HSJ 03: MEDICAID COVERAGE FOR INMATE MEDICAL CARE
STAFF ANALYSIS

PROPOSAL INFORMATION			
SUBMITTING COUNTY:	Orange County		
SPONSOR CONTACT:	Mark Jeffries, Legislative Administrator mark.jeffries@ocfl.net; 407.836.5909		
FAC COMMITTEE:	Health, Safety & Justice (HSJ)	**CROSS-CLAIMS:**	N/A
FAC STAFF:	T. Graham	**DATE:**	September 25, 2026

This staff analysis is based on the proposal as submitted and does not reflect an adopted position of the Florida Association of Counties.

POLICY PROPOSAL:

Support aligning state law with federal law, ensuring that Medicaid-eligible inmates who are admitted to a qualifying medical facility for an inpatient stay of 24 hours or more can receive Medicaid coverage for eligible hospitalization costs.

I. SUMMARY:

Orange County requests FAC support for an amendment to s. 409.9025, F.S., to provide for Medicaid coverage for eligible county jail inmates admitted to an outside hospital for inpatient care lasting 24 hours or more, consistent with federal law. The proposal has three components: directing the Agency for Health Care Administration (AHCA) to reimburse qualifying inpatient stays to the full extent federal financial participation is available; requiring AHCA to amend Rule 59G-1.050, F.A.C., and seek any necessary federal approval; and directing the Department of Children and Families (DCF) to accept and process Medicaid applications for hospitalized inmates.

Counties currently bear the full cost of these hospitalizations, even though federal law permits Medicaid reimbursement for inpatient stays of 24 hours or more for otherwise eligible inmates and s. 409.9025, F.S., expressly preserves that option. Florida's Medicaid rule does not implement the exception. Because Florida has not expanded Medicaid, only a portion of hospitalized inmates would qualify, so county savings would be meaningful but limited, and the state would assume approximately 44 percent of the cost of each covered stay. To help the proposal advance, counties should be prepared to provide that state share to AHCA. The proposal protects home rule and creates no unfunded mandate.

II. PRESENT SITUATION:

Section 409.9025(1), F.S., preserves Medicaid eligibility for individuals who were receiving medical assistance immediately before admission to a county detention facility.

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It prohibits Medicaid payment for care, services, or supplies provided during incarceration but expressly allows payment for inpatient hospital services furnished outside the facility to the extent federal financial participation is available.

Statutory Text in Section 409.9025, F.S.
Section 409.9025(1), F.S., provides, in relevant part:

"Such person shall remain eligible for medical assistance while an inmate, except that no medical assistance shall be furnished under this chapter for any care, services, or supplies provided during such time as the person is an inmate; however, nothing in this section shall be deemed as preventing the provision of medical assistance for inpatient hospital services furnished to an inmate at a hospital outside of the premises of the inmate's facility to the extent that federal financial participation is available for the costs of such services."

The statute applies to inmates in the state correctional system and in county and municipal detention facilities as defined in s. 951.23, F.S. Subsections (2) and (3) continue eligibility upon release and exclude the period of incarceration from recertification timelines to the extent federal law permits. The eligibility continuation provision covers only individuals receiving medical assistance immediately before admission and does not address inmates who were not enrolled at booking but otherwise qualify. The statute permits payment for qualifying inpatient stays; the barrier lies in the state's rules and implementation, as discussed below.

Florida Medicaid and the Federal Match
Medicaid is a joint federal and state program established in 1965 under Title XIX of the Social Security Act to finance health care coverage for eligible individuals with low incomes. States administer their programs within federal guidelines; in Florida, AHCA administers Medicaid and DCF determines eligibility. Florida Medicaid serves almost 4 million enrollees, with projected costs of approximately $39.6 billion in state fiscal year 2026-2027.

The Federal Medical Assistance Percentage (FMAP) determines how Medicaid costs are shared. For state fiscal year 2026-2027, the federal government will fund approximately 55.9 percent of Florida Medicaid costs and the state approximately 44.1 percent. The submitting county's proposal uses a 57/43 split, reflecting the prior year's rate. Under s. 409.915, F.S., counties contribute to the state's share.

The Medicaid Inmate Exclusion Policy and the Inpatient Exception
Federal law generally prohibits federal financial participation for care or services provided to an "inmate of a public institution." This restriction, known as the Medicaid Inmate Exclusion Policy, applies to pretrial detainees held in county jails.

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Federal law provides an exception when an individual is “a patient in a medical institution.” Under 42 C.F.R. § 435.1010 and CMS State Health Official Letter #16-007 (April 28, 2016), Medicaid can reimburse inpatient services for otherwise eligible inmates admitted as inpatients to a medical institution, such as a community hospital, for 24 hours or more. The facility must be organized primarily to provide medical care and serve the general public rather than only incarcerated individuals. Care provided inside the jail, emergency department visits, and other outpatient services remain excluded.

