



Medicaid Section 1115 Reentry Demonstration Environmental Scan

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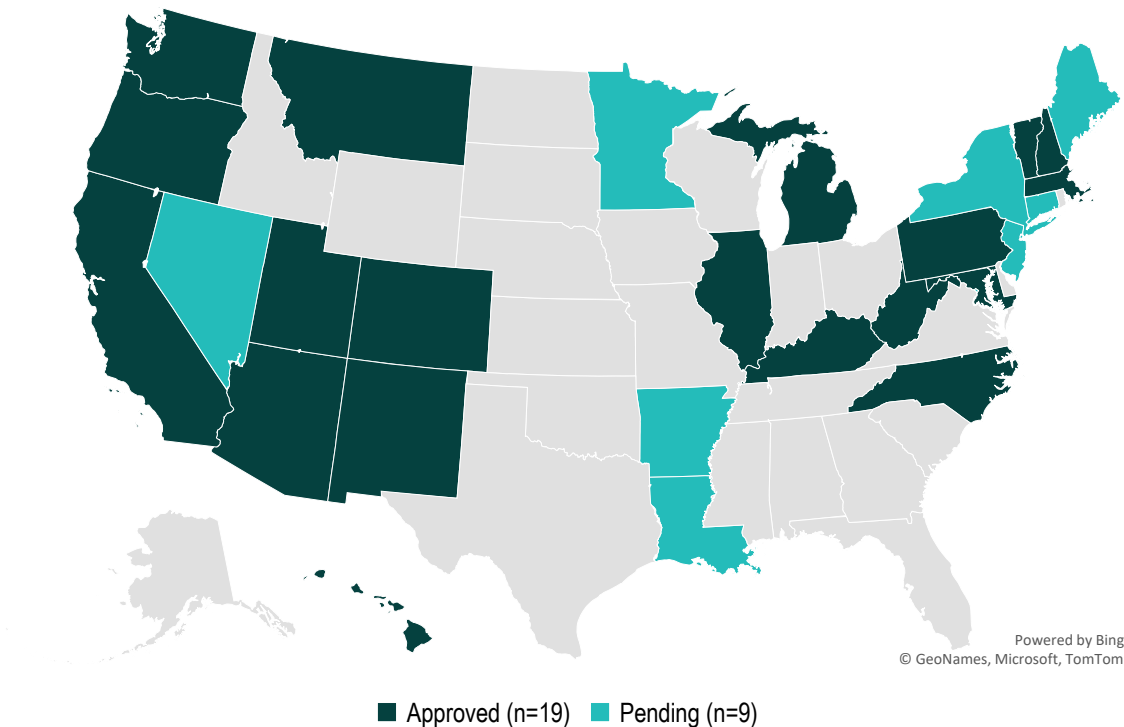
Overview

States are using Medicaid section 1115 authority to test whether targeted pre-release services can improve care transitions for people leaving correctional settings. This white paper synthesizes the design choices of 19 CMS-approved demonstrations and highlights related policy and implementation implications.

Key Findings

- Approved demonstrations span prisons, local jails, youth correctional facilities, and tribal facilities, with many states using more than one setting.
- Thirteen of the 19 approved demonstrations did not restrict eligibility to named qualifying conditions.
- Sixteen approved demonstrations authorized up to 90 days of pre-release coverage; Montana, New Hampshire, and Kentucky used shorter periods.
- Every approved demonstration except Kentucky, Maryland, and West Virginia specified at least one additional service beyond the federal minimum framework.
- Implementation and evaluation materials were still emerging as of May 31, 2026: seven implementation plans and six evaluation designs had been approved.

Exhibit 1: Section 1115 Reentry Demonstration Status (May 2026)



Reentry Demonstration Opportunity Background

On October 24, 2018, Congress passed Section 5032 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act). This provision required federal guidance on how to improve care transitions for certain incarcerated individuals who would otherwise be eligible to receive medical assistance.^{1,2} On April 17, 2023, CMS released State Medicaid Director Letter (SMDL) #23-003 titled “Opportunities to Test Transition-Related Strategies to Support Community Reentry and Improve Care Transitions for Individuals Who Are Incarcerated,” providing guidance to states on how to improve care transitions for certain incarcerated individuals.³ The SMDL details the Reentry Section 1115 Demonstration Opportunity, which encourages states to test strategies to improve healthcare-related transitions for incarcerated individuals by providing a limited set of benefits pre-release and facilitating continuity of care during the pre-release period and after an individual reenters the community.

