operational detail. At a minimum, the Implementation Plan will include:

- definitions and parameters related to the implementation of the reentry authorities
- describe the state’s strategic approach to implementing the policies, including goals and milestones, and associated timelines for meeting them, for both program policy implementation and investments in transitional non-service elements, as applicable; and
- outline how the state will anticipate potential operational challenges and resolve the challenges the state is likely to encounter in implementing the reentry demonstration initiative.

How does CMS address Medicaid enrollment in CA’s Reentry Demonstration?

The California demonstration project’s approval letter explains that ensuring enrollment in health coverage is an essential component of improving care transitions between carceral settings and communities. It also acknowledges that to implement this demonstration, the state and its demonstration partners will need to conduct other activities, such as enrollment eligibility education and application assistance.

CMS recommends that if Medicaid enrollees are incarcerated, states should [suspend](#) these individuals’ eligibility for benefits, instead of terminating their Medicaid enrollments, so that a person does not have to submit a new application prior to release.

In addition, CMS requires, as a condition of its approval of the California waiver, that the state make pre-release outreach services and Medicaid eligibility and enrollment support available to all individuals incarcerated in the facilities in which the demonstration is functioning. Specifically, upon an individual entering a correctional facility who is a Medicaid enrollee, California will suspend, not terminate, their Medicaid eligibility. If a person is not enrolled in Medicaid when entering a correctional facility, but is otherwise eligible, California will ensure that during the period of incarceration, the individual receives assistance with completing and submitting a Medicaid application in sufficient time before their anticipated release date, unless the person voluntarily refuses such assistance.

What type of evaluation factors are included in the California Reentry Demonstration?

The California waiver approval letter indicates that CMS is approving the demonstration project and allowing for 90 days of Medicaid coverage, “specifically to test whether such coverage improves the identification and treatment of certain chronic and other serious conditions to reduce acute care utilization in the period soon after release, and whether it improves uptake and continuity of MAT and other SUD and behavioral health treatment, as appropriate for the individual, to reduce decompensation, suicide-related death, overdose, and overdose-related death.”

The CA approval letter further notes that, “the reentry demonstration initiative will test whether the full 90-day timeline will enable the state to support pre-release identification, stabilization, and management of

certain serious physical and behavioral health conditions that may respond to ambulatory care and treatment (e.g., diabetes, heart failure, hypertension, schizophrenia, SUDs) which could reduce post-release acute care utilization.” The letter mentions that California maintains that allowing early interventions (specifically, stabilizing medications like long-acting injectable anti-psychotics and medications for addiction treatment for SUDs) will reduce decompensation, suicide-related death, overdose, and overdose-related deaths in the near-term post-release period.

The state will determine, and comprehensively evaluate through robust hypotheses testing, the effectiveness of the extended full 90-day coverage period before the beneficiary’s expected date of release on achieving these articulated goals of the initiative.

What additional work has been happening on Medicaid reentry?

In addition to work by the Biden-Harris Administration, primarily through HHS/CMS, to implement Section 5032 of the SUPPORT Act and give states guidance on the Reentry Demonstration Opportunity, states have been leading significant work to prepare for Medicaid reentry.

In 2016, [New York](#) became the first state to seek CMS’ permission to use federal Medicaid funding to pay for transitional health services at reentry. Since then, the District of Columbia and a number of diverse states (including Arizona, California, Kentucky, Massachusetts, Montana, New Hampshire, New Jersey, New Mexico, Oregon, Rhode Island, Utah, Vermont, Washington, and West Virginia) developed and submitted Medicaid reentry [applications to CMS](#) for certain people preparing to reenter the community from jail/prison. The states and Washington, DC have proposed different approaches, with some focusing on certain jail/prison populations and specific types of benefits and others approaching coverage more broadly. Many of the applications are geared towards better addressing the needs of reentering people with co-occurring chronic health conditions, including mental health and substance use disorders. While CMS approved California’s demonstration project in 2023 as the first reentry waiver of this type, a number of the waiver applications are currently pending review. CMS will likely approve additional state applications and will soon release their Medicaid reentry guidance to states.

Congress is also considering the [Medicaid Reentry Act](#), which would change Medicaid law to allow states to use federal Medicaid funding to support transitional health care services for individuals who are Medicaid-eligible the last 30 days of their incarceration. The Medicaid Reentry Act is bipartisan legislation that was approved by the House of Representatives in 2021 and is soon expected to be re-introduced during this 118th Congress in both the House and the Senate. The Medicaid Reentry Act enjoys significant support from several [stakeholder groups](#), including the mental health/substance use disorder advocacy community, health consumers, law enforcement entities, and those advocating for criminal legal system reform.

What can we expect to see next from CMS?

The California waiver approval letter refers to an upcoming Medicaid guidance, provided in a State Medicaid Directors Letter (SMDL), that will describe the “Reentry Demonstration Opportunity.” In the SMDL, CMS will issue guidance to states related to expectations for a state implementation plan and reinvestment plan for this Reentry Demonstration Opportunity. The California approval letter notes that CMS expects that California’s approval will be closely aligned with the guidance on the Reentry Demonstration Opportunity that they anticipate releasing in the “near future.” CMS will also likely take action to approve a number of the other pending state Medicaid reentry waivers.

What can I do to advance Medicaid reentry in my community/state?

- Learn about your state or county's current policies and practices on connecting Medicaid-eligible people in the criminal legal system with Medicaid at reentry. Here are some questions to consider:
 - Has your state [expanded Medicaid eligibility](#) pursuant to the Affordable Care Act?
 - Does your state suspend or terminate Medicaid eligibility and through what mechanism?
 - Does your state have different Medicaid policies for the jail and prison populations?
 - When is Medicaid suspended or terminated (immediately? After 30 days of incarceration? After 60 days?)
 - Is the suspension time-limited (i.e., although Medicaid may initially be suspended, is it later terminated after an individual has been incarcerated for one year?)
 - What are the processes for Medicaid redetermination, reenrollment, and reactivation? Are incarcerated and soon to be released individuals advised of these policies, and if so, how and when?
 - What changes should be made to make Medicaid coverage continuous and care available without interruption?
 - Do community-based mental health and SUD providers provide in-reach services before individuals leave incarceration and reenter to the community?
 - What state and/or federal funding can be leveraged to expand in-reach services and improve health outcomes for people leaving incarceration?
 - What are the health care needs of incarcerated populations and soon to be released individuals in your state or county? What are the health care needs of female reentering populations in your state or county?
 - What are the specific care access barriers for justice-involved people in your state?
 - Are there initiatives, including those led by peers, that focus on providing health literacy, and language access and navigation services for justice-involved people? Can Medicaid be utilized to finance these initiatives?
- Learn about [work happening around the country](#) to better leverage Medicaid to strengthen health and justice outcomes for people in the criminal legal system; consider other states' specific policies and guidances, including Memoranda of Understanding (MOUs) between corrections departments and Medicaid agencies, that may be adapted and replicated.
- Are there other organizations and coalitions working to establish a Medicaid reentry demonstration project in your state?
- Engage with your [Medicaid agency](#) about pursuing a Medicaid reentry waiver
- [Contact LAC](#) for help in promoting Medicaid reentry in your state.

Please contact Gabrielle de la Guéronnière (gdelaqueronniere@lac-dc.org) or Deborah Reid (dreid@lac.org) with any questions or for additional information.

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