Agency Rule and Current Implementation
Rule 59G-1.050, F.A.C., AHCA’s general Medicaid policy rule, excludes coverage for services provided to individuals residing in public institutions. It does not incorporate the inpatient hospital exception authorized by federal law and preserved in s. 409.9025, F.S. The submitting county reports that Florida Medicaid currently provides no reimbursement for inmate inpatient hospital stays, even though Medicaid could cover them.

County Responsibility for Inmate Medical Care
Jails must ensure that individuals in their custody receive necessary medical care, and deliberate indifference to an inmate’s serious medical needs violates the U.S. Constitution. Section 951.032, F.S., allows county and municipal detention facilities to seek reimbursement for medical expenses from an inmate’s cash account, an insurer, or another source covering the inmate, but many inmates are uninsured and lack the resources to pay. As a result, counties bear most of these costs, whether the sheriff or the board of county commissioners operates the jail.

Legislative History
Section 409.9025, F.S., was created by section 1, chapter 2008-217, Laws of Florida, and has not been amended since. The proposal relies on the statute’s existing inpatient hospital exception rather than introducing a new policy concept.

III. EFFECT OF THE PROPOSAL:

The proposal would implement the federal inpatient exception through Florida Medicaid. Medicaid would reimburse the hospital when an otherwise eligible individual held in a county detention facility is admitted to an outside hospital as an inpatient for 24 hours or more. This can be accomplished by amending s. 409.9025, F.S., in three ways.

First, the amendment would require AHCA to reimburse inpatient hospital services for eligible inmates admitted for 24 hours or more to the full extent federal matching funds are available, replacing the statute’s permissive language, “nothing in this section shall be deemed as preventing,” with an affirmative directive to provide coverage.

Second, the amendment would require AHCA to revise Rule 59G-1.050, F.A.C., to incorporate the inpatient exception and seek any necessary federal approval by a specified deadline.

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Third, the amendment would direct DCF to accept and process Medicaid applications for hospitalized inmates, including individuals who were not enrolled at booking, and allow jails and hospitals to assist in filing those applications. Because s. 409.9025(1), F.S., currently preserves eligibility only for individuals enrolled immediately before incarceration, this change would extend the exception to inmates who qualify for Medicaid but are not yet enrolled.

IV. COUNTY IMPACT:

Protective of Home Rule: The proposal preserves county authority and creates no mandatory county duties. It provides counties with an additional funding option for medical care they are already required to provide and helps protect local revenues. However, to make progress on this issue, counties should be prepared to provide the state's share of covered stays (approximately 44 percent) to AHCA. Doing so would reduce county savings but would still allow counties to draw down the federal share.

All counties and municipalities that operate detention facilities would be affected, and counties with large jail populations and a high volume of inmate inpatient hospitalizations would see the greatest benefit.

V. FISCAL IMPACT:

State Government

The proposal would shift a portion of inmate inpatient hospital costs from counties to the state. The state would fund approximately 44 percent of each covered stay and the federal government the remaining 56 percent, which the Legislature may view as a transfer of county costs to the state. To address this concern and improve the proposal's prospects, counties could agree to provide the state's share to AHCA, leaving the state responsible primarily for administrative costs. AHCA and DCF would also incur administrative costs to amend Rule 59G-1.050, F.A.C., seek federal approval, and process Medicaid applications for hospitalized inmates.

Local Government

Indeterminate. Counties would no longer bear the full cost of covered inpatient stays. Orange County estimates that approximately 60 inmates would qualify each year, generating annual savings of approximately $1.3 million. Pasco County's 2025 policy proposal projected $2.25 million in inmate hospital and specialty care costs for fiscal year 2025, but only inpatient stays for Medicaid-eligible inmates would qualify. The submitting county also anticipates that Medicaid reimbursement rates would be lower than the rates counties currently pay, reducing the total cost of each stay. If counties provide the state's share, county savings would be limited to the federal share (approximately 56 percent) plus any reduction from lower Medicaid rates. Actual savings depend on several factors:

- The number of hospitalized inmates who qualify for Medicaid
- The timeliness of Medicaid application filing

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- The terms of jail medical services contracts
- Whether counties are asked to fund the state's share of covered stays

Private Sector
Hospitals treating county inmates would receive Medicaid reimbursement for qualifying stays, which may be lower than the rates hospitals currently receive from counties or jail health care contractors. Private correctional health care vendors may need to amend their contracts to coordinate Medicaid applications and billing.

VI. LEGISLATIVE & FAC HISTORY:

Past FAC Policy Statements:
- 2025: Inmate Medical Care (committee recommendation: Adopt)
- 2024: Inmate Medical Care (committee recommendation: Adopt)
- 2023: HSJ-PP-02
- 2021: HSJ-PP-02

Guiding Principles: HSJ 47 (addresses Medicaid eligibility for individuals held in county jails awaiting disposition of their cases and preservation of existing benefits during incarceration); HSJ 8 (addresses working with state and federal partners to serve target populations).

NACo: NACo supports changes to the Medicaid Inmate Exclusion Policy.

BoCC Action: The Orange County Board of County Commissioners voted to support the proposal.

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