

DATE: September 2, 2011

MEMO CODE: SP - 47

SUBJECT: Request for Applications for Participation in Demonstration
Projects to Evaluate Direct Certification with Medicaid

TO: Child Nutrition Programs

The USDA Food and Nutrition Service (FNS) invites State agencies (SAs) that administer the National School Lunch Program (NSLP) and School Breakfast Program (SBP) to apply to participate in demonstration projects that will evaluate the effectiveness of conducting direct certification with the Medicaid program. Under the demonstration and pilot project authorities in Sections 9(b) (15) and 18(c) of the Richard B. Russell National School Lunch Act (NSLA), FNS will conduct and evaluate demonstration projects in selected States and local educational agencies (LEAs). During the projects, eligible children will be directly certified for free school meals based on income and participation information received from Medicaid agencies through automated data matching processes, with no further action required of the household.

The attached Request for Applications (RFA) and Appendix A (*Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid*) contain details regarding the planned demonstrations, the requirements for participation and cooperation with the evaluation component, and the application and site selection processes. SAs that intend to apply to participate in the demonstration projects should follow instructions in the RFA to notify FNS by **October 5, 2011** of their intent to apply. Applications to participate in demonstration projects for the school year beginning July 1, 2012 must be received by FNS no later than **December 5, 2011**.

Purpose of the Demonstration Projects

The purpose of the demonstration and evaluation projects is to meet the following objectives:

- To determine the potential of direct certification with Medicaid to reach children who are eligible for free school meals but are not certified to receive the meals;
- To determine the potential of direct certification with Medicaid to directly certify eligible children who are enrolled for free school meals based on a household application; and
- To provide an estimate of the effect on Federal costs and on participation in the school lunch and breakfast programs.

Definitions

- ***Medicaid Program***

For the purpose of the demonstrations, the Medicaid program is defined as the program of medical assistance established under Title XIX of the Social Security Act (SSA, 42 U.S.C 1396 et seq).

- This definition encompasses both regular Medicaid programs and expanded Medicaid programs where States have used funding from Title XXI of the SSA to fund Medicaid expansions to reach families with higher incomes.
- This definition does **not** include separate Children's Health Insurance Programs (CHIP) established under Title XXI of the SSA, and direct certification will **not** be conducted with CHIP during the demonstrations.
- ***Eligible Children***
To be eligible for direct certification under the demonstration projects, a child must meet both the following criteria:
 - Receives, **or** lives in the household (as defined in 7 CFR 245.2) with a child who receives, medical assistance under the Medicaid program (as defined in this section); **and**
 - Is a member of a family with an income, as measured by the Medicaid program, before the application of any expense, block, or other income disregard, that does not exceed 133 percent of the Federal Poverty Level (FPL) for the family size used in the Medicaid eligibility determination.

Demonstration Categories

State agencies will have the opportunity to apply for participation in the following demonstration categories, starting with the school year (SY) 2012-2013. The demonstration and evaluation projects will begin July 1, 2012, and will be phased in over a three year period in a limited number of LEAs and States across the country.

- ***Category DC-M1: Direct Certification for Free Meals in Selected LEAs***
SAs may apply to conduct direct certification with Medicaid in a **portion** of the LEAs within their State. From the pool of applicants, FNS will select multiple States to participate in DC-M1 projects. Once a State is selected for this category, FNS will select LEA participants from the LEAs listed on the SA's application.

This will provide a variety of geographic and socioeconomic characteristics at local levels, as well as diversity of Medicaid income eligibility limits across different States. Eligibility for direct certification for free meals will be limited to children identified through the Medicaid data who meet the definition of "eligible child" as defined in this document and the RFA.

The scope of DC-M1 projects for selected LEAs will be phased in as follows, based on the most recent available data:

- ***School Year (SY) Beginning July 1, 2012***
The first year of the project FNS will select LEAs that collectively serve 2.5 percent of students certified for free and reduced price meals nationwide.
- ***SY Beginning July 1, 2013***
The second year of the project, FNS will select LEAs, that collectively serve 5 percent of students certified for free and reduced price meals nationwide.

