

**U.S. DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE**



**National School Lunch Program and
School Breakfast Program**

**Request for Applications for Participation
In Demonstration Projects to Evaluate
Direct Certification with Medicaid**

September 2, 2011

SIGNIFICANT DEMONSTRATION DATES	
September 2011	Webinar/Conference Call with Interested State Agencies
October 5, 2011	Notification of Intent Due to FNS
December 5, 2011	Application for Demonstration Project Due to FNS
February 2012	Selection of States Announcement
March 2012	Notification to Selected LEAs
April 2012	Data for retrospective match supplied to FNS' approved evaluation contractor
July 1, 2012	State Agreements In place and Demonstration Projects Begin for School Year (SY) 2012-2013

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Appendix A - Separate Document

A. INTRODUCTION AND AUTHORITY

The USDA Food and Nutrition Service (FNS) is requesting applications from State agencies (SAs) that administer the National School Lunch Program (NSLP) and School Breakfast Program (SBP) for the purpose of conducting direct certification demonstration projects 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 State and local educational agencies (LEAs) to test the effectiveness of direct certification with the Medicaid program in determining eligibility for free school meals.

FNS will conduct the demonstration and evaluation projects on a statewide basis or in LEAs selected from the pool of local school districts identified by SAs in their applications to participate in the demonstration projects. In the demonstrations, 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 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.

B. BACKGROUND

Direct certification refers to the practice of determining a child eligible for free school meals or milk, as applicable, based on documentation obtained directly from the appropriate State or local agency.¹ No application or other action by the household is required when the household's children are directly certified. Generally, direct certification is accomplished through automated matching processes with student enrollment records and other program participation files. The Child Nutrition and WIC Reauthorization Act of 1989 (PL 101-147) authorized direct certification with certain Federal means-tested programs to reduce the burden of school lunch applications for households and school districts, improve the accuracy of eligibility determinations, and increase the number of eligible children certified for free meals. The means-tested programs include the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) Program, and the Food Distribution Program on Indian Reservations (FDPIR).

In addition, the Child Nutrition and WIC Reauthorization Act of 2004, Public Law 108-265, required all LEAs to establish, by SY 2008-2009, a system to directly certify children for free meals if they were members of households that receive SNAP benefits. This legislation also allowed for direct *verification* of school meal applications based on data from SNAP, TANF,

¹ See Federal Regulations at 7CFR Part 245.2, Definitions

FDPIR, Medicaid and the State Children’s Health Insurance Program (CHIP²). Direct verification refers to the use of information collected by means-tested programs to verify eligibility for households that submit applications for free and reduced price school meals. As with direct certification, direct verification generally is accomplished through some type of automated matching process between student enrollment records and program participation and income files.

In summary, States have had the authority to use direct certification, without requiring an application, to certify children in households that receive SNAP, TANF, or FDPIR for many years. States also have had authority since 2004 to use direct verification processes with these same programs, plus the medical assistance programs under Medicaid and CHIP. As States have developed and improved their automated methods for directly certifying students for free meals or verifying their free and reduced price meal eligibility, many have developed State-level methodologies and negotiated agreements for data sharing with Medicaid agencies to determine whether the family’s income, as measured by the Medicaid program, is consistent with free or reduced price meals eligibility in the school meals programs.

In October 2010, the FNS Office of Research and Analysis published the *Feasibility of Wider Implementation of Direct Verification with Medicaid*³ report showing that seven States have implemented direct verification processes with Medicaid and six more States were in the planning phase for developing such matching processes. Examples of State methodologies for data sharing include online lookup systems and State-level matching between school enrollment records and Medicaid participation and income records. Where States already have strong direct certification systems with other programs and have these direct verification processes in place with Medicaid agencies, there may be strong potential for implementing an effective direct certification system with Medicaid. Adding direct certification with Medicaid to existing match processes could further reduce administrative burden, improve access to free school meals, and reduce erroneous payments in the school meals programs.

C. DEFINITIONS

1. **Medicaid Program** -- For the purpose of these demonstration projects, 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; and
 - This definition does **not** include separate CHIP programs established under Title XXI of the SSA. Direct certification will not be conducted with CHIP during the demonstrations.

² The Children’s Health Insurance Program is commonly called the State Children’s Health Insurance Program or SCHIP. However, the Children’s Health Insurance Program Reauthorization Act of 2009 (P.L. 111–3) amended the Social Security Act and references the program as CHIP, which is the acronym used in this document.

