



# Medicaid 1115 Transformation Waiver Impacts to the Department of Corrections

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## 2024 Report to the Legislature

*As required by Engrossed Substitute Senate Bill 5950(223)(6)(i), 2024*

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## Table of Contents

<b>Background</b> .....	3
<b>Reentry 2030</b> .....	4
<b>Implementation Plan</b> .....	4
<b>Legislative Directive</b> .....	5
<b>Total Spent for Authorized Prerelease Services</b> .....	5
<b>Reinvestment Requirements and Offsetting Existing Expenditures</b> .....	8
<b>Conclusion</b> .....	8

# Medicaid 1115 Transformation Waiver

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## Background

On June 30, 2023, Washington state became the 2<sup>nd</sup> state in the nation to earn the Centers for Medicare and Medicaid Services (CMS) approval for the Medicaid Transformation Project (MTP). This grants Washington authorization for Medicaid eligibility for incarcerated individuals under the 1115 Medicaid demonstration waiver. The waiver has been approved for 5 years with the potential for renewal after 2028. The waiver allows states to provide Medicaid benefits to incarcerated individuals up to 90 days prior to their release and 90 days post release. This will have a sizeable impact, as approximately 94% of individuals releasing from the Washington State Department of Corrections (DOC) qualify for Medicaid.

The continuity of care achieved through the waiver can lead to better health outcomes and reduce the likelihood of emergency department visits and hospitalizations for people reintegrating to the community. Access to healthcare services, including mental health and substance use disorder treatments, has been associated with decreased recidivism. As part of the MTP, the DOC is required to provide the following pre-release services:

- **Case management:** the DOC currently provides healthcare reentry case management services to the highest needs individuals, approximately 45% of the releasing population, with more capacity to support this work coming online from the last legislative session. (data from August 2024). The MTP will allow DOC to further expand these services and support additional patients.
- **Medications for Opioid/Alcohol Use Disorders (MOUD/MAUD):** DOC provides MOUD pre-release to 10% of patients with an opioid use disorder (OUD) (data from August 2024). DOC provides a community appointment post-release to 88% of individuals with an OUD releasing from prison who are interested in MOUD (FY 2024). The MTP will allow DOC to expand these services and support more patients with an active OUD/AUD diagnosis.
- **30-days of medication upon release:** DOC currently provides up to a 30-day supply of medication upon release and an additional 60-days in prescriptions, for a 90-day total supply. This practice will continue under the MTP, exceeding the minimum 30-day supply required by both the MTP and the Governor's Office.

Four optional services have been included under the MTP, which may be implemented in the future. These include:

- Medications during the pre-release period,
- Laboratory and radiology,
- Services by community health workers with lived experience,
- Physical and behavioral clinical consultations.

DOC is committed to implementing the MTP standards for the three mandated pre-release services, with the intention of gradually expanding into the optional services once staffing and funding levels allow.

## Reentry 2030

Reaffirming Washington state's commitment to comprehensive reentry support for releasing individuals, Governor Jay Inslee signed [Executive Order 24-03](#) on September 16, 2024. Through this action, Washington becomes the 6<sup>th</sup> state to join Reentry 2030, a national initiative to reduce recidivism by eliminating barriers for individuals leaving prison. Nine state agencies, including the DOC and the Health Care Authority (HCA) are included in the Executive Order.

To meet the objectives of Reentry 2030, the Department of Corrections has been directed to continue its efforts to conduct individual needs assessments, work to connect individuals to community resources, ensure access to educational and vocational programming, help individuals obtain identification documents prior to release, develop comprehensive health care discharge plans, and support the expansion of individualized reentry planning. The work of Reentry 2030 will be enhanced through the implementation of the 1115 waiver and associated services.

## Implementation Plan

The department has assigned a dedicated Health Services Administrator to oversee the preparation for and implementation of the MTP, working with HCA, internal staff, managed care organizations, Accountable Communities of Health (ACH), and community-based organizations to align processes. This will aid efforts to create new partnerships to support individuals releasing from prison with physical and behavioral health challenges. These preparations also include the important work of connecting with Native hubs and Tribal Health Care, as well as Community Hubs throughout the state to further build a range of opportunities for this population.

Currently, the department has established participation of three prisons in the first available cohort through HCA, initiating on July 1, 2025. These prisons will have the required staffing and resources to meet the mandatory requirements for care coordination/case management, MOUD support, and 30-days of release medications by the start date.

