

DHB ADMINISTRATIVE LETTER NO: 02-25, LIVING ARRANGEMENT AND MEDICAID SUSPENSION/TERMINATION FOR INCARCERATED BENEFICIARIES

DATE: January 17, 2025

SUBJECT: LIVING ARRANGEMENT AND MEDICAID
SUSPENSION/TERMINATION FOR
BENEFICIARIES

DISTRIBUTION: County Departments of Social Services
Medicaid Supervisors
Medicaid Eligibility Staff

I. BACKGROUND

The purpose of this letter is to provide clarification and updated guidance regarding the suspension and termination rules for beneficiaries who are incarcerated in state prison, local, or county jails. This also includes guidance regarding covered services for incarcerated beneficiaries who are under 21 or beneficiaries who receive Former Foster Care Medicaid (MFC) services.

II. MEDICAID SUSPENSION/TERMINATION FOR INCARCERATED BENEFICIARIES

A. General Rules Regarding Suspension and Termination

1. Beneficiaries who are incarcerated in a federal prison must have their Medicaid eligibility terminated. The exceptions are beneficiaries under age 21 and MFC must have their Medicaid eligibility suspended.
2. Beneficiaries who are incarcerated in a state prison, county, or local jail must have their Medicaid eligibility suspended, including beneficiaries under age 21 and MFC.

B. Limited Coverage for Suspended Beneficiaries

1. Medicaid beneficiaries age 21 or older (other than MFC beneficiaries) who have benefits suspended due to incarceration are limited to coverage of medical services received during an inpatient hospital stay only.
2. Incarcerated youth under age 21 (or between 18-26 and receiving MFC) are eligible for coverage of Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services and targeted case management in the 30-days prior to release, in addition to inpatient hospital stays.

C. Beneficiaries Whose Eligibility Cannot be Placed in Suspension

1. Beneficiaries in the Medicaid programs listed below cannot have their eligibility placed in suspension.
 - a. Refugee Assistance (MRF and RRF),
 - b. Non-qualified aliens or qualified aliens during the five-year ban (any program)
 - c. Health Coverage for Workers with Disabilities (HCWD)
 - d. Medicaid for Qualified Beneficiaries (MQB)
2. Beneficiaries in the programs listed above must be evaluated for all other MAGI and non-MAGI Medicaid programs.
 - a. If the beneficiary is eligible in another program, the caseworker must authorize eligibility and suspend benefits as applicable. Send adequate notice.
 - b. If the beneficiary is ineligible in any other Medicaid program, terminate Medicaid with the adequate notice.

3. Caretakers

Beneficiaries who are incarcerated cannot receive as a caretaker and must be evaluated for all other MAGI and non-MAGI Medicaid programs including Medicaid Expansion (MXP).

D. Procedures for Certain Programs

1. Community Alternatives Program (CAP) Beneficiaries
 - a. Beneficiaries who are in suspension status for Medicaid due to incarceration are not eligible for CAP.

- b. When Medicaid is put in suspension status, an end date is entered in the special coverage field for CAP services as the last day of the incarcerated month.

2. Supplemental Security Income (SSI) Beneficiaries

- a. Beneficiaries with an SSI indicator of “Y” cannot be terminated until the Social Security Administration terminates their SSI.
- b. When it becomes known to the local agency that an SSI beneficiary has been incarcerated, notify the Social Security Administration of the beneficiary’s status using the [DHB-5049](#), Referral to Local Social Security Office.
- c. Complete an ex-parte recertification when SSI stops due to incarceration. These beneficiaries will appear on the SSI Termination Report.

3. Family Planning Program (FPP) Beneficiaries

Family Planning beneficiaries incarcerated in a state prison, county, or local jail who remain otherwise eligible should have their Medicaid suspended.

4. Special Assistance

The Special Assistance Product Delivery Case (PDC) must be closed, and the beneficiary evaluated for continued Medicaid eligibility. Medicaid is suspended at the same time.

- a. The Living Arrangement evidence and the level of care evidence should be updated. Refer to [Job Aid: Special Assistance – Changes of Circumstance](#).
- b. NC FAST will generate a [DSS-8110, Change/ Termination Timely](#) to include the statement “Your Special Assistance check will stop MMDDYY.” The MMDDYY date is the last day of the incarcerated month.
- c. NC FAST will generate a [DSS-8110, Change/Termination Timely](#) to the appropriate address to notify the household or the authorized representative (including DAC) when Medicaid is suspended.
- d. The Medicaid effective date is the first day of the ongoing month following the month of incarceration.
- e. The certification period is the first day of the ongoing month through the end of the current ongoing Medicaid certification period.