³ “*Feasibility of Wider Implementation of Direct Verification with Medicaid*,” October 2010, USDA Food and Nutrition Service, Nutrition Assistance Program Report Series, Report No. CN-10-DVFinal: <http://www.fns.usda.gov/ora/MENU/Published/CNP/cnp.htm>

2. **Eligible Child** – 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 above); **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)⁴ for the family size used in the Medicaid eligibility determination.

D. DEMONSTRATION PROJECT CATEGORIES

For the school year beginning July 1, 2012, and each subsequent school year, LEAs participating in the demonstration projects will directly certify eligible children, as defined in Section C, for free lunches and breakfasts under section 9(b)(1)(A) of the NSLA and section 4(e)(1)(A) of the Child Nutrition Act of 1966. Households with eligible children directly certified for free meals under the demonstration projects will not be required to submit applications for school meal benefits and will not be subject to the verification requirements at 7 CFR 245.6a.

State agencies will have the opportunity to apply for participation in the following demonstration categories, starting with the school year (SY) 2012-2013. **All applications for the DC-M2 category will be considered as candidates for both DC-M1 and DC-M2; however, selected SAs will participate in only one of these two categories.** Applicants for “other proposed projects” (#3) are not required to apply for either of the other categories.

1. 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 SA 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 (see Appendix A). 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 based on receipt of Medicaid will be limited to children who are members of families with income that does not exceed **133 percent** of the FPL for the family size, as measured by the Medicaid program before the application of any expense, block, or other income disregard.

2. Category DC-M2: Direct Certification for Free Meals Statewide in Selected States

SAs may apply to conduct direct certification with Medicaid on a **statewide** basis. FNS will conduct demonstration projects statewide in selected States to determine the effectiveness of statewide implementation of direct certification using Medicaid participation and income data. 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 DC-M1, eligibility for

⁴ The Federal Poverty Level is defined in Section 673(2) of the Community Services Block Grant Act (42 U.S.C 9902(2)), including any revision required by such section.

direct certification for free meals based on receipt of Medicaid will be limited to children who are members of families with income that does not exceed **133 percent** of the FPL for the family size, as measured by the Medicaid program before the application of any expense, block, or other income disregard.

3. 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 two categories above. 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 eligibility records. To be considered for approval, proposed projects must not include eligibility standards that are more expansive than DC-M1 and DC-M2.

Table 1 summarizes the project categories that SAs may include in their applications for demonstration projects.

Table 1. Categories of Participation in Demonstration Projects to Evaluate Direct Certification with Medicaid	
Category	Family Income and Size
<p>DC-M1 Direct certification for free meals in Selected LEAs within selected States.</p> <ul style="list-style-type: none"> - <u>FNS</u> will select the States from the pool of SA applicants who applied for DC-M1 or DC-M2. - <u>FNS</u> will select the LEAs from the pool of LEAs listed on each selected State’s application to participate. 	<p>Income at or below 133 percent of the FPL for the family size, as measured by the Medicaid program before the application of any expense, block, or other income disregard. For the FPL, use same family size used in Medicaid eligibility determination.</p>
<p>DC-M2 Direct certification for free meals Statewide in selected States. <i>Note:</i> All applications for DC-M2 will be considered as candidates for DC-M1 <i>and</i> DC-M2.</p>	<p>Same as DC-M1</p>
<p>Other Proposed Projects</p>	<p>Will be determined based on acceptable State proposals, but eligibility standards must not be more expansive than DC-M1 and DC-M2</p>

IMPORTANT: Not all State Medicaid agencies have the capability to readily identify family income before the application of disregards, deductions or other adjustments. For example, income information and calculations may be maintained in paper files and not entered into the Medicaid automated eligibility system. The level and granularity of the income data entered in the Medicaid automated systems may significantly impact the SA’s ability to conduct accurate data matching to identify children eligible for direct certification under the demonstration

projects. Before applying to participate in a demonstration category, interested SAs should work closely with their State Medicaid partner agencies to determine their combined capacity for conducting successful direct certification demonstration projects.

E. SCOPE OF DEMONSTRATION AND EVALUATION PROJECTS

The demonstration and evaluation projects will begin July 2012 and will be phased in over a three year period in a limited number of LEAs and States across the country. The application process for participation will be repeated each year. Selected SAs and LEAs that participate in the demonstrations and continue to meet all requirements for participation in subsequent years are expected to continue their participation each year without further application. However, each year FNS reserves the right to adjust application procedures and project scope (including increases or reductions in participation to meet required levels) to incorporate changes resulting from impact and lessons learned in the previous year's projects.

