

**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**

November 27, 2012

SIGNIFICANT DEMONSTRATION DATES	
December 11, 2012	Webinar/Conference Call with Interested State Agencies
December 21, 2012	Notification of Intent to Apply Due to FNS
February 5, 2013	Application for Participation in Demonstrations Due to FNS
March 2013	Selection of States
April 2013	Selection of LEAs
July 1, 2013	Memorandum of Understanding in place for Data Collection Agreement between FNS Evaluation Contractor and Selected State Agencies
July 1, 2013	State Inter-Agency Data Sharing Agreements in place and Demonstration Projects Begin for School Year 2013-2014

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A. INTRODUCTION AND AUTHORITY

The USDA Food and Nutrition Service (FNS) is requesting applications from State agencies 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), in school year (SY) 2012-2013, FNS began conducting demonstration and evaluation 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. The purpose of this Request for Applications (RFA) is to expand the demonstrations to additional areas beginning SY 2013-2014.

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 State agencies 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 that began 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.

This RFA is for Year 2 of the Demonstration projects, and provides additional State agencies the opportunity to apply for participation in the following demonstration categories, starting with the school year (SY) 2013-2014. Because of the statutory mandate to reach certain levels of participation in the DC-M1 category described in #1 below, please note that **all applications for the DC-M2 category will be considered as candidates for both DC-M1 and DC-M2.** Applicants for “*other proposed projects*” (#3) are not required to apply for either the DC-M1 or DC-M2 category.

1. Category DC-M1: Direct Certification for Free Meals in Selected LEAs

State agencies may apply to conduct direct certification with Medicaid in a portion of the LEAs within their State. In addition, State agencies already participating in DC-M1 in SY 2012-2013 (Alaska, Florida, Illinois, and New York) may apply to expand participation to additional LEAs within their State for Year 2 of the demonstrations. However, LEAs already selected and participating in the demonstrations in SY 2012-2013 are expected to continue their DC-M1 participation in Year 2 and remain in the original treatment or control groups as assigned in the first project year (see Section F for discussion of treatment and control study groups).

From the pool of State agency applicants, FNS will select multiple States to participate (or expand participation) in DC-M1 projects. Once a State is selected for this category, FNS will select LEA participants from the LEAs listed on the State agency’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

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.

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

State agencies 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 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

State agencies 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. Some examples may include but are not limited to the following:

- A State agency 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.
- A State agency selected for Community Eligibility Option (CEO) may propose conducting matching with Medicaid to estimate “identified student percentages” (percent of students certified for free meals through means other than individual household applications) to establish a school(s) eligibility or claiming percentages for CEO. (*More guidance and procedures for the Community Eligibility Option can be found at <http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2012/SP12-2012%20os.pdf>*)
- A State agency may propose to conduct direct certification with Medicaid in location groupings other than the exact variations described in DC-M1 and DC-M2 (i.e., some hybrid configuration of DC-M1 and DC-M2)

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

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 State agencies’ 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**

State agencies must 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 project began in SY 2012-2013. The application process for participation will be repeated for school years 2013-2014 and 2014-2015 to phase in additional projects for a limited number of LEAs and States across the country. Selected State agencies 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

As mandated by the NSLA, the scope of DC-M1 projects for selected LEAs is being phased in as follows, based on the most recent available data:

- ***School Year (SY) Beginning July 1, 2012***

In the first year of the projects FNS selected LEAs that collectively served 2.5 percent of students certified for free and reduced price meals nationwide from applications submitted as a result of the 2011 RFA.

- ***SY Beginning July 1, 2013***

The second year of the projects, FNS will select additional LEAs from the applications submitted in response to this RFA so that the total LEAs (both those already participating and those added under this RFA) 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 of the projects, FNS will select LEAs that collectively serve 10 percent of students certified for free and reduced price meals nationwide. The 10 percent will consist of the LEAs already participating in the first and second project years plus those newly selected to begin the demonstrations in SY 2014-2015. Further, FNS reserves the right to reduce participation in subsequent years or to repeat the application process to maintain allowed 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 selected two States to participate on a statewide basis.

- The second year of the demonstration, FNS anticipates selecting a minimal number of States (one to three, depending on potential impact and results to date from the previous year) to participate on a statewide basis.
- Selection of States in the subsequent year 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 has selected Mathematica Policy Research (MPR) to 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 study is 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

For SY 2013-2014, in category DC-M1, FNS will randomly assign each selected LEA to a treatment group that will conduct direct certification with Medicaid or to a control group that will *not* conduct direct certification with Medicaid.

3. Evaluation Design for DC-M2 Statewide Projects

In category DC-M2, FNS will conduct a pre /post design for statewide demonstration project participating states. A selected number of LEAs with adequate archived prior year Medicaid and NSLP data that can be supplied to FNS will submit this data for comparison in the evaluation study.

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. Evaluation Design for Other Proposed Projects

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

5. Cost Estimates

For each of the first two SYs of the demonstration projects for DC-M1 and DC-M2 participating States, 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
- Cost data will be collected for two years for those demonstration projects that began July 1, 2012 and for one year for those selected to begin July 1, 2013 as part of this RFA.

6. Access to Data

Participating State agencies will be expected to provide FNS and contractors access to NSLP and Medicaid data that is necessary for completion of the evaluation study, such as certification and participation data. Data may be requested prior to the start of the demonstration. The information collected will be used for creating summary reports that do not disclose the identity of students and households participating in the study.

Once State agencies are selected to participate in the demonstrations, the FNS evaluation contractor will work with the State agencies to establish Memorandums of Understanding (MOU) between the contractor and the State NSLP agency and the State Medicaid agency (as necessary) to ensure understanding and cooperation with the data collection and access needs for the evaluation study. The expectation is that the MOUs be signed and in place by July 1, 2013. Please see *Appendix E, DC-M Data Collection Tables* for additional data reporting requirements and examples of the types of data that will be collected.