E. Changes in Circumstances

1. Deceased Beneficiaries

- a. NC FAST receives a daily file of individuals who are incarcerated in a state prison who are deceased.
- b. Local/county jails may also report to the local agency that an individual in their custody is deceased.
- c. The date of the beneficiary's death must be entered prior to termination.
- d. Update appropriate evidence to terminate the individual. Medicaid is terminated effective the last day of the month of death.
- e. For multi-person cases, update the appropriate evidence for the individual. Send an adequate DSS-8110 to notify the case head that Medicaid for this person is terminated.
- f. For keying instructions, refer to [Job Aid: Death of a Client](#).
- g. Refer to [Job Aids: MAGI - Incarceration \(or\) Traditional MA - Incarceration](#)

2. Case Head with Other Eligible Family Members

Incarcerated individuals cannot remain as Case Head. If an incarcerated individual is a Case Head, review the case for other family members or third-party contact information.

- a. Contact the family or third party and find out with whom the children are living. Obtain the information necessary to replace the Case Head.
- b. Update the PDC with the name of the new Case Head for the institutionalized Case Head.
- c. Change the address and telephone number, if necessary.

3. Applications/Changes in Circumstance During the Application Process

If an applicant on a Medicaid application becomes incarcerated in a state prison, county, or local jail, evaluate the applicant for all aid/program or categories up to the day of incarceration. If otherwise eligible, approve the application in suspension status the date that all eligibility factors are met.

III. BENEFICIARIES IN AN NC STATE PRISON

A. NC FAST Responsibilities

1. NC Department of Public Safety (DPS) Information Technology Division (ITD) receives a daily file of new confinements from the Department of Adult Correction (DAC).
2. When a beneficiary appears on this file with an incarcerated date without a release date, NC FAST will create a task for Incarceration Evidence and create an on-hold decision on the case associated with that beneficiary.
3. The Incarceration Tasks Report Details is located in: [NC FAST - Reports > O&M Reports > Daily, Monthly & Yearly Reporting> Incarceration and HEARTS Reports](#). This report should be monitored daily to ensure appropriate actions are taken.

B. Local Agency Responsibilities

1. The caseworker must accept the on-hold decision to ensure the case is suspended and the appropriate living arrangement code is transmitted to NC Tracks by NC FAST.
2. Caseworkers should not edit incarceration evidence start dates that were added by NC FAST. The start date will be the date of admission plus one day. NC FAST will send the DSS-8110 notice.
3. The caseworker must evaluate the case and take the appropriate action to continue with suspension or termination.
4. The Medicaid suspension effective date is the day after the date of incarceration.
5. The caseworker should update the address to:

- a. Beneficiaries 21 and older:

DAC Medicaid Program Facilitator
4270 Mail Center
Raleigh, NC 27699

- b. Beneficiaries under age 21:

Director of Social Work
NC Department of Public Safety- Juvenile Justice
3010 Hammond Business Place
Raleigh, NC 27603

919-324-6388

Refer to [Job Aids: MAGI – Incarceration and Traditional MA – Incarceration](#)

C. Application Procedures

1. The North Carolina Department of Adult Correction (DAC) makes applications on behalf of its inmates under the following circumstances:
 - The individual has had, or is anticipated to have an inpatient hospitalization, or
 - The inmate will soon be released back into the community.
- a. Inmates with Inpatient Hospitalization
 - (1) DAC takes applications for inmates who have inpatient hospitalizations but who will remain incarcerated after release from the hospital.
 - (2) DAC is the authorized representative for all inmates.
 - (3) The application along with signed authorizations are forwarded for processing to the inmate’s last county of residence prior to incarceration.
 - (4) Enter the appropriate living arrangement and incarceration evidence to approve the application in suspension status.
 - (5) Follow procedures in [MA-2300/ MA-3200](#), Application. If additional information is needed to complete the application, please contact:

Beneficiaries age 21 or older:

DAC Medicaid Program Facilitator
4270 Mail Service Center
Raleigh, NC 27699

Beneficiaries under age 21:

Director of Social Work
NC Department of Public Safety- Juvenile Justice
3010 Hammond Business Place
Raleigh, NC 27603
919-324-6388

b. Inmates Scheduled for Release

- (1) DAC will continue to send applications for inmates who are scheduled for release to the county where the inmate is expected to live.
- (2) DAC is the authorized representative for all inmates until their release.
- (3) Follow policy in [MA-2300/ MA-3200](#), Application.
- (4) After the applicant is released, contact the individual at the address shown on the application for all needed information.

D. Safekeepers

1. NC FAST receives a daily file of individuals who are incarcerated in DAC custody as a Safekeeper.
2. Safekeepers are county jail inmates who are transferred to DAC custody due to the county's inability to safely maintain the individual in local custody.
3. These individuals are considered inmates of the county. Medicaid is suspended beginning the date of incarceration plus one day.
4. An adequate [DSS-8110, Change/Termination Adequate](#) must be sent notifying the beneficiary their benefits are suspended.
5. For a multi-person case, update the appropriate evidence for the individual. The DSS-8110 notifies the case head that Medicaid for this person is suspended.
6. If the incarcerated individual was the case head, refer to [Job Aid: Updating the Case Head on a Medical Assistance Product Delivery Case](#).
7. Refer to [Job Aids: MAGI – Incarceration and Traditional MA – Incarceration](#)

E. Recertifications Procedures

1. Recertifications must be conducted during incarceration for beneficiaries.
2. The recertification must be based on the certification period and not based on the date of incarceration.