Section 1115 demonstrations allow states to test changes to their Medicaid programs in ways that differ from federal requirements, such as offering new benefits or expanding Medicaid eligibility, provided the demonstration is budget neutral. States can request authority to provide limited pre-release coverage for Medicaid-eligible incarcerated individuals by amending an existing section 1115 demonstration, including the reentry initiative as part of an extension application for an existing demonstration, or submitting a new standalone demonstration. States can tailor their reentry demonstration to fit the needs of their state and Medicaid population but must adhere to the minimum requirements outlined in the SMDL, as detailed below.

States must offer pre-release services for a minimum of 30 days, and as many as 90 days pre-release.⁴

- States must cover:
 - case management to assess and address physical and behavioral health needs and health related social needs (HRSN);
 - medication assisted treatment services for all types of substance use disorder as clinically appropriate, with accompanying counseling; and
 - a 30-day supply of all prescription medications that have been prescribed for the individual at the time of release and provided to the individual immediately upon release from the correctional facility.

¹ Public Law No. 115–271, *Substance Use–Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act* (2018). <https://www.congress.gov/115/plaws/publ271/PLAW-115publ271.pdf>.

² Federal regulations historically prohibited the use of federal Medicaid funds to pay for services for individuals in correctional settings. Generally, Medicaid coverage will be suspended or terminated when individuals become incarcerated.

³ Centers for Medicare & Medicaid Services. (2023, April 17). *Opportunities to test transition-related strategies to support community reentry and improve care transitions for individuals who are incarcerated* (State Medicaid Director Letter No. 23-003). U.S. Department of Health and Human Services. <https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/AID/smd23003.pdf>.

⁴ In September 2026, CMS released a Frequently Asked Questions indicating that up to 60 days of pre-release coverage is appropriate for future approvals. <https://www.medicaid.gov/federal-policy-guidance/downloads/reentry-faqs-090920264015.pdf>

Applicants must specify their demonstration's eligible populations, covered services, and the participating correctional settings (i.e., state prisons, local jails, juvenile facilities, tribal facilities) as part of their applications. States may request a waiver of state wideness in order to implement their demonstration in a limited number of correctional institutions.

At the time of this report (May 2026), 28 states, including the District of Columbia, have sought CMS approval for their reentry demonstrations. Nineteen states have received approval for their reentry demonstrations. Eight states and the District of Columbia are awaiting federal approval for their reentry demonstrations. Michigan and Oregon both received approval for their reentry demonstrations but later withdrew.^{5,6}

⁵ Michigan Department of Health and Human Services. (n.d.). *Section 1115 reentry services demonstration*. <https://www.michigan.gov/mdhhs/assistance-programs/medicaid/1115-reentry-services-demonstration>

⁶ Oregon Health Authority. (n.d.). *Medicaid reentry*. <https://www.oregon.gov/oha/HSD/Medicaid-Policy/Pages/Reentry.aspx>

Environmental Scan Approach

We used a structured abstraction process to identify key demonstration features for each state. We created a standardized template to capture information from reentry demonstration section 1115 approval letters, pertinent sections of the related Special Terms and Conditions and attachments referenced therein. These documents are publicly available on Medicaid.gov.⁷ We applied a standardized template, compiled state-level information into a cross-state summary, reconciled discrepancies, and completed layered quality reviews.

Exhibit 2: Abstracted Domains

Domain abstracted	Illustrative questions
Approval pathway	Was reentry authority approved through a new demonstration, amendment, or extension?
Correctional settings	Which prison, jail, youth, or tribal facility types are eligible to participate?
Eligibility	Are age, diagnosis, condition, or release-timing criteria specified?
Covered services	Which services are included beyond the federal minimum?

Once analysts completed their abstracts, we completed an Excel-based summary file to view information across states. With the assistance of Microsoft CoPilot, analysts also developed overarching summary categories to facilitate Excel-based analyses of the different eligibility categories and covered benefits. An analyst independently compared the Excel data to the state's abstract to identify and reconcile any discrepancies. The deputy project director reviewed both the abstracts and the summary files for consistency and reconciled any inconsistencies in consultation with the project director. We used Excel for all quantitative analyses and graphics.

