



Centers for Medicare & Medicaid Services

## Press Release

# HHS Approves California's Medicaid and Children's Health Insurance Plan (CHIP) Demonstration Authority to Support Care for Justice-Involved People

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- [Medicaid & CHIP](#)

*First-of-its-kind initiative will help people get the behavioral health care they need as they leave incarceration*

Today, the U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), approved a first-of-its-kind section 1115 demonstration amendment in California which will provide a set of critical pre-release services and improve access to critically needed care for people returning home from jails and prisons.

For example, Medi-Cal will be able to cover substance-use treatment before a Medicaid beneficiary is released from jail, prison, or youth correctional facility. Additionally, the state will be able to help connect the person to community-based Medicaid providers 90 days prior to their release to ensure they can continue their treatment after they return to the community.

“The Biden-Harris Administration is focused on expanding access to health care across the country and doing so with equity in mind,” said HHS Secretary Xavier Becerra. “In partnership with HHS, the state of California is leading the way in providing coverage to justice-involved individuals. This is the first time in history Medicaid will be providing coverage to justice-involved individuals before they’re released. It is a step forward in closing gaps in services this underserved community experiences, and I encourage other states to follow California’s lead.”

“Today, we achieved a significant milestone in the expansion of health care coverage,” said CMS Administrator Chiquita Brooks-LaSure. “This demonstration allows us to make historic changes for incarcerated individuals who are eligible for Medicaid or CHIP. By helping these individuals access essential services and care coordination prior to release, we will also prevent gaps in care as they rejoin their communities.”

In this first-of-its-kind approval, California will have authority to cover pre-release services to incarcerated individuals, which is consistent with coverage under the demonstration opportunity provided for in by section 5032(b) of the [Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities](#) (SUPPORT) Act. This work also builds on President Biden's [February 2022](#) executive order to expand affordable, quality health care coverage, which includes strengthening Medicaid and the Affordable Care Act, and his [May 2022](#) historic executive order to advance effective, accountable policing and criminal justice practices, which includes improving treatment and rehabilitation in jails, prisons, and other correctional settings, and supporting successful entry. This is the first time Medicaid will pay for a limited set of health care services provided to justice-involved individuals before they are released—a key component of the President's proposed public safety package, the Safer America Plan.

As part of the approval, California will also increase and sustain provider payment rates and Medicaid managed care payment rates in obstetrics, primary care, and behavioral health as a condition of the approval of authority to receive Designated State Health Program (DSHP) funding (which allows the state to access federal match dollars for certain health-related services previously funded only using state dollars). In obstetrics alone, this represents the potential for \$60 million to be invested in the health of pregnant and postpartum women by increasing access to providers and therein improving health outcomes for pregnant women. Coupled with additional support for critical options like home and community-based services, the 1115 demonstration holds promise for transforming the nature of care.

Under the demonstration, California aims to achieve the following goals:

- Increase coverage, continuity of care, 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, behavioral health, and health-related social needs;
- Provide intervention for certain behavioral health conditions and use stabilizing medications like long-acting injectable anti-psychotics and medications for addiction treatment for substance use disorders (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 visits, inpatient hospitalizations, and all-cause deaths among recently incarcerated Medicaid beneficiaries and individuals otherwise eligible for CHIP if not 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.

Consistent with CMS requirements for section 1115 demonstrations, California must undertake a comprehensive and rigorous evaluation of the demonstration.

California's [approval](#) coincides with a [new report](#) produced by the HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE) examining the significant health coverage and continuity-of-care needs justice-involved individuals face returning to the community. These include disproportionately high rates of SUD, serious mental illness, and infectious and other chronic physical health conditions. The report discusses opportunities, like Medicaid section 1115 demonstrations, to improve health and health care transitions.

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