The department will then follow with four more prisons in Cohort 2 beginning January 1, 2026, and the last four prisons in Cohort 3 starting July 1, 2026. This phased approach will enable the department to carefully assess and evaluate any gaps, while refining processes and building capacity for the subsequent cohorts. The facilities are phased as follows:

**Cohort 1** – Washington Corrections Center for Women (WCCW), Mission Creek Correction Center (MCCCW), and Coyote Ridge Corrections Center (CRCC)

**Cohort 2** – Stafford Creek Corrections Center (SCCC), Cedar Creek Corrections Center (CCCC), Clallam Bay Corrections Center (CBCC), and Olympic Corrections Center (OCC)

**Cohort 3** – Airway Heights Corrections Center (AHCC), Monroe Corrections Center (MCC), Washington Corrections Center (WCC), and Washington State Penitentiary (WSP)

The Health Care Authority will be contracting with a third-party administrator (TPA) to provide claims and billing support, as well as other services as the department expands reentry support. When the TPA is identified and there is a final billing guide, DOC will be able to create final workflows and build up metrics associated with benefits received and services provided.

As the department moves forward with Electronic Health Record (EHR), scheduled to launch in 2027, DOC has supplemental processes to fill in the gap and provide information to support billing and claims through the HCA TPA. This will eliminate the need to build a larger billing and claims unit in DOC.

Finally, HCA, DOC, and DCYF are participating in an 18-month learning collaborative sponsored by the National Association of State Health Policy (NASHP) and Health and Reentry Policy (HARP) with six other states who are implementing MTP processes in their correctional systems. These bi-weekly meetings are creating opportunities to learn from other states and share best practices in this exciting project.

It should be noted that, in anticipation of the waiver, the department has requested resources in the last three legislative sessions to support implementation, but we have only received a fraction of those resources.

## Legislative Directive

Under ESSB 5950(223)(6)(i), the department must report to the fiscal committees of the legislature:

- (i) The total spent in fiscal years 2022 and 2023 for authorized prerelease services under the Medicaid 1115 transformation waiver, including but not limited to medications, laboratory services, and radiology; and
- (ii) How much of each qualifying service listed in (i)(i) of this subsection would be required for reinvestment and how much would be allowable to offset existing expenditures based on federal Medicaid rules for state fiscal years 2022 and 2023 if the waiver had been in place during those fiscal years.

## Total Spent for Authorized Prerelease Services

Information on prior year costs for services provided 90 days until release, durable medical equipment, and medication upon release are discussed in the sections below.

For case management, MOUD, and some other services covered under the waiver it is too difficult to include the requested information at this time. HCA is working to publish a billing guide for MTP services, as the rates are different from current community-based Medicaid service rates. Once HCA reimbursement rates are established, the department will be able to gather accurate data and predict cost savings in these areas. Based on initial discussions, we expect these service rates to potentially be higher than community-based Medicaid service rates to incentivize work with the reentry population.

## 90 Days Until Release – DOC Paid Claims

Data reflects ProviderOne claims incurred by DOC from 7/1/2021 – 6/30/2024. The data reflects all individuals releasing from DOC incarceration and excludes violators, with 94% of this population Medicaid eligible. These are costs the department paid that we anticipate would be covered by Medicaid once the waiver is implemented.

Fiscal Year	Sum Paid Amount	Distinct Count of Patients
2022	\$ 922,320.65	459
2023	\$ 967,015.44	472
2024	\$ 1,084,685.42	547
<b>Grand Total</b>	<b>\$ 2,974,021.51</b>	<b>1478</b>

DOC cannot project exact reinvestments without the identified Medicaid billing benefits that will be provided by HCA relevant to waiver allowances. Without knowing the Medicaid reimbursement rates for services (such as case management and MOUD), we are unable to estimate costs offset by Medicaid for waiver eligible services provided each fiscal year. When HCA completes the billing guide that will be used for services provided AND new metrics are developed based on CMS reporting requirements, subsequent updates will reflect “actual” savings.

This table provides a breakdown of the above costs by possible claim coverages once the billing guide is completed and available benefits are more clear.