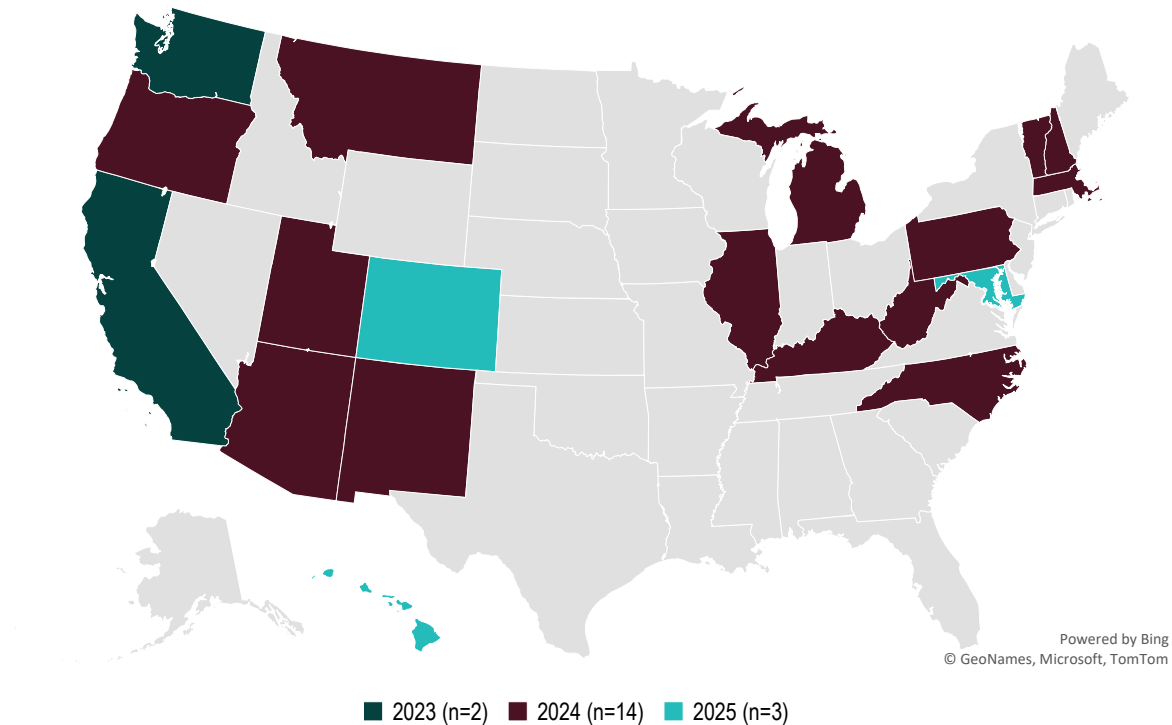
⁷ Centers for Medicare & Medicaid Services. (n.d.). Reentry Section 1115 demonstrations. Medicaid.gov.
<https://www.medicaid.gov/medicaid/section-1115-demonstrations/reentry-section-1115-demonstrations>

Demonstration approvals

As of May 2026, 19 states have CMS-approved 1115 reentry demonstrations.⁸ Eight states and the District of Columbia, have pending reentry applications awaiting CMS approval (**Exhibit 3.1**). Michigan and Oregon remain in the approved-demonstration analysis because CMS had approved their requests, even though both states later ended or withdrew their initiatives.

Most reentry approvals were amendments to currently approved demonstrations or incorporated into a demonstration with an extension approval. Michigan and Pennsylvania are the only states, as this report, that received approval as a new demonstration. Most approvals occurred in 2024 (14 out of 19 states), showing how quickly the policy landscape expanded after CMS released the SMDL in 2023.

Exhibit 3. Reentry demonstration approval years



Source: Demonstration approval letters and related special terms and conditions.

