

Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

January 11, 2012

Beth Lenstra
Legislative Services Agency
State Capitol Building
LOCAL

Dear Ms. Lenstra:

This letter is in response to your request for information about the impact of the Patient Protection and Affordable Care Act (ACA) on Medicaid eligibility for inmates. Specifically, you asked:

- Are inmates eligible for Medicaid in 2014 under the Patient Protection and Affordable Care Act? Or is inmate eligibility dependent on how Iowa enacts any future legislation? i.e., eligibility is not automatic?
- In FY 2014 is there a possibility that inmates paroled under age 65 could be covered?

Currently, Medicaid eligibility is generally limited to children, adults who are pregnant or have dependent children who live with them, and adults who are elderly or disabled. Thus, many inmates do not qualify for Medicaid even when not incarcerated.

Beginning January 1, 2014, the ACA expands Medicaid coverage to include nearly all people with incomes below 133 percent of the federal poverty level (FPL). Since many people entering and leaving prison and jail will have very low incomes, Medicaid is a likely coverage option for this population. However, the impact of this eligibility expansion is limited by current rules and procedures restricting coverage of Medicaid services for inmates in public, non-medical institutions, including jails and prisons.

As previously discussed with you and the Interim Committee, Medicaid federal funds cannot be used to pay for *services* for inmates who are otherwise Medicaid-eligible. However, Medicaid federal funds can be used to pay for the care of:

- An inmate who is admitted as an inpatient of a medical institution (such as a hospital) that is **not** owned, operated, or on the grounds of a penal institution.
- While an inpatient, that person is no longer considered to be an inmate of a public institution, and can be eligible for Medicaid if the person meets all other eligibility requirements.
- The ACA makes no change to this rule.

Beginning January 1, 2012, Iowa law requires that Medicaid be suspended for up to 12 months from the date of incarceration for people who are receiving Medicaid when they

Beth Lenstra
Page Two
January 11, 2011

become incarcerated, as long as the person remains otherwise eligible for Medicaid.
(Suspending the person's Medicaid results in that person being eligible for Medicaid benefits only for inpatient hospital claims.)

A person who is released on parole from jail or prison is:

- No longer considered to be an inmate of a public institution.
- Eligibility for Medicaid would be looked at in the same way as for a person who was never incarcerated.
- Thus, with the ACA expansion in 2014 to nearly all people with incomes below 133 percent of the FPL, paroled individuals under age 65 can receive Medicaid (if otherwise eligible).

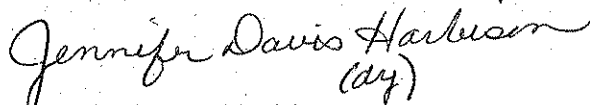
When Medicaid suspension does not apply and inmates must apply and reenroll upon exiting incarceration, the provisions of the ACA may provide new opportunities. Section 2201(b)(1)(F) of the ACA specifically requires the process for enrollment in Medicaid to be simplified and promotes targeted outreach to vulnerable populations [e.g. individuals with mental health or substance-abuse disorders]. Although not a population specifically cited in the ACA, inmates exiting incarceration could be considered members of a vulnerable and underserved population.

If the application and enrollment process were completed when inmates are preparing to exit from incarceration, people could begin to receive covered services immediately upon release from correctional facilities.

However, states have not yet received guidance regarding whether additional federal funding will be provided for the new targeted outreach requirements. Dedicated federal funds will be needed to provide the level of outreach needed for correctional facility employees or other state agency personnel to assist detainees and inmates with the process for determining eligibility and enrollment status prior to release.

Please feel free to contact me if you need additional information.

Sincerely,



Jennifer Davis Harbison
Policy Advisor

JDH/bm