The scope of the demonstration projects will vary by category, as follows.

1. Category DC-M1

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).

2. Category DC-M2

The number of States selected for Category DC-M2 will depend on the nature and anticipated effect of the proposed demonstrations in identifying otherwise unserved children. This number may vary each year of the demonstration based on results for the previous year.

- 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 subsequent years will be based on outcomes in the previous year(s) of the demonstrations.

- The extension of this demonstration project category beyond SY 2014-2015 is contingent upon the effectiveness of the projects in meeting FNS objectives in the first three years of the projects.

3. Other Proposed Projects

If other projects are proposed and approved, the scope will be determined with the State at the time of approval.

F. STUDY AND EVALUATION OF DEMONSTRATION PROJECTS

FNS will design and conduct a formal study to analyze and evaluate the demonstration project outcomes to determine the effectiveness of direct certification with the Medicaid program.

1. Study Design and Objectives

The demonstration project studies will be designed to evaluate project outcomes and estimate the following impacts:

- The extent to which direct certification for each demonstration category reaches children who are eligible for free school meals but are not certified to receive the meals;
- The extent to which the projects directly certify eligible children who are enrolled for free school meals based on a household application; and
- The effect direct certification with the Medicaid program has on Federal and State costs and on participation in the school lunch and breakfast programs.

2. Evaluation Design for DC-M1 Projects in Selected LEAs

In category DC-M1, FNS will choose one of two design options for the evaluation portion of the demonstration:

- Randomly assign each LEA to a treatment group (i.e., conduct direct certification with Medicaid) or to a control group (i.e., do not conduct direct certification with Medicaid the first year); or
- Conduct a pre/post design (all selected demonstration LEAs with adequate archived prior year Medicaid and NSLP data that can be supplied to FNS may conduct direct certification with Medicaid).

Because the choice of design will depend on the number of LEAs, their characteristics and the needs of the evaluation, the decision will be made once applications are received and may be different across SAs. FNS will consult with SAs on design choices but SAs that apply must be willing to implement either design chosen by FNS.

3. Evaluation Design for DC-M2 Statewide Projects

The design for the evaluation study of statewide demonstrations in category DC-M2 will be communicated at a later date and coordinated with States prior to the project start date. States selected for any of the demonstration projects will be expected to support project design and data collection requirements as needed to support the evaluation component of the demonstrations.

4. Cost Estimates

For each of the first two SYs of the demonstration projects, starting with SY 2012-2013, FNS will estimate the cost of directly certifying eligible children for free school meals through data derived from the following sources:

- NSLP and SBP school meals programs;
- Medicaid program; and
- Interviews with a statistically representative sample of households.

5. Access to Data

For the purpose of conducting the demonstration projects, FNS (and its contractors) must have access to the following data⁵:

- Matching information (e.g., names and gender of children, names of parent/guardian, birth date, address, SSN, etc., plus free/reduced price/paid certification status, basis of certification decision, income if on application, SNAP or other program case identifier, grade level, etc.) from educational⁶ and other records of the SAs, LEAs, and other agencies and institutions receiving funding or providing benefits for one or more programs under the NSLA or the Child Nutrition Act of 1966; and
- Matching information (e.g., names and gender of children, names of parent/guardian, birth date, address, SSN, etc.), plus income (before the application of any expense, block, or other income disregard), household size and program participation status information from public agencies administering the Medicaid program.
- Electronic history of school meal participation and certification status by student.

The information collected will be used to contact households for additional data collection and for creating summary reports that do not disclose the identity of students and households participating in the study. Please see Section G.4, *Data to be Collected from States and LEAs for Project Evaluation*, for additional data reporting requirements.

6. Report to Congress

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 of the demonstration projects in the initial two years:

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

⁵ See the Healthy, Hunger-Free Kids Act of 2010, Section 103(a)(15)(F) for discussion of data access related to demonstration projects with Medicaid under Title XIX of the Social Security Act. Also see Section 103(c)(7) for amendments to the Social Security Act concerning cooperation by Medicaid (Title XIX) agencies regarding information exchange for the purpose of certifying or verifying eligibility of children for free or reduced price lunches under the Richard B. Russell NSLA and the Child Nutrition Act of 1966.