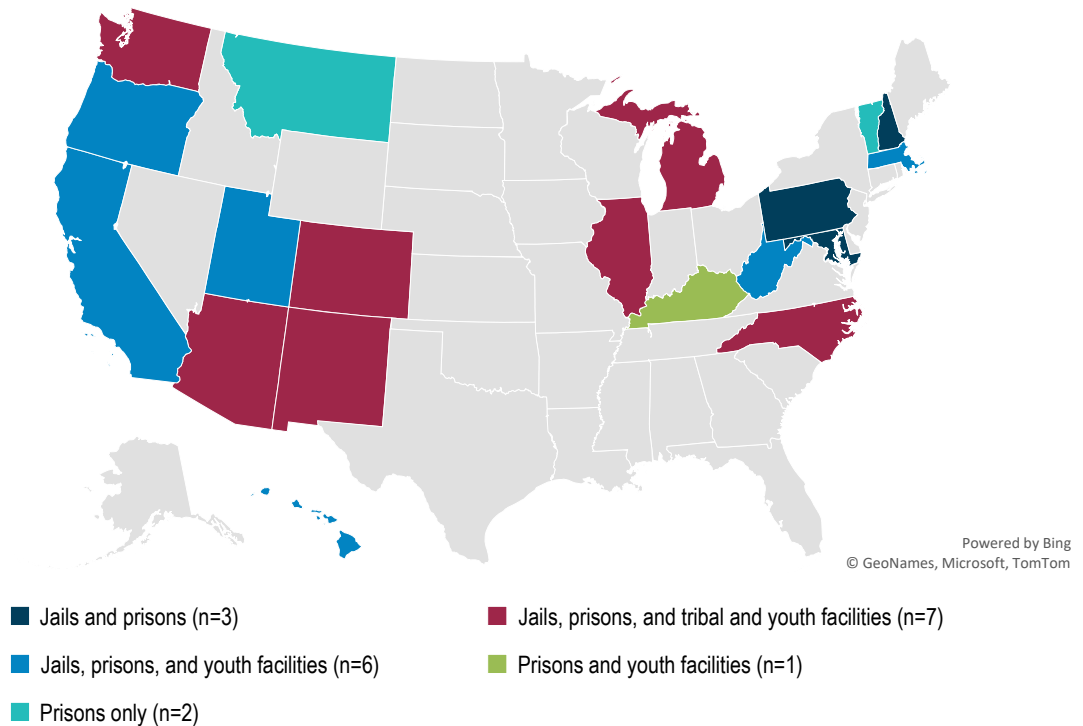
⁸ Michigan and Oregon received approval for their reentry demonstrations but have since ended their demonstrations. We have included Michigan and Oregon in this report since this analysis is focused on states with CMS-approved reentry demonstrations. See the Introduction section for more information.

Correctional Settings

Approved demonstrations include state prisons, local jails, youth correctional facilities, and tribal correctional facilities. The facility types matters because each setting has different governance arrangements, release processes, lengths of stay, health care delivery systems, vendor relationships, and data infrastructure, and relationships with state Medicaid agencies.

Notably, seven states are partnering with tribal facilities (Arizona, Colorado, Illinois, Michigan, New Mexico, North Carolina, and Washington).

Exhibit 4: Reentry demonstration participating correctional settings



Source: Demonstration approval letters and related special terms and conditions.

Most states do not limit eligibility for pre-release services by age, and most states allow for up to a 90-day pre-release period. An unspecified lower age limit indicates that youth who otherwise meet the state's Medicaid eligibility requirements may receive reentry services.⁹ The majority of states (14 of 19 states) allow children to receive coverage through the reentry opportunity. Five states (Maryland, Montana, New Hampshire, Pennsylvania, and West Virginia) restrict eligibility to adults.