Offsite Medical Care	2022	2023	2024	Grand Total
Dental Claim	\$ 36,170.76	\$ 16,507.26	\$ 21,323.22	\$ 74,001.24
Ambulatory Surgery Centers (ASC) Claim	\$ 31,986.29	\$ 29,755.57	\$ 32,880.28	\$ 94,622.14
Med Vendor Claim	\$ 109,966.92	\$ 139,895.03	\$ 134,614.23	\$ 384,476.18
Professional Claim	\$ 368,125.96	\$ 409,753.99	\$ 518,655.69	\$ 1,296,535.64
OPPS Claim	\$ 285,825.78	\$ 319,254.78	\$ 297,433.27	\$ 902,513.83
Outpatient Claim	\$ 90,244.94	\$ 50,214.17	\$ 62,218.73	\$ 202,677.84
Hospice Claim		\$ 1,634.64	\$ 1,000.00	\$ 2,634.64
Kidney Center Claim			\$ 16,560.00	\$ 16,560.00
<b>Grand Total</b>	<b>\$ 922,320.65</b>	<b>\$ 967,015.44</b>	<b>\$ 1,084,685.42</b>	<b>\$ 2,974,021.51</b>

## Durable Medical Equipment

Durable Medical Equipment (DME) is a covered benefit that will be reimbursed under the waiver for all releasing individuals. Orthotics and prosthetics reflect actual paid amounts, while the remaining data are estimated costs from 7/1/2021 – 6/30/2024. Totals were rounded to the nearest dollar.

Health Status Reports (HSR) were utilized to assist in creating the estimated average cost. The data reflects all individuals releasing from DOC incarceration and has been narrowed down by fiscal year and ninety days prior to release date.

Durable Medical Equipment	FY 2022	FY 2023	FY 2024	Grand Total
Brace	\$ 1,540.00	\$ 1,164.00	\$ 790.00	\$ 3,494.00
Canes	\$ 96.00	\$ 192.00	\$ 128.00	\$ 416.00
Crutches	\$ 93.00	\$ 155.00	\$ 62.00	\$ 310.00
Orthotics and Prosthetics	\$ 4,284.00	\$ 5,042.00	\$ 6,259.00	\$ 15,585.00
Walkers	\$ 960.00	\$ 600.00	\$ 120.00	\$ 1,680.00
Wheelchairs	\$ 2,010.00	\$ 4,623.00	\$ 2,814.00	\$ 9,447.00
<b>Grand Total</b>	<b>\$ 8,983.00</b>	<b>\$ 11,776.00</b>	<b>\$ 10,173.00</b>	<b>\$ 30,932.00</b>

## Medication Costs by Prescription Dispense Status: Released

The table below identifies the number of patients releasing who were Medicaid eligible and the medication costs that would have been billable to Medicaid had the waiver been in place. This data is by fiscal year, Medicaid eligible patient count, medication quantity count, and total medication cost. The data reflects all individuals releasing from DOC incarceration, excludes violators, and the time period is limited to ninety days prior to the patient's release date.

Fiscal Year	Distinct Count of Patients	Release Med Count	Med Cost
2022	1,721	6,445	\$ 354,506.04
2023	1,765	6,654	\$ 585,529.11
2024	2,085	7,572	\$ 676,593.26
<b>Grand Total</b>	<b>5,571</b>	<b>20,671</b>	<b>\$ 1,616,628.41</b>

# Reinvestment Requirements and Offsetting Existing Expenditures

Under MTP, Washington State is required to reinvest federal funding associated with select services under the Reentry Demonstration Initiative. A reinvestment plan was developed by HCA and submitted to the CMS, noting that existing reentry services would carry reinvestment requirements.

The full reinvestment plan can be reviewed at the following link:

[WA HCA Reentry Reinvestment Plan\\_final.pdf](#)

Without reimbursement rates for this report, predictions for cost savings and reinvestment dollars are not possible yet. As we receive additional information and start the work in Cohort 1, we'll be better able to predict potential savings and reinvestment. We expect to have additional information in the coming months.

## Conclusion

The Washington State Department of Corrections is committed to exploring all opportunities related to Medicaid expansion as an investment to benefit patients by offering the best opportunity for improved health outcomes. Without reimbursement rates for this report, predictions for cost savings and reinvestment dollars are not possible yet. As we receive additional information and start the work in Cohort 1, we'll be better able to predict potential savings and reinvestment. We expect to have additional information in the coming months.