⁶ The demonstration/evaluation will NOT ask for information on student grades, test scores, suspension records, disability classification, etc.

G. REQUIREMENTS AND CONSIDERATIONS FOR DEMONSTRATION PROJECT PARTICIPATION

1. Agreements with Medicaid State Agencies

By July 1, 2012, SAs selected to participate in any demonstration project category for SY 2012-2013 must enter into agreements with the SA that conducts eligibility determinations for Medicaid, as appropriate for the State's approved demonstration project categories. The agreement(s) must establish the procedures under which all children enrolled in NSLP schools will be matched to Medicaid and the procedures under which an eligible child will be certified for free lunches and breakfasts without further application. All such agreements must be in compliance with Federal disclosure statutes and regulations for the NSLP, SBP and the Title XIX Medicaid programs, including the amendments to the SSA in Section 103(c) of the Healthy, Hunger-Free Kids Act of 2010.

- **Centers for Medicare and Medicaid Services Support**

FNS is working with the Centers for Medicare and Medicaid Services (CMS) to ensure that State Medicaid agencies are aware of the direct certification demonstration project opportunities. CMS has provided clarification that according to amendments to the SSA [Section 1902(a)(7)], State Medicaid agencies are permitted to exchange the information necessary to certify or verify children's eligibility for free or reduced price school meals. The State Medicaid agency may exchange information about children covered under Title XIX or under a Title XXI-funded Medicaid expansion. In that this statutory amendment permits a State Medicaid agency to share individually identifiable health information relating to Medicaid eligibility and enrollment with the agency administering the school meals programs, such disclosure is permitted under the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule [45 CFR 164.512(k)(6)(i)], provided that the Medicaid agency only discloses the minimum amount of information needed to certify or verify the child's eligibility. A State Medicaid agency may enter into an agreement with the State agency administering the school meals programs for the purpose of establishing procedures for information sharing and cooperation. CMS will be issuing an Informational Bulletin to explain the SSA amendment to Title XIX Medicaid agencies and to encourage cooperation to help ensure that eligible children have access to school nutrition benefits.

- **Separate CHIP Programs**

CMS clarified further that while State Medicaid agencies may exchange information as described above, **separate** CHIP programs established under Title XXI of the SSA may not exchange such information without the consent of the child's parent or guardian. A valid consent is a HIPAA authorization form signed by the parent or guardian permitting CHIP to disclose information needed to certify or verify the child's eligibility to the school meals programs. Due to the complexities in obtaining consent from the household before conducting automated data exchanges, children receiving medical assistance under **separate CHIP programs will not** be included in the demonstration projects described in this RFA.

- **Medicaid Income Standards Reference**

It may be helpful to review the Kaiser Commission on Medicaid and the Uninsured, January 2011 Report -- "*Holding Steady, Looking Ahead: Annual Findings of a 50-State Survey of Eligibility Rules, Enrollment and renewal Procedures, and Cost Sharing Practices in Medicaid and CHIP, 2010-2011.*" Table 1A (page 31 of the report) contains a list of income limits for each State's Medicaid programs by children's age groups. Many States have used Title XXI funding to expand their Medicaid Program to provide medical assistance to children at higher income levels. Others have used this funding to implement a separate CHIP medical assistance program with higher income limits than their Medicaid Program. Finally, some States have used the funding to do both. The table differentiates the income limits for regular Medicaid and expanded Medicaid (Medicaid funded with Title XXI CHIP funds), both of which are groups that can be included in the direct certification demonstration projects with the Medicaid program.

The table also shows the income limits by State for separate CHIP programs, which cannot be included in the direct certification demonstrations. Please note that this reference information is provided just as a guide and the report indicates that it is unknown whether the income limits shown in the table are before or after allowable deductions or disregards. This will vary from State to State, so SAs must contact their individual State's Medicaid agency to determine income used in the Medicaid eligibility determination before the application of any expense, block, or other income disregard. The Kaiser Commission report can be accessed at: <http://www.kff.org/medicaid/upload/8130.pdf>.

