

Medicaid Reentry Demonstration Waiver

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Issue

This report describes Connecticut's pending [Medicaid Section 1115 waiver](#) to provide certain health care services to incarcerated people 90 days before they are released. The waiver is currently pending federal approval from the Centers for Medicare and Medicaid Services (CMS).

Summary

The Department of Social Services (DSS) submitted a Section 1115 Medicaid waiver in March 2024 to provide certain services to detained youth and incarcerated adults with one or more medical diagnoses (e.g., substance use disorder or mental illness). (The waiver is technically an amendment to an existing 1115 waiver on substance use disorder.)

Section 1115 waivers generally allow states to seek authorization from CMS to waive certain federal laws as part of a demonstration project. In 2023, CMS published specific guidance to states on using 1115 waivers to improve care transitions for incarcerated people. In the guidance, CMS discusses the "inmate payment exclusion," a federal law that generally prohibits states from using Medicaid to pay for services provided to incarcerated people, with certain exceptions. CMS notes that states may use a demonstration waiver to provide certain Medicaid services to incarcerated people who are soon to be released.

If approved, DSS's reentry demonstration will provide (1) case management services; (2) medication assisted treatment for substance use disorder; (3) a 30-day medication supply upon release from incarceration; and (4) certain services to address health-related social needs (e.g., transition and moving costs or medically-necessary appliances). In the waiver application, DSS

requests approval to implement this demonstration through March 31, 2027. DSS anticipates CMS's decision in the first quarter of 2025.

Waiver Provisions

Eligibility

If approved, the submitted waiver will allow DSS to provide Medicaid coverage for people in the state's correctional system or in juvenile detention centers up to 90 days before they are released. Eligible people include (1) detained youth and (2) adults with at least one diagnosed condition (e.g., mental illness, substance use disorder, pregnancy, or intellectual disability).

Participants must also be enrolled in Medicaid or eligible for the Children's Health Insurance Program (CHIP, or HUSKY B in Connecticut) if not for their incarceration status. (When a Medicaid enrollee is incarcerated, DSS suspends, rather than terminates, Medicaid coverage, typically terminating coverage only in cases where the enrollee is incarcerated for more than three years.)

According to DSS, approximately (1) 12,000 adults are released from correctional facilities annually and an estimated 85% will meet the waiver's medical eligibility criteria and (2) 650 adolescents are released from juvenile community residential centers annually.

Benefits

Under the submitted waiver, benefits provided to those enrolled in this coverage include the following:

1. case management services,
2. medication-assisted treatment for substance use disorder,
3. a 30-day medication supply upon release, and
4. services to address health-related social needs.

As described by DSS, services to address health-related social needs may include one-time transition and moving costs, housing deposits, and medically necessary appliances and home accessibility modifications (e.g., air conditioners, heaters, and ventilation system repairs).

Federal Approval Process

Section 1115 of the Social Security Act authorizes this type of waiver ([42 U.S.C. § 1315](#)), allowing the U.S. Department of Health and Human Services to waive federal requirements in public assistance programs for states seeking to test new approaches while maintaining federal funding. In practice, states typically use 1115 waivers in their Medicaid programs, rather than other assistance programs, and seek approval from CMS. Federal regulations set certain public notice process requirements for these waivers ([42 C.F.R. § 431.408](#)). To comply with these requirements, DSS posted public notice in the Connecticut Law Journal and [on the DSS website, held public hearings, and accepted public comments](#).

In addition to these general requirements, a 2018 federal law required CMS to publish [specific guidance to states](#) on using 1115 waivers to improve care transitions for incarcerated people ([P.L. 115-271](#), § 5032). The guidance describes certain elements CMS expects states to include in these waivers, including benefits (e.g., case management services, medication-assisted treatment, and a 30-day supply of medication upon release) and timeframe (30 to 90 days prior to release). CMS indicated that it will likely approve waivers that are consistent with this guidance and, according to [the Kaiser Family Foundation](#), the agency has done so for 11 other states.

DSS submitted its waiver application to CMS in March 2024 (after receiving approval from the Appropriations and Human Services committees, see below). According to DSS, CMS expects to formally act on the waiver in the first quarter of calendar year 2025. While the waiver is pending approval, DSS and other state agencies are meeting to work on the implementation plan for the waiver, which is due to CMS 120 days after CMS formally approves the waiver.

State Legislative Approval

State law requires the DSS commissioner to submit federal waiver applications, renewals, and amendments to the Appropriations and Human Services committees before submitting them to CMS for approval ([CGS § 17b-8](#)).

The committees must:

1. hold a public hearing within 30 days after receiving the application;
2. approve, deny, or modify a waiver application; and
3. appoint a conference committee if the committees do not concur on the decision.

The Appropriations and Human Services committees held their hearing and approved this waiver application on March 19, 2024 (see [Appropriations Committee transcript](#) and meeting minutes for the [Appropriations Committee](#) and [Human Services Committee](#)). Technically, this waiver is proposed as an amendment to DSS's existing substance use disorder 1115 waiver, but it otherwise has no effect on that waiver's provisions.

Resources

CMS, "[RE: Opportunities to Test Transition-Related Strategies to Support Community Reentry and Improve Care Transitions for Individuals Who Are Incarcerated](#)," (SMD# 23-003), April 17, 2023.

DSS, "[Connecticut's Submission of Waiver Amendment to the Substance Use Disorder Demonstration Waiver for the Justice-Involved Population Pursuant to Section 1115 of the Social Security Act](#)," March 20, 2024.

DSS, [MAPOC Meeting. \(PowerPoint\)](#), January 2024.

DSS, [MAPOC Meeting. \(PowerPoint\)](#), July 2024.

Kaiser Family Foundation, "[Section 1115 Waiver Watch: Medicaid Pre-Release Services for People Who Are Incarcerated](#)," August 19, 2024.

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