

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



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**State Demonstrations Group**

December 19, 2023

Michelle Baass  
Director & State Interim Medicaid Director  
California Department of Health Care Services  
1501 Capitol Avenue, 6<sup>th</sup> Floor, MS 0000  
Sacramento, CA 95814

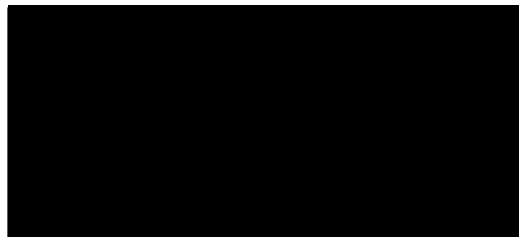
Dear Director Baass:

The Centers for Medicare & Medicaid Services (CMS) completed its review of the California Reentry Initiative Reinvestment Plan, which is required by the Special Terms and Conditions (STCs), specifically STC 9.11, of the state's section 1115 demonstration, "California Advancing and Innovating Medi-Cal (CalAIM)" (Project Number 11-W-00193/9). CMS determined that the plan meets the requirements set forth in the STCs.

The California Reentry Initiative Reinvestment Plan is approved for the demonstration period through December 31, 2026, and is hereby incorporated into the demonstration STCs as Attachment EE (see attached).

We look forward to our continued partnership on the CalAIM section 1115 demonstration. If you have questions, please contact your CMS project officer, Ms. Heather Ross, at [Heather.Ross@cms.hhs.gov](mailto:Heather.Ross@cms.hhs.gov).

Sincerely,



Andrea J. Casart  
Director  
Division of Medicaid Expansion Demonstrations

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Enclosure

cc: Cheryl Young, State Monitoring Lead, Medicaid and CHIP Operations Group

## Attachment EE

### Reentry Initiative Reinvestment Plan

In accordance with the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 Demonstration Special Terms and Conditions (STC 9.11) and CMS' State Medicaid Director Letter ([SMDL 23-003](#)), California is required to reinvest federal dollars linked to certain services provided under its recently approved Reentry Demonstration Initiative. This Reentry Initiative Reinvestment Plan defines the total amount of reinvestment required and types of reinvestments that will be made over the term of the Demonstration.

#### Reinvestment Required

##### *Services Requiring Reinvestment*

CMS and the California Department of Health Care Services (DHCS) have identified two categories of Reentry Initiative services for determining whether and how much reinvestment may be required when net new savings are realized, including:

1. "New services" that had not previously been provided by carceral settings prior to the Demonstration; and
2. "Existing services," which would be newly Medicaid matched under the Demonstration but would have been provided by carceral settings prior to the Demonstration.

Federal financial participation (FFP) invested in "new services" does not prompt the need for reinvestment, as these services would not have otherwise been provided through Medicaid. Reinvestment is required in an amount equivalent to the amount of FFP invested in "existing services."

Based on a Statewide assessment of services provided or paid for by carceral settings prior to implementation of the Reentry Initiative, California has identified the following "existing services."

- **Laboratory and radiology services.** Prior to implementation of the Reentry Initiative, all carceral facilities provided laboratory and radiology services on-site or arranged for their provision off-site, as needed.
- **Medication and Medication Administration.** Prior to implementation of the Reentry Initiative, all carceral facilities provided medically necessary medications. However, for some facilities, there may be a gap in the provision of certain high-cost medications, such as long-acting injectables.

All other Reentry Initiative services were determined to be "new services" that had not previously been provided by carceral settings prior to the Demonstration, as further outlined below.

### ***Amount of Reinvestment Required***

In line with requirements in the STCs, **California must reinvest at least \$65,375,000**, which is the total amount of projected FFP for existing services over the course of the Demonstration. This reinvestment obligation amount is within the bounds of approved budget neutrality estimates for the Demonstration and assumes the following ramp-up in participation by jails and youth correctional facilities across the Demonstration period: 15% participation in DY 20; 70% participation in DY 21; and 90% participation in DY 22. There are separate ramp-up assumptions for State prisons across the Demonstration period as follow: 0% participation in DY 20 and DY 21; and 100% participation in DY 22.

### **Types of Reinvestments to Be Made Over the Course of the Demonstration**

In total, **California will make an estimated \$174,883,000 in reinvestments to improve health care for the justice-involved population over the course of its Demonstration**, including reinvestments in new reentry services and in the Providing Access and Transforming Health (PATH) Reentry Demonstration Initiative Planning and Implementation Program. This amount exceeds the required amount of reinvestment identified above.

