

# Fact Sheet

## NC Medicaid Policy for County Jails

### Federal Inmate Exclusion Policy

Under [federal law](#), NC Medicaid does not cover medical expenses for beneficiaries involuntarily detained in a correctional institution, except when they receive inpatient care in a hospital. This is known as the “inmate exclusion policy.”

Beneficiaries subject to the inmate exclusion policy can remain enrolled in NC Medicaid or become eligible for NC Medicaid while incarcerated. However, Medicaid coverage is limited to inpatient hospital stays outside of a carceral setting of 24 hours or more.

States can suspend a beneficiary’s Medicaid rather than terminate during the period of incarceration. Currently, NC Medicaid policy requires termination instead of suspension of NC Medicaid for beneficiaries incarcerated in county jails (unless under age 21, or ages 18 to 26 on NC Medicaid as a former foster child).

### RECENT NC MEDICAID POLICY CHANGE

To avoid gaps in Medicaid coverage and facilitate the future provision of pre-release services for beneficiaries who are incarcerated, NC Medicaid changed the current policy to require the suspension instead of termination of coverage for beneficiaries in county jails.

The new policy requires the suspension of Medicaid for beneficiaries incarcerated in county jails for more than 30 days. Upon suspension of coverage, the beneficiary will be disenrolled from their health plan. Beneficiaries with stays of 30 days or less will not have coverage suspended, nor will health plan disenrollment occur.

Beneficiaries with stays of 30 days or less are still subject to the inmate exclusion policy and Medicaid coverage is limited during the time the beneficiary is incarcerated, even if their Medicaid was not suspended.

### DATA SHARING TO AUTOMATE SUSPENSION OF COVERAGE

NC Medicaid receives offender data on a nightly basis from the Department of Adult Correction. The data contains demographic information and incarceration dates that allow a beneficiary’s Medicaid to be automatically suspended when incarcerated in one of the state’s 53 prisons. The data feed contains release dates, allowing benefits to be restarted on the date of the beneficiary’s release.

North Carolina has county jails in 94 of its 100 counties with a total of 108 facilities (including annexes) recognized by [NCDHHS’ Division of Health Service Regulation](#). These facilities are managed by the county Sheriff’s office and have their own internal tracking system. Because of differences in systems and the inability to receive the data, NC Medicaid has historically been unable

to identify Medicaid beneficiaries incarcerated in a county jail (nor able to identify when a beneficiary is released). This meant Medicaid could not be suspended and restarted automatically.

The Government Data Analytics Center (GDAC) consolidates data from the county jails' systems in the CJLEADS database. NC Medicaid and GDAC have an agreement to allow county incarceration data to be shared. An automated process, similar to the process for State prisons, will be implemented to allow automated suspension and restart of benefits. Once implemented, NC Medicaid's eligibility and case management system, NC FAST, will automatically suspend and restart benefits in accordance with the new policy.

As of August 2025, NC FAST has implemented the automated suspension process for individuals incarcerated in county jails. Due to the prior process relying on information being manually reported, there are likely beneficiaries who are incarcerated in a county jail whose date of incarceration was never reported to the local DSS. Now that the automated process has begun, these beneficiaries will have incarceration dates in the past added to their case. NC FAST will record incarcerations of 31 days or more back to August 2024 that are not already recorded in the system and retroactively suspend Medicaid coverage for the period of incarceration.

## POST-SUSPENSION DELIVERY SYSTEM CHANGES

Medicaid beneficiaries whose coverage is suspended during a period of incarceration will be disenrolled from their health plan. In accordance with changes to [State legislation](#) effective Jan. 1, 2025, these beneficiaries will remain excluded from health plan enrollment for a period of 365 days after release.

Upon release from a stay of 31 days or more, formerly incarcerated beneficiaries will be enrolled in NC Medicaid Direct. This will allow easier access to physical health providers, reduce system transitions and potential beneficiary confusion during the post-release period. Behavioral health services will be provided by Local Management Entities/Managed Care Organizations. Beneficiaries eligible for the Eastern Band of Cherokee Indians (EBCI) Tribal Option will remain enrolled in the health plan after incarceration.

On the first day of the month following the 365 day post-release period, the beneficiary will be enrolled in the NC Medicaid program according to their needs (e.g., Standard Plan or Tailored Plan).

## UPCOMING CHANGES TO THE INMATE EXCLUSION POLICY

New federal requirements in Section 5121 of the 2023 [Consolidated Appropriations Act](#) (CAA) require changes to the inmate exclusion policy.

Section 5121 impacts youth under age 21, or ages 18 to 26 on NC Medicaid as a former foster child and includes targeted case management, screening and diagnostic services in the 30 days prior to release. In coordination with the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention (DJJDP), NC Medicaid will implement these services in 2025 beginning with DJJDP's youth development centers. Additional facility types that house the population impacted by CAA Section 5121 will be phased in at a later date.