- a. Complete the recertification using available information, including electronic sources. If there is no change to current Medicaid program, authorize the case in suspension. No further action is required.
- b. If there is a change to Medicaid eligibility or a change to the program, take the appropriate case actions.
- c. Contact the Medicaid Coordinator for additional information if needed.

Beneficiaries age 21 or older:

DAC Medicaid Program Facilitator
4270 Mail Center
Raleigh, NC 27699

Beneficiaries under age 21:

Director of Social Work
NC Department of Public Safety- Juvenile Justice
3010 Hammond Business Place
Raleigh, NC 27603
919-324-6388

3. If the beneficiary is no longer incarcerated, complete an ex parte recertification to re-evaluate for Medicaid eligibility.
4. Send the appropriate notice to the beneficiary's last known address according to instructions in [MA-2352/MA-3410](#), Change In Circumstance, Terminations, And Reopening.

IV. BENEFICIARIES IN A LOCAL OR COUNTY JAIL

A. Beneficiaries Incarcerated for Less than 30 Days

1. Local agencies must not suspend Medicaid if the beneficiary is incarcerated less than 30 days.
2. If the beneficiary is incarcerated for less than 30 days and is released, but later re-incarcerated, the first incarceration days do **not** count for determining 30 days after the second incarceration.

B. Beneficiaries Incarcerated for More than 30 Days

1. When the local agency is notified that a beneficiary is incarcerated in a local/county jail, the caseworker will flag the case for follow up on the 31st day after incarceration.

2. On the 31st day after incarceration, the local agency must suspend the Medicaid benefits for the beneficiary.
3. The date of suspension must be the date of incarceration plus one day.

C. Recertification Procedures

1. Recertifications must be completed during incarceration.
2. The recertification must be based on the certification period and not based on the date of incarceration.
 - a. Complete the recertification using available information, including electronic sources. If there is no change to the current Medicaid program, authorize the case in suspension. No further beneficiary action is required.
 - b. If there is a change in Medicaid eligibility or a change to the program, take the appropriate case actions.
 - c. For individuals who are in a multiple-member household, continue to send notices to the last known household mailing address.
 - d. If additional information is needed, caseworkers should send the appropriate forms/requests to the most recent address that the beneficiary has on file.
 - e. If the beneficiary is no longer incarcerated, complete an ex parte to re-evaluate for Medicaid eligibility.

V. REINSTATEMENT OF MEDICAID BENEFITS FOR INDIVIDUALS SUSPENDED DUE TO INCARCERATION

A. Released from State Prison

NC FAST receives a daily file from the North Carolina Department of Public Safety (DPS) of beneficiaries newly released from DAC custody. These beneficiaries are listed on the Incarceration Tasks Report Details.

1. When a beneficiary appears on this file with a release date, the Medicaid must be unsuspended. NC FAST will create a task for Incarceration Evidence and create an on-hold decision on the case associated with that beneficiary.
2. Once the caseworker accepts the on-hold decision, Medicaid coverage is effective the day of release.

3. The caseworker will send an adequate notice, DSS-8110, to the release address on file with DAC informing the beneficiary of their Medicaid reinstatement.

B. Released from Local or County Jail

When a beneficiary reports that they have been released from a local or county jail, react to the release as a change in circumstances. Refer to [MA-3410/MA-2352](#) Change In Circumstance, Terminations, And Reopening.

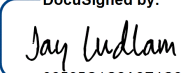
C. Managed Care Status – Post Release Formerly Incarcerated (FI) / Medicaid Direct

1. All beneficiaries **whose benefit was suspended** will be in **NC Medicaid Direct** (or the **EBCI Tribal Option**, if applicable) **upon their release** from incarceration.
2. The enrollment will continue until the **first of the month following 365-days** after the date of release.
3. After the 365-days, the **beneficiary will be enrolled in the applicable delivery system** based on the auto enrollment algorithm (e.g., Standard Plan, Tailored Plan, Children and Families Specialty Plan).
4. Any Managed Care Status beginning with “**FI**” is in this category and will **not** be enrolled in a Standard Plan or Tailored Plan.

VI. EFFECTIVE DATE AND IMPLEMENTATION

The policy and procedures found in this letter are effective upon receipt for all applications, and changes in circumstances that are currently in progress.

If you have any questions regarding this information, please contact your [Medicaid Operational Support Team representative](#).

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Jay Ludlum
Deputy Secretary, NC Medicaid