### ***New Reentry Services Approved Under the Demonstration***

According to STC 9.11, the State's share of funding associated with new services covered under the Reentry Initiative qualifies as reinvestment. Based on a Statewide assessment of services provided or paid for by carceral settings prior to implementation of the Reentry Initiative, California identified the following services as "new services":

- **Care Management.** Requirements and expectations related to providing reentry care management include the following: ensuring a warm handoff to post-release care manager (if different than the pre-release care manager); ensuring the pre-release services are provided; conducting referral activities for post-release such as obtaining consent, scheduling appointments, and making warm linkages to community-based services and supports, including but not limited to educational, social, pre-vocational, vocational, housing, nutritional, transportation, childcare, child development, and mutual aid support groups; connecting individuals to services upon reentry into the community; and providing ongoing monitoring and follow-up activities to ensure the care plan is implemented. Care management may be provided by both correctional and community-based providers. Reentry care management constitutes a new investment in (and a new component of) the continuum of services provided under the Reentry Initiative.
- **Physical and Behavioral Health Clinical Consultation.** Clinical consultation services are intended to support the creation of a comprehensive, robust, and successful reentry plan, including conducting diagnosis, stabilization, and treatment in preparation for

release (including recommendations or orders for needed labs, radiology, and/or medications); providing recommendations or orders for medications and durable medical equipment (DME) that will be needed upon release; and consulting with the pre-release care manager to help inform the pre-release care plan, including professional-to-professional warm handoffs for individuals who will receive behavioral health treatment in the community. Physical and behavioral health clinical consultation may be provided by both correctional and community-based providers. Pre-release physical and behavioral health clinical consultation constitutes a new investment in (and a new component to) the continuum of services that support reentry and smooth transitions into the community.

- **Medication-Assisted Treatment (MAT).** For purposes of this demonstration, MAT is defined as medication in combination with counseling/behavioral therapies, as appropriate and individually determined, and should be available for all types of SUD (e.g., both opioid and alcohol use disorders) as clinically appropriate. Correctional facilities will be able to provide all FDA-approved medications for opioid use disorder, including buprenorphine, methadone, and naltrexone, and acamprosate and naltrexone for alcohol use disorder. State prisons currently provide MAT for both opioid and alcohol use disorders. Delivery of MAT varies by county jail, with roughly 35 out of 58 counties participating in “Expanding MAT in Criminal Justice Settings” initiative; within those 35 counties, jails have taken varied approaches in the types of MAT they provide. Youth correctional facilities generally do not provide MAT. All correctional facilities will need to adjust the delivery of MAT to align with the justice-involved pre-release services requirements, and therefore, the State considers MAT to be a new service under the Reentry Initiative.
- **Community Health Workers.** Community Health Worker (CHW) services are preventive health services, as defined in 42 CFR 440.130(c), to prevent disease, disability, and other health conditions or their progression; prolong life; and promote physical and mental health. CHWs are trusted members of their community who help address chronic conditions, preventive health care needs, and health-related social needs. CHW services constitute a new investment in (and a new component of) the continuum of services that support reentry and smooth transitions into the community.

DHCS estimates the State will reinvest approximately \$74,883,000 in State dollars for the above “new services” over the course of the Demonstration. Again, this planned reinvestment amount is consistent with budget neutrality estimates for the Demonstration and assumes the same ramp-up in participation by jails, State prisons, and youth correctional facilities across the Demonstration period as outlined above for “existing services.”

## ***PATH***

According to STC 9.11, California may also reinvest dollars in a range of allowable initiatives that benefit the justice-involved population broadly, including health information technology and data sharing as well as increased community-based provider capacity linked to the specific

needs of justice-involved individuals or individuals at risk of justice involvement. California's investment in the PATH initiative's Reentry Demonstration Initiative Planning and Implementation Program is consistent with these goals. The PATH Reentry Demonstration Initiative Planning and Implementation Program will fund and support planning and IT investments that will enable implementation of the Reentry Initiative and care coordination to support reentry.

Over the course of the Demonstration, DHCS estimates the State will reinvest approximately \$100 million in State general fund dollars for the PATH Reentry Demonstration Initiative Planning and Implementation Program.

***Summary of Reinvestment Required and Planned***

<b>Reinvestment Required</b>	
(A) Projected FFP for existing services	\$65,375,000
<b>Reinvestment Planned</b>	
Projected State share of funding for new services	\$74,883,000
Projected State share of funding for PATH Reentry Demonstration Initiative Planning and Implementation Program	\$100,000,000
(B) Total Reinvestment Planned	\$174,883,000
<b>Total Excess Reinvestment Planned (B)-(A)</b>	<b>\$109,508,000</b>