2. **Considerations for State Agency and LEA Participation**

In selecting SAs and LEAs to participate in the demonstration projects, FNS will consider various factors, including, but not limited to the following:

- The applicant SA's current direct certification rate with SNAP, as published in the 2010 Report to Congress.
- The estimated percent of students who participate in SNAP in the LEAs proposed for the project.
- The income limits for the State's Medicaid coverage groups for children of school age.
- The feasibility of matching data between LEAs and the Medicaid program (e.g., is the State already conducting direct verification with Medicaid? Are data sharing agreements already in place and easily amendable, as needed, for the SAs involved?).
- The potential for the SA and LEAs to carry out the demonstration project successfully and provide the data and information necessary for the project study (as demonstrated in the application).
- The socioeconomic profile of the State or LEAs (i.e., percent of students on free and reduced price meals, estimate of number of students with family incomes below

the FPL, estimate of number of eligible students that would be reached by the demonstration project).

- The willingness of the SA and LEAs to comply with requirements of the demonstration project, as described in this RFA and committed to in the demonstration project application.

3. Requirements for SA Participation

To be selected for the demonstration projects, applicants must demonstrate their ability and willingness to comply with the following requirements:

- Submit a timely and complete application to participate in the demonstration projects and provide appropriate responses for all questions on the application template in Appendix A, *Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid*.
- For DC-M1 demonstrations, agree that if FNS opts for a treatment/control design, then LEAs within the State will be randomly assigned to treatment or control groups by FNS. FNS intends to match all the LEAs listed on the SA's demonstration project application on a variety of student, community and program characteristics and assign within matched pairs to treatment and control.
- For DC-M1 demonstrations, have enough LEAs with comparable characteristics within the State to support a treatment/control design or have enough LEAs with prior year data on certification and meal participation to support a pre/post comparison.
- Have a statewide student database (or alternative access to all required information) that can be matched to the State Medicaid database on either a statewide basis or an LEA basis in every treatment LEA in DC-M1 demonstrations, as appropriate to the specific project.
- Have the ability to assess income within their Medicaid system *before the application of any expense, block, or other income disregard*.
- Have a sufficient number of LEAs with electronic meal counting and claiming systems that maintain an electronic history of meal participation by student and include information on meal certification status.
- Agree to provide FNS (and its approved evaluation contractor) access to all needed historical (archived) data and data collected and obtained throughout the performance period.
- Agree to continue participation in the demonstration project at a minimum through the end of SY 2014-2015.

Although not required, in selecting States and LEAs for the SY 2012-2013 demonstrations, FNS may give preference to:

- States that have operational automated direct verification processes in place with the applicable Medicaid State agency.

- States (and their proposed LEAs) that can provide the FNS-selected evaluation contractor with electronic data that identifies the basis for each student's certification (e.g., NSLP application, direct certification with SNAP or TANF, or other determinations such as homeless, migrant, runaway, foster child, etc.).
- States (and their proposed LEAs) that can provide the FNS-selected evaluation contractor with *prior year data* so that the contractor will have the ability to match Medicaid data, school enrollment data and NSLP certification and participation data for SY 2011-2012, the year prior to actual implementation. FNS will work with selected states to achieve this match. While major portions of the evaluation will be based on data from the random assignment or pre/post evaluation designs, FNS also desires to develop a preliminary analysis and report based on retrospective matching of Medicaid data, school enrollment data and NSLP certification and participation data for the year prior to actual implementation. A retrospective match will yield estimates of the ability of Medicaid data to identify eligible children who are not certified and to directly certify children without a household application.
- States that include in their application a copy of their signed agreements for matching student enrollment data with Medicaid.

4. Data to be Collected from States and LEAs for Project Evaluation

FNS, with its contractors, will collect data from participating SAs and LEAs to analyze and evaluate the effectiveness of direct certification with the Medicaid program. *The SA will be responsible for collaborating with the evaluation contractor in collecting the data necessary for the demonstration and providing it to FNS or its evaluation contractor.* This may require the SA to establish additional reporting procedures for participating LEAs. In addition to administrative data, the evaluation may rely on surveys of participating families. Therefore, SAs must consider how they will assist FNS and its contractor in obtaining informed consent and how they will gather and provide USDA with contact information for families willing to participate in the evaluation.

For these demonstration projects, FNS will require and assist participating SAs and LEAs in providing data such as the data shown in the following list. This list is *not all inclusive* and is intended only to give SAs and LEAs an indication of what may be expected during the projects.

- In the LEAs sampled for the study, what number and percentage of enrolled students are children directly certified, by program, through SNAP, TANF, or other categorical eligibility categories (migrants, homeless, etc)?
- In the LEAs sampled for the study, what number and percentage of enrolled students are in families with household income less than 130 percent of the FPL (i.e., certified eligible for free meals based on a household application)?
 - Of students in these households, how many children can be matched to Medicaid files? What number and percentage are eligible for and receiving assistance under Medicaid?

