



FACT SHEET

North Carolina Medicaid Reform: Justice-Involved Reentry Initiative

August 2023

In October 2018, North Carolina received federal approval to significantly transform its Medicaid program through the [Medicaid Reform Section 1115 Demonstration](#).

North Carolina is seeking to renew its Medicaid Reform Demonstration for another five-year period 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. In line with this overarching goal, and in line with recent federal guidance, North Carolina is seeking federal authority through the demonstration renewal to support reentry into the community for justice-involved individuals.

For additional information on the other initiatives in the demonstration request, see the [“North Carolina Medicaid Reform: Section 1115 Demonstration Renewal Request”](#) fact sheet.

The issue

Justice-involved individuals—people incarcerated in jails, youth correctional facilities, or prisons—are at higher risk for poor health outcomes, injury, and death than other community members. Justice-involved individuals are particularly vulnerable during the period immediately following release from a correctional setting.¹

In North Carolina:

- Approximately 57,000 adults and youth were incarcerated in the state as of May 2023.² Stark racial disparities are reflected across the state’s justice-involved population; Black adults are nearly six times as likely and Hispanic adults are approximately three times as likely to be incarcerated as individuals of other races.³
- Among justice-involved individuals who were recently released from a correctional setting in the state, approximately 30% are identified as having physical health needs, approximately 75% are identified as having substance use disorder (SUD), and approximately 50% are identified as having other mental health needs.⁴
- Those recently released from a correctional setting in the state also have high rates of health-related social needs (HRSN); 29% are identified as having housing needs, 71% are identified as having transportation needs, and around 45% are identified as having vocational or employment needs.⁵
- Individuals recently released from correctional settings in the state are 40 times more likely to suffer an opioid overdose compared to individuals who have never been incarcerated.⁶

Demonstration Renewal Request to Provide Medicaid Services to Justice-Involved Individuals

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 Demonstrations.⁷ North Carolina is pursuing this authority to provide pre-release services in its Section 1115 Demonstration renewal.

North Carolina believes providing pre-release services has the potential to:

- Improve access to physical and behavioral health services upon reentry into the community
- Improve coordination and communication between correctional systems, Medicaid systems, managed care plans, and community-based providers
- Improve physical and behavioral health outcomes
- Reduce the number of emergency department and inpatient hospitalizations for justice-involved populations

Pre-Release Services

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 Assisted Treatment (MAT)** 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.

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** that are 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 Upon Release** in hand upon release, consistent with Medicaid State Plan coverage.

Eligible Facilities and Incarcerated Individuals

North Carolina will phase in implementation of this initiative to participating facilities based on readiness to implement services.

- North Carolina aims to eventually implement 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

Capacity Building Funding to Support Implementation

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

- Capacity building funds will be available to entities partnering with NCDHHS to implement the initiative, including correctional facilities.
- This funding will support planning and implementation activities, including but not limited to conducting stakeholder engagement, hiring, and training new staff, strengthening health information technology systems, and establishing new operational workflows, processes, and space modifications needed to implement this initiative across participating correctional settings.

More detailed information on the demonstration renewal request and instructions on how to submit public comments can be found by accessing the proposed renewal application and notice for public comment.

¹ [The Commonwealth Fund. September 2022](#)

² [Prison Policy Initiative](#)

³ [Governor Cooper Establishes Task Force to Address Racial Inequity in the State Criminal Justice System.](#) June 2020

⁴ [Correctional Program Evaluation. 2019](#)

⁵ [Correctional Program Evaluation. 2019](#)

⁶ [NCDHHS Announces Funding Opportunity to Serve Justice-Involved Individuals as COVID-19 Impacts Overdoses.](#) October 2021

⁷ CMS. State Medicaid Director Letter #23-003. "Opportunities to Test Transition-Related Strategies to Support Community Reentry and Improve Care Transitions for Individuals Who Are Incarcerated." April 17, 2023. [medicaid.gov/federal-policy-guidance/downloads/smd23003.pdf](https://www.medicaid.gov/federal-policy-guidance/downloads/smd23003.pdf)