

Medicaid Reentry Section 1115 Demonstration Opportunity Report

Session Law 2023-134, Section 9E.16.(e)



Report to

Joint Legislative Oversight Committee on Medicaid

By

North Carolina Department of Health and Human Services

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Background:

Session Law 2023-134 Section 9E.16(e) directed the NC Department of Health and Human Services (DHHS) to report on the Medicaid Reentry Section 1115 Demonstration Waiver Opportunity to provide services to the adult incarcerated population. North Carolina submitted a request to CMS for this waiver that would provide coverage for certain services during the 90- day period prior to release from incarceration to Medicaid eligible individuals to assist with the transition after release.

Context:

North Carolina Department of Health and Human Services submitted a Section 1115 waiver to the Centers for Medicare & Medicaid Services (CMS) on October 31, 2023. Through this waiver, North Carolina is seeking to renew its Medicaid Reform Demonstration for another five-year period starting November 1, 2024. During the first demonstration period, North Carolina began its transition to managed care and invested in novel programs to better respond to the diverse needs of North Carolinians who are enrolled in Medicaid. North Carolina is now ready to build on early successes and lessons learned to continue this progress over the next five years. The State’s overarching goal for the demonstration is to improve health and well-being for all North Carolinians through a whole-person, well-coordinated system of care that addresses both medical and non-medical drivers of health and advances health access by reducing disparities for historically marginalized populations.

Due to restrictions in federal Medicaid law, states have historically been unable to draw down Medicaid funding to provide health care services to individuals when they are incarcerated (known as the “inmate exclusion”). In April 2023, the Centers for Medicare & Medicaid (CMS) released guidance on how states can provide Medicaid services to justice-involved individuals while they are in a correctional setting to support their reentry into the community under Section 1115 Demonstrations¹. North Carolina is pursuing this authority to provide pre-release services in its Section 1115 Demonstration renewal.

Description of Proposed Medicaid Reentry Section 1115 Demonstration:

North Carolina is requesting authority through the demonstration renewal request to provide a set of targeted pre-release Medicaid services within the 90-day period prior to release from a participating correctional setting. Eligible individuals will, at a minimum, be able to access the following three services:

- Case Management under which case managers will establish client relationships, conduct a needs assessment, develop a person-centered care plan, and make appropriate linkages and referrals to post-release care and supports.
- Medication for Opioid Use Disorder (MOUD) including medication in combination with counseling/behavioral therapies, as clinically appropriate.
- At a Minimum, a 30-Day Supply of Prescription Medication in hand upon release, consistent with Medicaid State Plan coverage.

¹ <https://www.medicaid.gov/sites/default/files/2023-04/smd23003.pdf>

In addition to the above three services, the following additional services will be phased in based on readiness to implement:

- Physical and Behavioral Health Clinical Consultation Services intended to support the creation of a comprehensive, robust, and successful reentry plan, such as clinical screenings and pre-release consultations with community-based providers.
- Laboratory and Radiology Services as clinically appropriate, consistent with Medicaid State Plan coverage.
- Medications and Medication Administration as clinically appropriate, consistent with Medicaid State Plan coverage.
- Tobacco Cessation Treatment Services as clinically appropriate.
- Durable Medical Equipment in hand upon release, consistent with Medicaid State Plan coverage.

North Carolina will phase in implementation of this initiative to participating facilities based on readiness to implement services. When implementation is complete, this initiative will result in:

- Availability of these services in all state prisons and youth correctional facilities and in select county- and tribal-operated jails.
- All adults and youth who are incarcerated in a participating correctional setting and are enrolled in Medicaid will be eligible to access pre-release services.
- Services will be available to individuals both pre- and post-adjudication.

North Carolina is requesting \$315 million total computable in capacity building funds to support service delivery and cross-system implementation efforts for this initiative.

Additional operational details will be determined over the coming years pending CMS approval.

The transition of Medicaid eligible individuals to the managed care plan for which the individual is eligible, or NC Medicaid Direct for those excluded or exempt from managed care is supported by the 1115 and 1915(b) waiver authorities already in place and expected to continue as part of upcoming waiver renewals.

Link to renewal Application: <https://medicaid.ncdhhs.gov/nc-medicare-reform-section-1115-demonstration-renewal-application/download?attachment>

Appendix A

North Carolina General Assembly Session Law 2023-134 Section 9E.16(e):

No later than January 1, 2024, DHHS shall develop and submit a proposal to the Joint Legislative Oversight Committee on Medicaid for a Medicaid Reentry Section 1115 Demonstration Opportunity waiver to provide services to the adult incarcerated population, to be managed under BH IDD tailored plan contracts, notwithstanding G.S. 108D-40(a)(9), and to begin no later than January 1, 2025. The proposal shall provide that, upon release from incarceration, Medicaid-eligible individuals shall be transitioned to a managed care plan for which the individual is eligible under G.S. 108D-40 or, if the individual is excluded from managed care, to the Medicaid Direct fee-for-service program. DHHS shall not implement the waiver if that implementation exceeds the authority of the Division of Health Benefits under G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated to exceed a future authorized budget for the Medicaid program.