

Incarceration Diagnosis Code

Purpose

This policy is intended to ensure correct provider reimbursement and serves only as a general resource regarding Molina Healthcare's reimbursement policy for the services described in this policy. It is not intended to address every aspect of a reimbursement situation, nor is it intended to impact care decisions. This policy was developed using nationally accepted industry standards and coding principles. In a conflict, federal and state guidelines, as applicable, and the member's benefit plan document supersede the information in this policy. Also, to the extent of conflicts between this policy and the provider contract language, the Provider contract language will prevail. Coverage may be mandated by applicable legal requirements of a State, the Federal government or the Centers for Medicare and Medicaid Services (CMS). References included were accurate at the time of policy approval. If there is a state exception, please refer to the state exception table listed below.

Policy Overview

Medicare Services for Incarcerated Beneficiaries:

- Federal financial participation (FFP) is not available for Medicare services provided to an incarcerated beneficiary. This means that Medicare will not pay for medical items and services furnished to a beneficiary who was incarcerated or in custody under a penal statute or rule at the time those items and services were provided.
- Despite being incarcerated, a beneficiary's entitlement to Medicare Part A (Hospital Insurance) continues. However, Medicare will not cover medical expenses incurred while the beneficiary is incarcerated.

Medicaid Services and the "Inmate Payment Exclusion":

- Similarly, for Medicaid services, there exists an "inmate payment exclusion." This exclusion means that FFP is not available for Medicaid services provided to incarcerated individuals.
- Just like with Medicare, a beneficiary's entitlement to Medicaid services continues during incarceration. However, Medicaid will not reimburse medical items and services given to a beneficiary while they are incarcerated.

In summary, both Medicare and Medicaid have policies in place to limit financial participation for medical services provided to incarcerated individuals, ensuring that taxpayer funds are used appropriately.

Examples of exceptions

Emergency Medical Services:

- Medicare may cover emergency medical services provided to an incarcerated beneficiary. If a medical emergency occurs while the beneficiary is incarcerated, Medicare can pay for necessary treatments.
- Similarly, Medicaid may also cover emergency services for incarcerated individuals. In



- life-threatening situations, Medicaid can provide coverage.

Inpatient Hospital Stays:

- Medicare Part A (Hospital Insurance) can cover inpatient hospital stays for incarcerated beneficiaries. If the beneficiary requires hospitalization during incarceration, Medicare may pay for the hospital services
- Medicaid may also cover inpatient hospital stays for incarcerated individuals, especially if the stay is medically necessary.

Court-Ordered Services:

- In some cases, court orders may require medical services for incarcerated individuals. If a court mandates specific treatments or procedures, Medicare and Medicaid may cover those services.

Preventive Services:

- Medicare provides coverage for certain preventive services, even for incarcerated beneficiaries. These services aim to prevent illnesses or detect health conditions early.
- Medicaid may also cover preventive services for incarcerated individuals, such as vaccinations or screenings.

State-Specific Policies:

- Medicaid policies can vary by state. Some states may have specific provisions allowing Medicaid coverage for certain services during incarceration.
- It is essential to check the rules in the specific state where the individual is incarcerated to understand any additional exceptions.

Reimbursement Guidelines

Ineligibility During Incarceration:

- According to the ACA, an incarcerated individual is not eligible to enroll in a QHP (Qualified Health Plan) through the health insurance Marketplace while they are incarcerated.
- This guideline applies to all Federally facilitated Marketplaces (including State Partnership Marketplaces) and State-based Marketplaces that rely on the federal eligibility and enrollment platform.
- If an incarcerated individual is already enrolled in a QHP, they should terminate their existing Marketplace coverage during their incarceration.

Exceptions for “Silent” States:

Exceptions to this policy are considered when a state is “silent” regarding specific guidelines:

- **Medicare:** When a CMS reference or CMS Local Coverage Determination (LCD) does not exist for a specified state.
- **Marketplace:** When a CMS reference or CMS LCD does not exist for a specified state.



- **Medicaid:** When published Medicaid guidelines do not exist for a specified state.