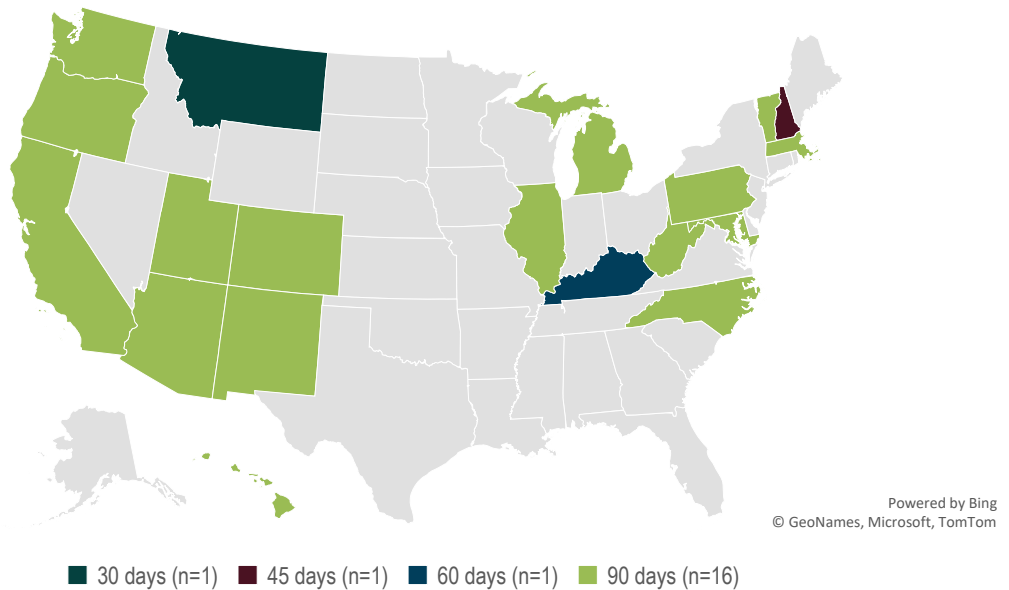
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18+ (n=3) 19+ (n=2) Not Specified (n=14)

The SMDL released by CMS stated that reentry demonstrations must provide coverage for a minimum of 30 days pre-release and allows for coverage up to 90 days release. Currently, only three states have a pre-release period of less than 90 days: Montana (30 days), New Hampshire (45 days), and Kentucky (60 days). See **Exhibit 6**.

2026

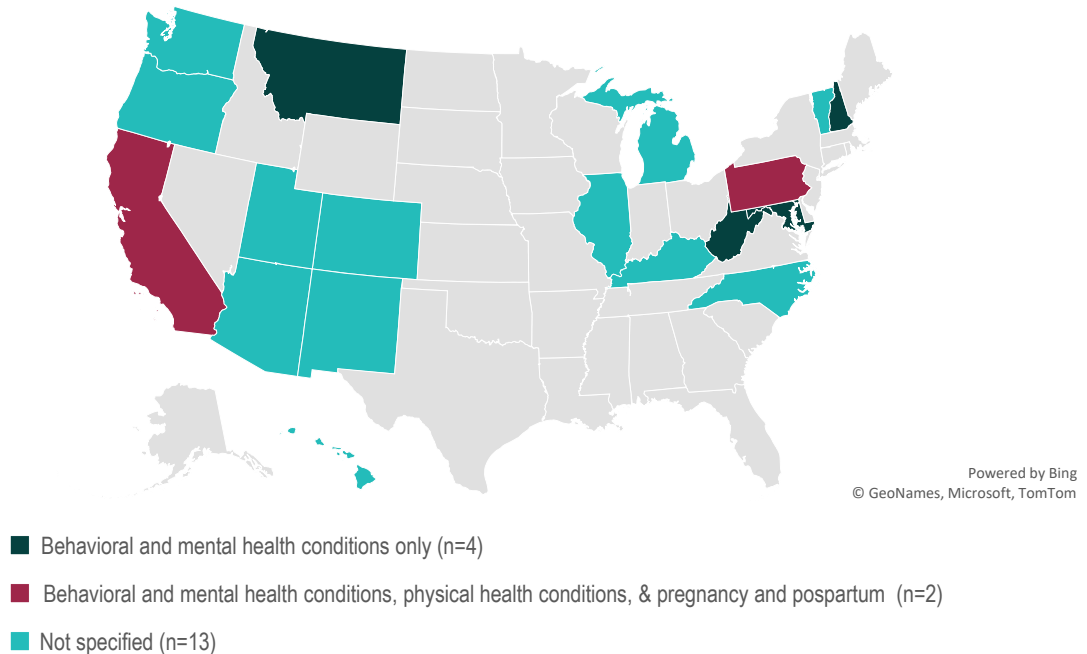
Exhibit 6: Reentry demonstration pre-release periods



Source: Demonstration approval letters and related special terms and conditions.

Most (13) approved reentry demonstrations do not restrict their eligibility to specific qualifying conditions. This indicates that any incarcerated individuals who would otherwise be Medicaid eligible may receive covered reentry services. In contrast, four states limit coverage only to those with behavioral or mental health conditions.