- For what number and percentage of students matched to Medicaid files can Medicaid data identify family income before the application of any expense, block, or other income disregards?
- What percentage of students matched have Medicaid income less than or equal to 133 percent of the FPL? Greater than 133 percent but equal to or less than 185 percent of the FPL?
- In the LEAs sampled for the study, what number and percentage of enrolled students are in families with household income greater than 130 percent, but equal to or less than 185 percent of the FPL (i.e., certified eligible for reduced price meals based on a household application)?
 - Of students in these households, how many children can be matched to Medicaid files? What number and percentage are eligible for and receiving assistance under Medicaid?
 - For what number and percentage of students matched to Medicaid files can Medicaid data identify family income before the application of any expense, block, or other income disregards?
 - What percentage of students matched have Medicaid income less than or equal to 133 percent of the FPL? Greater than 133% but equal to or less than 185% of the FPL?
- In the LEAs sampled for the study, what number and percentage of enrolled students are NOT certified eligible for free meals (i.e., are children other than those directly certified through SNAP, TANF, or other status and school-age children in families with household income less than 130 percent of the FPL)?
 - Of enrolled students not certified eligible for free meals, what percentage are eligible for and receiving assistance under Medicaid?
 - For what percentage of these students can Medicaid data identify family income before the application of any expense, block, or other income disregards?
 - What percentage of students have Medicaid income less than or equal to 133 percent of the Federal poverty line? Greater than 133% but equal to or less than 185% FPL?
- In the LEAs sampled for the study, what number and percentage of enrolled students are NOT certified eligible for free or reduced price meals (i.e., are children who were not directly certified through SNAP, TANF, or other status; are children from households that did not submit an application; or are children from households that submitted an application but where the household income was greater than 185 percent FPL)?
 - Of enrolled students not certified eligible for reduced price meals, what percentage are eligible for and receiving assistance under Medicaid?

- For what number and percentage of these students can Medicaid data identify family income before the application of any expense, block, or other income disregards?
- What number and percentage of students have Medicaid income less than or equal to 133 percent of the Federal poverty line? Greater than 133 percent but less than 185 percent FPL?
- How much time (staff hours and elapsed calendar days) is required by State and local employees to complete the match process with Medicaid? How does this compare with the time necessary for households to apply and LEAs to process applications?
- How does the administrative cost of direct certification with Medicaid compare to the cost of processing applications?

H. FUNDING

No Federal funds will be made available to SAs for the purpose of participating in the demonstration projects at this time. SAs must indicate their acceptance and acknowledgement of this within their application. SAs that participate in the demonstration projects must amend their State administrative plans to adjust for State administrative costs associated with the demonstration project implementation, as appropriate.

I. TIMELINE

Table 2 shows the significant dates for the demonstration project application and implementation timeline.

Table 2. Timeline for Demonstration Projects	
September 2011	Webinar/Conference Call with Interested State Agencies
October 5, 2011	Notification of Intent to Apply -- Due to FNS
December 05, 2011	Application for Demonstration Project -- Due to FNS
February 2012	Selection of States Announcement
March 2012	Notification to Selected LEAs
April 2012	Data for retrospective match supplied to FNS' approved evaluation contractor
July 1, 2012	State Agreements In place and Demonstration Projects Begin for SY 2012-2013

J. WHO MAY APPLY

Eligible applicants include all SAs that administer the NSLP and SBP school meals programs. In this instance, the term SA means (a) the State educational agency; and (b) any other agency of the State which has been designated by the Governor or other appropriate executive or legislative authority of the State and approved by the U.S. Department of Agriculture to administer the programs in schools. In instances where there are two agencies within a State, such as in the case where the public and private agencies are different, separate applications are acceptable. FNS will accept applications that are submitted timely (**by December 5, 2011**), contain all required information, and demonstrate the SA and LEAs' ability to meet the requirements of participation.

