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| <b>Colorado Department of Health Care Policy and Financing</b><br>1570 Grant St., Denver, CO 80203-1818 | <b>NUMBER:</b><br>HCPF 14-006  |
|   | <b>SUPRECEDES NUMBER:</b>  |
| <b>DIVISION OR OFFICE:</b><br>Client Services, Eligibility and Enrollment                               | <b>DATE:</b> 03/25/2014  |
| <b>SUBJECT AREA:</b><br>Medicaid Assistance   |  |
| <b>SUBJECT:</b><br>Medicaid Policy for Incarcerated or Inmates in a Correctional Facility               | <b>APPROVED BY:</b><br><br>Antoinette Taranto |
| <b>TYPE: I - Information</b>  |  |

*HCPF Agency Letters can be accessed online at:  
[www.colorado.gov/hcpf](http://www.colorado.gov/hcpf) >> Partners & Researchers >> County and Medical Assistance Site >> Agency Letters*

**Purpose:**

The purpose of this agency letter is to advise county departments of human/social services and county jails of Medicaid eligibility for incarcerated individuals. This agency letter will provide policy and procedures for handling Medicaid applications.

**Background:**

As of January 1, 2014, the Affordable Care Act offered new opportunities for health coverage for individuals involved in the criminal justice system, including county jail inmates. One of the new opportunities allows some inmates to receive public coverage through Medicaid.

***Medicaid Policy***

Individuals that are incarcerated or inmates in a correctional facility, such as a county jail, are not eligible for Medicaid in accordance with 42 C.F.R. Part 435.1009(a)(1). Incarceration or inmate status means the temporary or permanent placement of an individual or client confined involuntarily in a City, County, State or Federal prison, jail, detention facility, or other penal facility, such as community corrections, or in a mental health institution. This includes individuals who are being involuntarily held in detention centers awaiting trial or involuntarily residing at a wilderness camp under any type of governmental control.

The Centers for Medicare and Medicaid Services (CMS) has verified through guidance that one exception exists for these individuals:

- An inmate who is admitted as an inpatient in a hospital for at least 24 hours or more outside the correctional facility may be Medicaid eligible.
  - These individuals must meet all other eligibility criteria

- Medicaid can cover inpatient hospitalization claims including hospital costs, physician services and medications
- Coverage is for the entire inpatient hospital stay including the first 24 hours
- **Upon discharge from hospital/return to correctional facility, Medicaid coverage is terminated**

The exception of individuals who are hospitalized more than 24 hours does not apply to individuals in a mental health institution. These individuals are not eligible for Medicaid even during hospitalization unless they are under age 22 and are receiving inpatient psychiatric services.

### **Procedure or Information:**

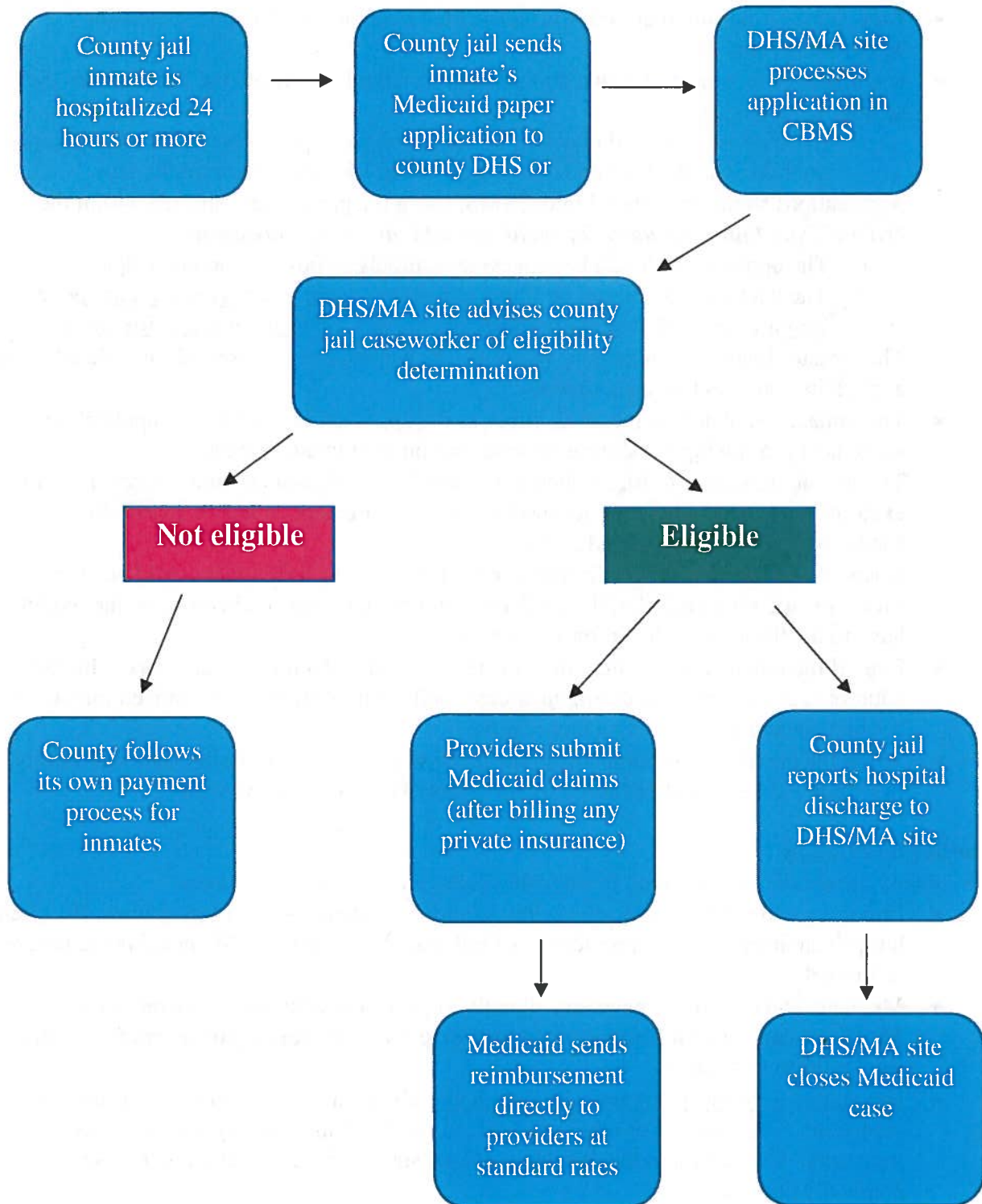
The Department is working to build a “suspend benefits” function in the Colorado Benefits Management System (CBMS) to allow inmates to retain eligibility during incarceration without receiving benefits. Until that function is available, counties will need to terminate Medicaid eligibility for clients who enter correctional facilities, such as jails, and have them re-apply when they are hospitalized or released from jail.