Exhibit 7: Reentry demonstration qualifying conditions

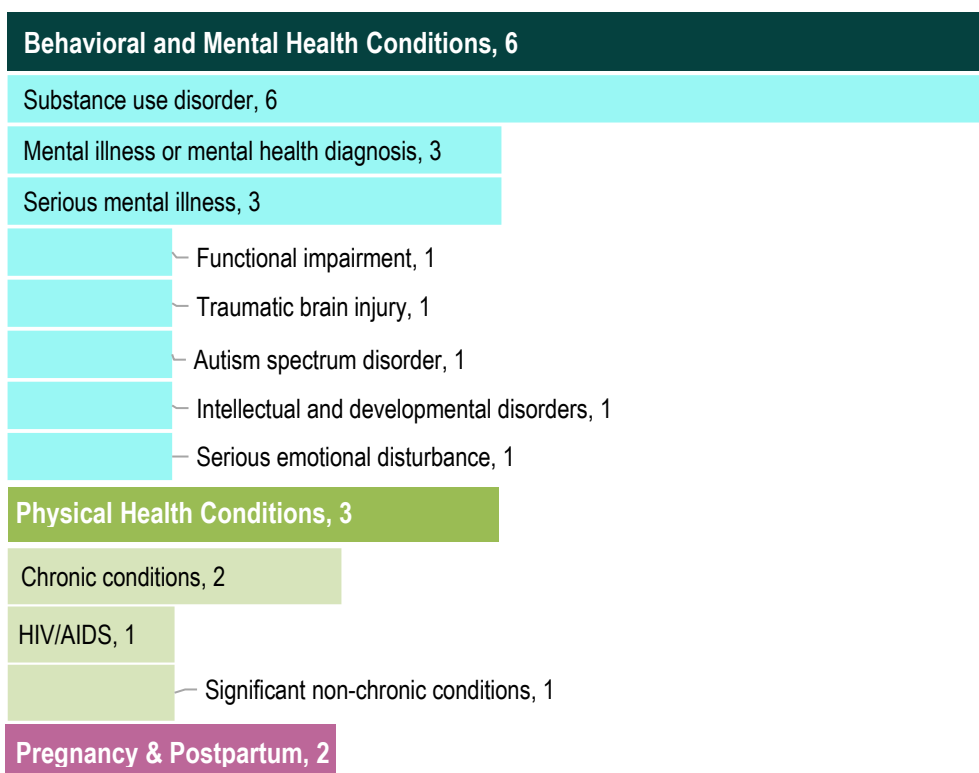


Source: Demonstration approval letters and related special terms and conditions

Notes: Not specified may indicate that any beneficiaries who would otherwise be eligible to receive Medicaid may receive reentry services.

Of the six states that specify qualifying conditions, two states (California and Pennsylvania) specify a wide range of physical and behavioral health conditions. These two states use a broader set of behavioral and mental health conditions to determine eligibility for the reentry demonstration: California’s eligibility criteria allow individuals with intellectual or developmental disorders, traumatic brain injury, or functional impairment; and Pennsylvania eligibility criteria allow individuals with autism spectrum disorder. California also explicitly indicates HIV/AIDS as a qualifying physical health condition. See **Exhibit 8** for additional details on qualifying conditions in approved applications.

Exhibit 8: Diagnosis-specific reentry eligibility criteria



*Pennsylvania also provides reentry services to 1915c eligible beneficiaries (i.e., long-term, home, and community-based services for individuals otherwise needing institutionalized care).

Source: Demonstration approval letters and related special terms and conditions

Notes: n = states that specified the qualifying condition. Total n = 6 states that specified qualifying conditions. Categories are not mutually exclusive.