K. HOW TO APPLY

1. Notification of Intent

SAs that are interested in applying to conduct a demonstration project within their State should submit a notification to FNS on or before **October 5, 2011** to indicate the SA's intent to apply. This notification does not commit the SA to apply; however, it will assist FNS in planning workload requirements for the selection and implementation of demonstration projects. Notifications of intent must include the date, the SA's name and address, and the name, title and contact information (email, telephone, and fax number) for the SA's appropriate authorizing State personnel. The notification may be sent as an email message or by letter from the agency. SAs may submit notifications of intent to apply as follows:

By email to: Vivian.Lees@fns.usda.gov

Copy to: Jacqueline.Mitchell@fns.usda.gov

By mail to: Vivian Lees, Branch Chief
State Systems Support Branch
Child Nutrition Division
USDA Food and Nutrition Service
3101 Park Center Drive, Room 639
Alexandria, VA 22302
Phone: 703-305-2322

2. Letters of Commitment

As part of the application process, the SA must submit, with its application, a "letter of commitment" signed by the appropriate authorizing State personnel that includes the following affirmations:

- Affirms the SA's dedication to the project; describes its role and responsibility in the project; and identifies each Medicaid agency and other public agency partners for the project; and
- Affirms that the project has been explained to each LEA named in the application and that the LEA understands that it must be willing to devote the necessary time and effort to meet the requirements of the project at the LEA level. The SA applicant also must affirm that it has explained to the LEA that it must cooperate with the SA in implementing and evaluating the project, including cooperation with the evaluation component of the demonstration (possible random assignment to either a treatment or control group or participation in pre/post evaluation design) for the applicable categories.

The applicant SA also must submit, with its application, a signed letter of commitment from each partnering Medicaid agency describing the agency's role in the project and an affirmation that it will cooperate with the SA in implementing the project, including cooperation with the evaluation component of the demonstration, as necessary.

3. Applications

Applications must include all information listed in Table 3. Failure to provide any item on the list could result in your application being removed from consideration.

Table 3 – Checklist for “Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid” Application Packet	
Required Documents and Information	Explanation
Pre-Application: Notification of Intent to Apply	SAs that plan to apply to participate in the demonstrations should send a Notification of Intent to Apply to FNS by <i>October 5, 2011</i> . The notification can be in the form of a letter or an email message. It must include: date, the SA’s name and address, and the name, title and contact information (email, telephone, and fax number) for the SA’s appropriate authorizing State personnel. It may be sent as a letter or an email message. See “e” for where to send
Application Packet a) Application Cover Page	Include <ul style="list-style-type: none"> • Agency Name and Address • Contact Information -- Name, address, phone number, email address, and fax number for staff person responsible for the application • Brief abstract to summarize agency’s interest in conducting the demonstration project(s) and for which demonstration categories -- DC-M1, DC-M2, or other
b) Application – Appendix A	Applicants must structure and develop their project proposal by answering all questions (1-16) in the application template in <i>Appendix A: Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid</i> . The application template includes a table where applicants must list the names and specific information/data for the LEAs proposed to participate in the demonstrations, including possible random assignment to treatment and control groups. <u>Please note that applications for statewide projects under DC-M2 must list, at a minimum, all LEAs in the State that participate in the NSLP and are currently using automated matching processes to directly certify children in households receiving SNAP, TANF or FDPIR benefits.</u> The requested information, by LEA, includes a place to enter the following information for each proposed LEA: <ul style="list-style-type: none"> • The demonstration category for the LEA/State. Due to the requirement to reach certain population thresholds in DC-M1 each year, <u>all applications for statewide demonstrations under DC-M2 will also be considered for DC-M1 participation. However, no SA will be selected to participate in both DC-M1 and DC-M2;</u> • An indication of the LEA’s/State’s capability to provide electronic meal records on participation for each student; • Number of students certified for free meals in SY 2010-2011; • Number of students certified for reduced price (RP) meals in SY

Table 3 – Checklist for “Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid” Application Packet	
Required Documents and Information	Explanation
	<p>2010-2011;</p> <ul style="list-style-type: none"> • Estimated number of children that will be newly certified for free meals in the first year of the Medicaid demonstration; • Percent of students certified for free and RP meals in SY 2010-2011; • Estimated percent of students in SNAP households in the LEAs; • Whether the LEAs currently conduct direct verification with Medicaid. <p>Be sure that you have responded to all questions (1-16) in Appendix A and provided sufficient information to fully respond and describe your agency’s ability to perform the tasks required for the demonstration project.</p>
c) Other Required Documents	<ul style="list-style-type: none"> • Copies of current data sharing agreement(s) between your SA and the State/public agency administering the Medicaid program (if they exist). • Letters of Commitment from the applicant SA and each State Medicaid agency partnering with the SA in the direct certification demonstration project.
d) Where to Send	<p>Send all required documents by <i>December 5, 2011</i> to:</p> <p>Email: Vivian.Lees@fns.usda.gov With copy to: Jacqueline.Mitchell@fns.usda.gov</p> <p>Or mail to: Vivian Lees, Branch Chief State Systems Support Branch Child Nutrition Division USDA Food and Nutrition Service 3101 Park Center Drive, Room 639 Alexandria, VA 22302</p>