Policy Criteria for “Silent States”:

- For all states classified as “silent,” the policy criteria align with Medicare CMS guidelines regardless of the line of business or the CMS LCD with the least restrictive criteria found among all existing LCDs (Local Coverage Determination).
- Additional details regarding these “silent” states can be found in the CMS references included in the relevant documents.

In summary, while incarcerated, individuals are ineligible for QHP enrollment through the Marketplace. Exceptions exist for states with specific gaps in guidelines, and the Medicare CMS criteria apply to “silent” states. Always consult official sources for accurate information regarding health coverage during incarceration.

Supplemental Information

Definitions

Term	Definition
CMS	The Centers for Medicare & Medicaid Services. It is a federal agency within the United States Department of Health and Human Services that administers the Medicare program and works in partnership with state governments to administer Medicaid, the Children’s Health Insurance Program (CHIP), and health insurance portability standards.
ACA	Affordable Care Act
FFP	Federal financial participation - the portion paid by the federal government to states for their share of expenditures for providing Medicaid services and for administering the Medicaid program and certain other human service programs.
QHP	Qualified Health Plan

State Exceptions

State	Exception
MI	This policy does not apply to MI

Documentation History

Type	Date	Action
Initial Creation Date	4/26/2024	New Policy
Revised Date	12/16/2024	Updated Template
Revised Date	08/04/2025	Updated Template

References

References This policy was developed using:

- CMS
- State Medicaid Regulatory Guidance
- State Contracts

Reference	Link
CMS	Medicare Claims Processing Manual (cms.gov) Section 10.4 Medicare Benefit Policy Manual (cms.gov) Section 50.3.3 #3
CMS	State Health Official Letter To facilitate successful re-entry for individuals transitioning from incarceration to their communities (medicaid.gov)
CMS	incarceration-and-the-marketplace-faqs-05-03-2016.pdf (cms.gov)
CMS	Job Aid: Incarcerated and Recently Released Consumers (cms.gov)
CMS	Incarcerated Medicare Beneficiaries CMS
AZ	Justice Initiatives (azahcccs.gov)
CA	Medi - Cal Eligibility Procedures Manual 6C Medi-Cal Inmate Program
IA	https://hhs.iowa.gov/media/6705/download Pg. 15 & 27
ID	General Information and Requirements for Providers (idmedicaid.com) Section 6.9
IL	IDHS: MR #20.03: Medical Coverage for IDOC Inmates & Misc. Updates (state.il.us)
KY	Microsoft Word - 01_Title with abstract.docx (ky.gov) Chapter 2 News Article (molinahealthcare.com)
MA	download (mass.gov)
MI	Institutional-Billing-Tip-Hospital-Incarceration-Process.pdf (michigan.gov)
MS	Scanned Document (ms.gov)
NY	Maintaining Medicaid Eligibility for Incarcerated Individuals (ny.gov)
OH	Rule 5160:1-1-03 - Ohio Administrative Code Ohio Laws
TX	Medicaid for Inmates of a Public Institution (texas.gov) Pg. 2
UT	Medicaid Coverage for Justice-Involved Population and UPP Premium Reimbursement Increase Public Hearings - Medicaid: Utah Department of Health and Human Services - Integrated Healthcare
WA	ssb-6430-coverage-suspension-incarcerated_0.pdf (wa.gov)
WI	Print (wi.gov)

***CODING DISCLAIMER.** Codes listed in this policy are for reference purposes only and may not be all-inclusive. Deleted codes and codes which are not effective at the time the service is rendered may not be eligible for reimbursement. Listing of a service or device code in this policy does guarantee coverage. Coverage is determined by the benefit document. Molina adheres to Current Procedural Terminology (CPT®), a registered trademark of the American Medical Association (AMA). All CPT codes and descriptions are copyrighted by the AMA; this information is



included for informational purposes only. Providers and facilities are expected to utilize industry standard coding practices for all submissions. When improper billing and coding is not followed, Molina has the right to reject/deny the claim and recover claim payment(s). Due to changing industry practices, Molina reserves the right to revise this policy as needed.