County Department of Human Services (DHS) offices and medical assistance (MA) sites can support jails in submitting and processing applications for inmates. If a jail has contracted with a vendor to provide health services and coordinate Medicaid applications, the county jail will need to work with the vendor and connect them to a DHS office or MA site.

### ***Process for 24 Hours or More Hospitalization***

A Medicaid application may be submitted for an inmate when they are hospitalized 24 hours or more. The application can be processed either by a DHS office or MA site. Upon being determined eligible, the hospital and providers will bill Medicaid directly. Medicaid will pay the standard rates directly to providers. When the inmate is discharged from the hospital and returned to jail, the jail should promptly notify the county DHS office or MA site that processed the Medicaid application to properly terminate Medicaid eligibility. The following flow chart shows a recommended process for Medicaid enrollments:

## Flow Chart – 24 Hours or More Hospitalizations of County Jail Inmates



### ***Applications and Eligibility***

Following are details to assist with Medicaid applications for hospitalized inmates:

- Paper applications are required. Currently, PEAK cannot accept applications for hospitalized inmates.
- It is **strongly** recommended that applications be submitted within the same month the hospitalization occurs.
  - Retroactive Medicaid may still be requested for applications that were submitted after the date the hospitalization occurred as long as it is within 90 days.
- Applications should be entered into CBMS, using the procedures outlined within the “*HCPF Data Entry Guidance for Incarcerated Individuals*” document.
  - The application should be processed as timely as possible upon receipt.
  - The data entry guide can be found at [Colorado.gov/hcpf](http://Colorado.gov/hcpf) > Home > Partners & Researchers > Medicaid Eligibility for Inmates > Documents and Research
- The inmate should use an address where he/she can receive correspondence related to the application, such as the jail’s address.
- The inmate’s signature is required, either as the applicant submitting the application or on worksheet C allowing someone else to submit on the inmate’s behalf.
- The inmate must qualify for Medicaid in a standard Medicaid eligibility category. For example, an inmate who does not meet income requirements may not qualify for Medicaid, even during hospitalization.
- Hospitalized inmates are not eligible for Medicare. If the individual would be both Medicare and Medicaid eligible in the community, while hospitalized he or she would have to qualify in a Medicaid-only category.
- Even if the inmate has children, the inmate is considered a household of one (childless adult or pregnant woman) during incarceration/hospitalization. Hospitalized inmates will not qualify as a parent or caretaker relative.
- When the inmate is discharged from the hospital and returns to the correctional facility, the Medicaid case must be closed by the county DHS office or MA site.

### ***Billing and Claims***

Following are details to assist with billing and claims for hospitalized inmates:

- Providers will submit Medicaid claims according to their standard procedures. If a client has private insurance, the provider must bill that insurance first. Medicaid is the payer of last resort.
- Medicaid can only make payments directly to providers who have rendered services. **Medicaid cannot reimburse county jails or purchased care contractors for claims they paid to providers.**
- Hospitalizations must be medically necessary. Hospital stays billed to Medicaid may be subject to a chart review or other verification that the length of stay was medically necessary. Counties should not seek to extend stays to the 24 hour mark, unless it is medically necessary.
- Medicaid claims data are protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). If jails and/or purchased care contractors wish to access information related to Medicaid-covered hospitalization, the jail/contractor should ask the

inmate to sign a release to allow the providers to share this information. The Department cannot provide claims information.

- For inmates who are not eligible for Medicaid and/or whose stay was less than 24 hours, county jails should follow their established payment processes for medical services.

This guidance applies only to inmates who are hospitalized for at least 24 hours. County jails should work directly with county DHS offices or MA sites to establish processes to submit applications for inmates who are being released to the community and wish to apply for Medicaid.

**Effective Date:**

January 1, 2014

**Contact:**

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