L. APPLICATION REVIEW AND SELECTION PROCESS

1. Initial Screening

FNS will screen all applications submitted by eligible SAs, with the accompanying documents, to ensure they are timely, complete and fully responsive to all questions in the application template (Appendix A). All requirements listed in Section G.3, *Requirements for SA Participation*, must be met for an application to pass the initial screening. FNS reserves the right to contact the applicant for clarification if the application appears complete but the screener does not understand the application information sufficiently to confirm that a specific requirement is met.

Applications that are not submitted timely, or are not complete, or that show clearly that all requirements in Section G.3 are not met, will be removed from further consideration. Applications that pass the initial screening step will be reviewed by a panel of program representatives to assess the potential for each applicant to conduct the demonstration projects successfully. FNS will review and consider eligible applications in accordance with the evaluation process described in the following paragraphs.

2. Review Panel

An FNS review panel will evaluate the viability and merits of the applications for participation in the demonstration projects. Due to limitations in scope, all responsive applications may not be selected for inclusion in the demonstrations. FNS reserves the right to give preference to States with LEAs that certify higher numbers of students for free and reduced price school meals (in order to simplify the data collection and evaluation process and/or meet the required population size) or to otherwise select States out of scoring order to facilitate the evaluation. FNS also reserves the right to consider all applications for category DC-M2 (statewide) as candidates for DC-M1 (selected LEAs) demonstrations. However, no State will be selected to participate in both DC-M1 and DC-M2 due to the study requirements.

3. Application Scoring Process

The FNS review panel will evaluate all applications that pass the initial screening and score them according to the following rating system. The ratings will be used as a measure of quality and potential for successful demonstration projects so that FNS can identify a pool of potential SA candidates for the projects. The panel will identify the pool of proposed SA projects that are likely to succeed in testing the effectiveness of direct certification with Medicaid and clearly fit the intended objectives of the demonstration projects.

- **25 points -- Project Design and Management:** The project organization, management approach and staffing plan indicate that the SA has the capacity to manage and execute the demonstration project successfully. The application shows that the SA and LEAs have the capacity for adding the demonstration project activities to current responsibilities at the SA and LEA levels.
- **50 points -- Capacity to Conduct Direct Certification:** The SA and LEAs have demonstrated capacity to conduct direct certification activities with the Medicaid agency successfully between the SA, LEAs and Medicaid State agencies. Current direct certification and direct verification processes will weigh heavily for this component. FNS will consider the SA and LEA capacity to facilitate collaboration and cooperation between the education agencies and the State Medicaid agencies to accomplish a viable agreement prior to project startup for matching activities with school enrollment data and Medicaid participation and income data. The capacity evaluation also includes the ability to delineate between family income levels in the Medicaid data to identify children eligible for free meals in each demonstration category for which the State has applied.
- **25 points -- Capacity to Compile and Report Evaluation Data:** The SA and LEAs have demonstrated capacity and willingness to electronically compile and

report the necessary data for evaluation for both treatment and control LEA groups for each demonstration category included in the State's project application. Applicants must show capability to collect and report data at the granular level indicated in Section G.4, *Data to be Collected from States and LEAs for Project Evaluation*.

4. Selection and Notification

Approximately February 2012, FNS will finalize the selection of SAs to participate in each of the proposed demonstration project categories and notify the applicant SAs. Following the SA selection, **if** the treatment/control group design is used for evaluation, FNS will select LEAs for category DC-M1 participation and assign each to one of two groups:

- A “*Treatment*” group of LEAs within the selected States that will be performing direct certification with Medicaid; and
- A “*Control*” group comprised of LEAs within the States selected for the demonstration project that will not be authorized to directly certify eligible children based on Medicaid data in the initial project year. (Note: Requests from LEAs assigned to control groups to roll into the treatment groups may be considered following the completion of the first project year. However, this decision will be made at a later date.)

LEAs selected by FNS for DC-M1 participation will be notified of their approval for participation in the DC-M1 category and assignment for the study design approximately March 2012. Following notification, FNS will provide technical assistance and further guidance to States and LEAs to support them in their preparations to participate in the demonstration projects and evaluation activities.