

Collaborating to Support Youth Returning from Incarceration: What Child Welfare Leaders Need to Know about Medicaid and Reentry

Young people with unmet health and social needs face a higher risk of entering both the child welfare and carceral systems, underscoring the need for timely, coordinated care. Recent policy changes enable the use of Medicaid and CHIP funding to support the health care needs of youth returning from incarceration. Effective collaboration between child welfare agencies and their carceral system and state Medicaid agency partners is essential to promoting stability and helping youth thrive in their homes, schools, and communities.

This fact sheet summarizes recent federal Medicaid and CHIP policy changes affecting youth returning from incarceration and outlines key actions child welfare leaders can take to support implementation of these policy changes, with the goal of strengthening continuity of coverage and improving outcomes for the young people they serve.



What's the issue?

Historically, federal law barred states from using federal funding — either through Medicaid or CHIP — to provide health care services to individuals in carceral settings (known as the “Medicaid inmate exclusion policy,” and “CHIP eligibility exclusion”). This resulted in the termination or suspension of Medicaid or CHIP for people in jails, prisons, or juvenile facilities, limiting the resources available to states to provide health care services for their incarcerated populations, leaving carceral systems solely responsible for covering health care costs, and creating barriers to care upon release. For youth who are involved in multiple systems, and who may have physical and behavioral health needs that require consistent support and strong coordination across agencies and providers, these gaps can be especially problematic.

What's new?

Recent changes in federal policy — including requirements in the Consolidated Appropriations Acts (CAA) of [2023](#) and [2024](#) — are helping to remove barriers to health coverage and continuity of care for youth returning from incarceration. As of January 1, 2025, states must comply with [Section 5121 of the CAA, 2023](#), and provide pre- and post-release screening, diagnostic, and targeted case management services to eligible juveniles under Medicaid, and similar services to youth covered by CHIP. Under the same law, states may also opt to continue to provide the full scope of Medicaid and/or CHIP services for youth awaiting disposition of charges. The 2024 CAA also [limited states' authority](#) to terminate Medicaid or CHIP eligibility during incarceration for all individuals, including adults, effective January 1, 2026. In addition, states may now [use section 1115 demonstration authority](#) to support reentry transitions for Medicaid- and CHIP-eligible adults by providing a defined set of health care interventions provided up to 90 days before release.

Why this matters

Unmet health and social needs can drive involvement in child welfare, juvenile justice, and adult criminal legal systems. [Nearly half of all youth in foster care](#) come into contact with the criminal legal system by age 17. Close to [one-fifth of the prison population in the U.S.](#) is comprised of individuals formerly in foster care. The reentry period offers a critical opportunity to identify and address these needs. Most youth currently in foster care, and all youth under age 26 who qualify as former foster care children (FFCC), are eligible under these new federal requirements. Child welfare agencies and their carceral system partners can work together with Medicaid to identify youth currently involved with the child welfare system, as well as FFCC, to ensure they can access the services and benefits to which they are entitled.

Action steps for child welfare leaders

Child welfare leaders play a critical role in partnering with other state agencies to comply with federal law and promote continuity of health coverage for youth in foster care and FFCC, strengthening opportunities for positive health and reentry outcomes. The following action steps can help child welfare leaders strengthen these partnerships and advance this work.

- 1. Participate in cross-agency governance and planning.** Child welfare agencies can join cross-agency workgroups or implementation teams to ensure the needs of youth and families involved with the child welfare system are incorporated into policy, workflow design, and operational decisions from the outset. Child welfare leaders can proactively reach out to their peers at state Medicaid agencies to initiate or join existing cross-agency planning efforts.
- 2. Educate staff on new federal requirements.** Child welfare staff at all levels — including frontline case managers, supervisors, and leadership — would benefit from being informed about new Medicaid requirements related to eligibility, enrollment, care coordination, and covered services for youth involved with the justice system. Trainings should emphasize staff roles and responsibilities and how these requirements intersect with existing child welfare practice. Child welfare agencies can collaborate with their sister agency partners to support training to address how and when child welfare staff are expected to coordinate with Medicaid agencies, managed care plans, and carceral partners to support youth returning from incarceration.
- 3. Develop or revisit data-sharing protocols:** Child welfare agencies can collaborate with their carceral system and state Medicaid agency partners to review and, as needed, update data-sharing agreements and protocols to support the appropriate exchange of information relevant to care coordination and reentry planning, while complying with applicable privacy and confidentiality requirements. Data may include information about current or prior involvement with the child welfare agency, clinical information and service engagement history, assessment findings, and family permanency plans. Clear protocols will be needed to define what information may be shared, when, and with whom to support coordinated decision-making across child welfare, Medicaid, and carceral partners, and other key stakeholders.

4. Evaluate and update Medicaid eligibility and enrollment processes for youth in foster care.

Child welfare agencies can engage their carceral system, state Medicaid agency, and managed care plan partners in reviewing and refining processes for suspension and reactivation of Medicaid enrollment upon release — paying particular attention to continuity of care for youth enrolled in foster care specialty plans. Agencies can determine whether existing timelines, notifications, and handoffs adequately support uninterrupted access to providers, medications, and behavioral health services during the reentry period.

- 5. Amend policy to ensure coordination of care.** Child welfare agencies can work with their carceral system, state Medicaid agency partners, managed care plans, and other key stakeholders to understand the structure and timing of pre- and post-release targeted case management and reentry care planning. They can update policy and practice as needed to align case planning activities, clarify roles, and avoid duplication of services for youth who already have assigned case managers. Policies that actively engage families and caregivers can help ensure services and supports provided before and after release reinforce reunification or other identified permanency goals.

6. Strengthen shared processes for identifying and enrolling eligible former foster care children.

Child welfare agencies can coordinate with their carceral system and state Medicaid agency partners to develop reliable processes for identifying youth and young adults who qualify as FFCC and proactively enroll them in Medicaid. This process can help support early identification, leveraging available federal flexibilities to minimize administrative barriers and ensure timely connection to covered services upon release.



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