– ***SY Beginning July 1, 2014 and following years***

The third year *and* each subsequent school year, FNS will select LEAs that collectively serve 10 percent of students certified for free and reduced price meals nationwide. Further, FNS reserves the right to reduce participation in subsequent years to avoid exceeding maximum levels (i.e., 10 percent level for Category DC-M1 in subsequent years).

• ***Category DC-M2: Direct Certification for Free Meals Statewide***

SAs may apply to conduct direct certification with Medicaid on a *statewide* basis. This will provide the opportunity to assess the effectiveness of multiple aspects in direct certification processing at the State-level, such as the use of statewide technologies, centralized processing, student movement from LEA to LEA within the State, and potential economies of scale. As in the DC-M1 category, eligibility for direct certification for free meals will be limited to children identified through the Medicaid data who meet the definition of “eligible child” as defined in this document and the RFA.

The scope of DC-M2 projects for selected LEAs will be phased in as follows:

- The first year of the demonstration, FNS anticipates selecting a minimal number of States (one to three, depending on potential impact) to participate on a statewide basis.
- Selection of States in following years will be based on outcomes in the previous year(s) of the demonstrations.

• ***Other Proposed Projects***

SAs may propose to conduct demonstrations to test direct certification with Medicaid to reach additional eligible children outside the groups identified in the

DC-M1 and DC-M2 categories. For example, an SA may apply to test the effectiveness of conducting direct certification with Medicaid using the income as measured by the NSLP, rather than using the income as measured by Medicaid, if the NSLP household income can be identified accurately in the Medicaid participation and income records. To be considered, eligibility standards for proposed projects must not be more expansive than DC-M1 and DC-M2.

State Agency Agreements

The Healthy Hunger-Free Kids Act of 2010 amended the SSA Section 1902(a)(7) to allow Title XIX Medicaid agencies to enter into agreements with SAs that administer the school meals programs. The agreement allows for sharing information necessary to certify or verify the eligibility of children for free or reduced price lunches and breakfasts. FNS consulted with the Centers for Medicare and Medicaid Services (CMS) for support related to sharing Medicaid eligibility data and establishing the Medicaid groups to be included in the projects. CMS will be issuing an Informational Bulletin to explain the SSA amendment to Title XIX Medicaid agencies and to encourage cooperation that will help ensure eligible children have access to school nutrition benefits.

Study and Report to Congress

To determine the effectiveness of direct certification using Medicaid data, FNS will design and conduct a formal study to analyze and evaluate the demonstration projects. The study will be designed to evaluate project outcomes in relation to the objectives of the projects. SAs and LEAs that participate in the projects will be required to cooperate in the study component and provide necessary information and data for the study. Based on the analysis of data collected during the demonstration project study, FNS will develop and submit the following reports to Congress that describe the results during the first two years of the demonstration projects:

- An interim report by October 1, 2014; and
- A final report by October 1, 2015.

Application Process

The enclosed RFA includes complete instructions on the demonstration project application process, including information about data sharing agreements with Medicaid SAs, cooperation with evaluation studies, and requirements SAs must be able to meet to be considered for participation. Appendix A of the RFA contains an application template which must be completed by each applicant and submitted along with other required documents, as instructed. For convenience, a Microsoft Word version of the RFA and application (Appendix A) will be available on the CND PartnerWeb. Notifications to FNS of the SA's intent to apply are due by **October 5, 2011**, and applications must be received by FNS no later than **December 5, 2011**.

Webinar

In September, FNS will host a webinar for SAs to provide information on the direct certification with Medicaid demonstration projects and the application process for participation. Information about the webinar will be distributed via the CND PartnerWeb at least two weeks in advance.

Attachments