



Medicaid coverage for behavioral health and substance use treatment services in local and regional jails

Virginia Medicaid coverage for incarcerated individuals is currently limited to inpatient hospital care.

Amendments

- **HB 30:** [Item 288 #55h \(Coyner\)](#)
- **SB 30:** [Item 288 #5s \(Favola\)](#)

Background

In 2023, the Centers for Medicare and Medicaid Services (CMS) issued guidance on a new Medicaid Reentry Section 1115 Demonstration Opportunity addressing certain medical and behavioral health services for state prisoners and local and regional jail inmates during incarceration. Washington State and California have received waivers; other state proposals are pending.

What these amendments would accomplish

They direct the Department of Medical Assistance Services (DMAS) to pursue a waiver to cover behavioral health and substance use treatment for qualifying incarcerated individuals for the first 30 days of incarceration and the last 90 days prior to release.

Key points

Jails serve large numbers of individuals with mental illness and substance use disorders. In June 2023, the Compensation Board reported approximately 22 percent of inmates were known, or suspected to have, a mental illness; approximately 55 percent had a co-occurring substance use disorder.

Additional flexibility to cover services provided to Medicaid-eligible individuals within the local correctional facilities would further support continuity in care. Individuals with substance use disorder are particularly vulnerable during reentry to the community and significantly more likely to die from an overdose in their first few weeks after release; consistent coverage would help to mitigate this risk. Closing gaps in health care coverage for individuals reentering the community has been demonstrated to assist in a successful transition and prevent recidivism.

Virginia local governments are the primary funders of the operations of local and regional jails. Local governments contributed approximately \$624 million in FY 2022 and \$128 million in medical spending.

Previous efforts to support the IT and administrative infrastructure needed to allow Medicaid to cover inpatient care for incarcerated individuals have been successful. These efforts streamlined the process of screening and enrolling eligible individuals in local and regional jails and Department of Juvenile Justice facilities. Medicaid pays for eligible services during 24-hour or longer inpatient hospital admissions. Medicaid-enrolled individuals on home electronic incarceration have coverage for full-benefit (“community” Medicaid).

A new Section 11115 waiver opportunity merits consideration for local and regional jails and state correctional institutions.

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