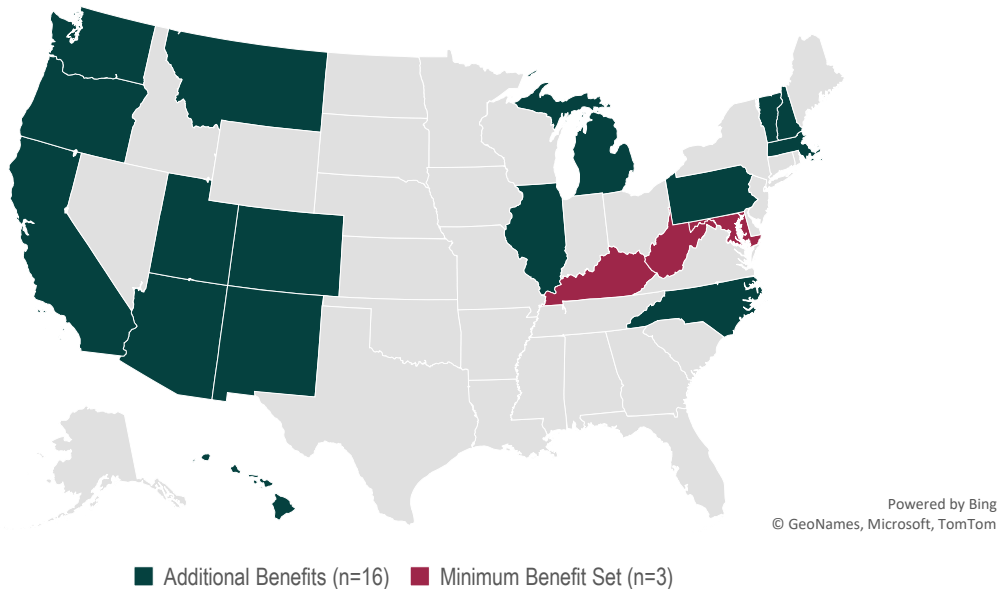
Covered Services

Though CMS requires states to offer a minimum benefit set to individuals receiving services through this demonstration opportunity,¹⁰ only three out of 19 states (Kentucky, Maryland, and West Virginia) only offer the minimum benefit set. Montana only covers office visits or clinical consultations in addition to the minimum benefit set.

New Mexico, Oregon, Utah, and Washington have approved demonstrations that cover ten or more specific service types, which cover areas such as behavioral health services, medical services, medication support, diagnostic services, patient support services, and medical equipment. Notably, three states allow family planning services as part of their reentry demonstration (New Mexico, Oregon, and Utah). See **Exhibit 10** for additional information about which states are covering additional services and the number of states providing specific services within each service type.

In some states the qualifying conditions and covered services do not align closely. For example, while California and Pennsylvania consider pregnancy and postpartum qualifying conditions, they did not specify obstetrics and gynecology as a covered service. This may be because they consider their coverage of office visits to include these services. Conversely, Utah explicitly covers family planning services but did not specify pregnancy or postpartum as qualifying conditions.

