Minnesota has strict ethics rules. A national survey recently found that most states stop federal benefits for adults who are in jail. In doing so, some states cite federal regulations, but federal rules may not always require such drastic action. Because access to federal Medicaid benefits is critical for people with mental illness to succeed in the community, this problem affects many of the mentally ill who are arrested.

Each year about 10 million adults are booked into U.S. jails. Most spend an average of 17 days in custody before being released after court appearances. People with serious mental illness who are arrested spend an average of five times longer in custody than other inmates and face many problems upon their release. Various studies indicate that people with mental illness make up about 7 to 16 percent of people in jails.

Under federal regulations, a person becomes ineligible for federal-disability support, including Medicaid, Social Security insurance or Social Security Disability Insurance, 30 days after being admitted into a jail. Most states terminate federal support to people shortly after admission to jail. Upon release, the person must complete the entire process of applying for federal support again and wait for up to 90 days and more for a decision on receiving federal benefits. After release from jail, many of those with mental disabilities are unable to meet basic needs such as housing, food, health and mental-health needs including medications. As a result, many become homeless and soon wind up back in the criminal justice system.

While there is no federal Medicaid match for states to cover medical care to inmates, except when they are patients in a hospital, an inmate may still retain Medicaid eligibility. It is up to the state to suspend Medicaid benefits or drop the person entirely. Federal regulations require that benefits not be paid to an individual 30 days following admission to a jail. However, these regulations do not require termination of benefits. Simply suspending the benefits complies with the regulations and reduces the length of time to reinstate them after release.

In June 1999, the National GAINS Center convened a group of experts to examine and address the issue of Medicaid disenrollment for people in jail. Included were representatives from the National Association of State Mental Health Program Directors; the South Carolina Department of Mental Health; Center for Behavioral Health, Justice and Public Safety at the University of Maryland, College Park; Lane County Sheriff's Department; New York State Office of Court Administration and Maryland Mental Hygiene Administration. The group agreed to conduct a national survey to determine state practices in taking away Medicaid support from people who go to jail.

The survey, conducted between April and October 2000 by The Council of State Governments, was sent to Medicaid offices in all 50 states and five territories. It consisted of four questions that asked about how the state learned that a person was a resident of a public institution and what actions were taken as a result. In all, 49 states and the five territories responded.

According to the survey, 46 states and two territories have policies that require termination of Medicaid supports for people in jail. Most states reported that they learn a person is in jail from family members or the media and by cross-referencing jail and social-service agencies' records. Twelve states reported they identify inmates by accessing corrections information. Notification from the Social Security Administration after SSI reviews are used by 16 states. In addition, nine states reported that they notify people before terminating benefits. Without Medicaid benefits, people with mental illness leaving jail have no access to community treatment. State policies that remove inmates from Medicaid rolls compromise any stabilization in the person's mental health before or during detention. Several states cited compliance with federal regulations as their motivation for initiating disenrollment. If that is the reason, clarification is needed on the intent and letter of the regulations. The Health Care Financing Administration needs to provide this clarification to ensure that this vulnerable population is not denied access to federal benefits.