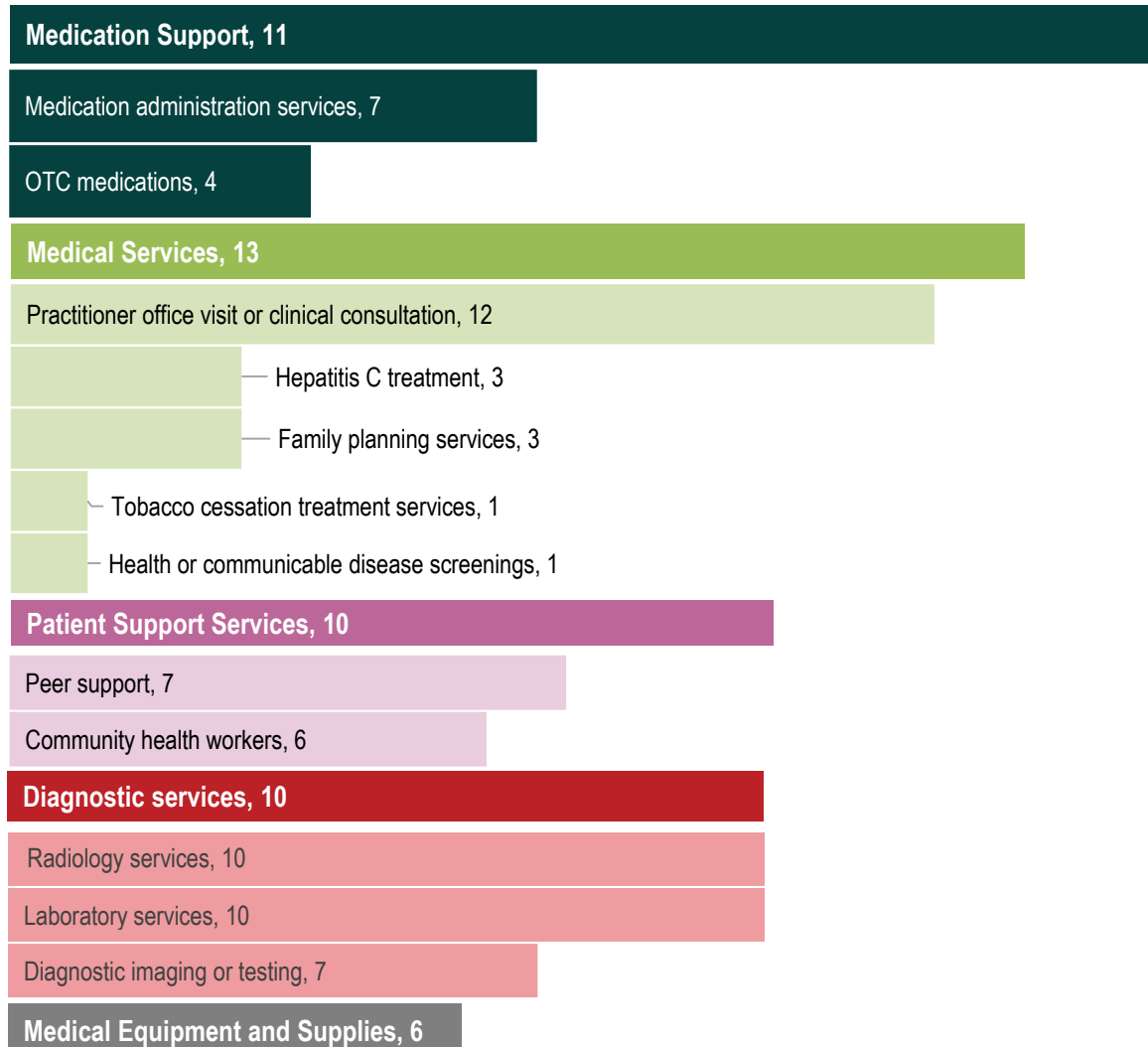
Exhibit 9: States covering additional reentry services



Source: Demonstration approval letters, related special terms and conditions, and Abt-developed categorical analysis.

¹⁰ The minimum benefit set includes case management to assess and address physical and behavioral health needs and health related social needs; medication assisted treatment services for all types of substance use disorder as clinically appropriate, with accompanying counseling; and a 30-day supply of all prescription medications that have been prescribed for the individual at the time of release and provided to the individual immediately upon release from the correctional facility.

Exhibit 10: Additional covered reentry services



Source: Demonstration approval letters, related special terms and conditions, and Abt-developed categorical analysis.

Notes: n = states that specified the covered service. Total n = 19 states with approved demonstrations. Categories are not mutually exclusive. MAT=medication assisted treatment. OTC=over-the-counter.

Policy Implications

The April 2023 State Medicaid Director Letter, “Opportunities to Test Transition-Related Strategies to Support Community Reentry and Improve Care Transitions for Individuals Who Are Incarcerated,” encouraged states to test strategies that improve care transitions for incarcerated individuals by providing a limited set of pre-release benefits and supporting continuity of care before and after release. The SMDL establishes broad guardrails for section 1115 demonstrations that offer Medicaid coverage to incarcerated individuals but imposes relatively few prescriptive requirements, giving states flexibility to tailor their demonstrations to their specific needs.

This environmental scan highlights substantial variation in state demonstration designs, but the observed differences do not, by themselves, establish which approaches are more feasible or effective. Differences in correctional settings, eligibility rules, pre-release periods, and covered services should therefore be treated as factors that may help explain implementation and evaluation findings, not as evidence of program quality.

This scan provides a structured baseline for comparing state design features, but several limitations remain. Approval documents use inconsistent terminology, do not always provide operational detail, and reflect different stages of implementation. Future analyses should distinguish authorization from implementation, directly measure service reach and continuity, and assess whether differences in outcomes are associated with program design, facility context, implementation fidelity, or population characteristics.

Reentry demonstrations establish a framework for providing Medicaid services before release, but their success will depend on effective execution across agencies, correctional facilities, providers, data systems, and communities.