7. 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.

G. REQUIREMENTS AND CONSIDERATIONS FOR DEMONSTRATION PROJECT PARTICIPATION

1. Agreements with Medicaid State Agencies

By July 1, 2013, State agencies selected to participate in any demonstration project category for SY 2013-2014 must have agreements in place with the State agency 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 has worked 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. In December 2011, CMS issued 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. A copy of the informational bulletin has been added to this RFA as *Appendix B, CMS Informational Bulletin to Medicaid State Agencies*.

- **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 2012 Report -- "*Performing Under Pressure: Annual Findings of a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2011-2012.*" Table 1A (page 32 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 State agencies 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/8272.cfm>.

2. Considerations for State Agency and LEA Participation

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

- The applicant State agency's current direct certification rate with SNAP, as published in the latest Direct Certification Report to Congress at: www.fns.usda.gov/Ora/menu/Published/CNP/.../DirectCert2011.pdf.
- 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 State agencies involved?).

- The potential for the State agency 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 State agency 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 State Agency Participation

To be selected for the demonstration projects, applicants must thoroughly 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 in ***Appendix A, Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid.***
- Have the ability through an automated system to assess income within their Medicaid system ***before the application of any expense, block, or other income disregard.*** Generally, this means that the State agency must be able to identify gross income before any expenses or disregards are deducted.
- For DC-M1 demonstrations, agree that LEAs within the State will be randomly assigned to treatment or control groups by FNS. LEAs listed on the State agencies' demonstration project application will be matched into pairs on a variety of student, community and program characteristics. From the listing of matched pairs, MPR will randomly select pairs and assign to either a treatment or control group.
- For DC-M2 demonstrations, have enough LEAs with prior year data on certification and meal participation to support a pre/post comparison.
- Have a student database that can be matched to the State Medicaid database on either a statewide basis or an LEA basis for DC-M2 and in every treatment LEA in DC-M1 demonstrations, as appropriate to the specific project.
- 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 evaluation contractors with access to all needed historical (archived) data and data collected and obtained throughout the performance period.

Although not required, in selecting States and LEAs for the SY 2013-2014 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 certification (e.g., NSLP application, direct certification with SNAP or TANF, or other determinations such as homeless, migrant, runaway, foster child, etc.).
- 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 State agencies and LEAs to analyze and evaluate the effectiveness of direct certification with the Medicaid program. The State agency 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 State agency to establish additional reporting procedures for participating LEAs. Please see *Appendix E, DC-M Data Collection Tables* for additional data reporting requirements and examples of the types of data that will be collected.

H. FUNDING

No Federal funds will be made available to State agencies specifically for the purpose of participating in the demonstration projects through this request for applications. However, FNS anticipates the release of a new opportunity in FY2013 for State agencies to apply for Direct Certification Improvement grants. State agencies applying/selected to participate in the demonstrations with Medicaid may pursue grant funding under the Direct Certification Improvement grant opportunity to fund costs of improving their direct certification processes to incorporate matching with Medicaid. Watch for the new grant opportunity to be posted in the fall of 2012 on the FNS Child Nutrition Division’s grant website at: <http://www.fns.usda.gov/cnd/grants.htm>.

I. TIMELINE

Table 2 shows the significant dates for the demonstration project timeline.

Table 1. Timeline for Demonstration Projects	
December 11, 2012	Webinar/Conference Call with Interested State Agencies
December 21, 2012	Notification of Intent to Apply -- Due to FNS
February 5, 2013	Application for Participation in Demonstration Project -- Due to FNS
March 2013	Selection of States
April 2013	Selection of LEAs
July 1, 2013	MOUs in place for Data Collection Agreement between FNS Evaluation Contractor and Selected State Agencies
July 1, 2013	State Inter-Agency Data Sharing Agreements in place and Demonstration Projects Begin for School Year 2013-2014

J. WHO MAY APPLY

Eligible applicants include all State agencies that administer the NSLP and SBP school meals programs. In this instance, the term State agency 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 February 5, 2013**), contain all required information, and demonstrate the State agency's and LEAs' ability to meet the requirements of participation.

K. HOW TO APPLY

1. Notification of Intent to Apply

NSLP State agencies that are interested in applying to conduct a demonstration project within their State should submit a notification to FNS on or before **December 21, 2012** to indicate the State agency's intent to apply. This notification does not commit the State agency 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 State agency's name and address, and the name, title and contact information (email, telephone, and fax number) for the State agency's appropriate authorizing State personnel. To assist applicants, a suggested format for the notice is provided in *Appendix C- Notification of Intent to Apply Template*. Potential applicants may send the notifications to FNS by email or by regular mail.

State agencies may submit Notifications of Intent to Apply as follows:

By email to: ATTN: Vivian Lees, Branch Chief at cnstatesystems@fns.usda.gov
Subject Line: Notification of Intent to Apply for Direct Certification with
 Medicaid Demonstration Project

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

2. Letters of Commitment

- NSLP State Agency Letter of Commitment

As part of the application process, the NSLP State agency must submit, with its application, a "letter of commitment" signed by the appropriate authorizing State personnel that include the following affirmations. (Letter of Commitment templates for both the NSLP State agency and partnering Medicaid agency are provided in *Appendix D - Letters of Commitment Templates*):

- Affirms the State agency’s commitment 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 State agency applicant also must affirm that it has explained to the LEA that it must cooperate with the State agency 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.
 - Affirms that the agency has the capacity to identify income used in the child’s Medicaid eligibility determination, before the application of disregards, deductions or other adjustments.
- Medicaid State Agency’s Letter of Commitment

The applicant State agency must also submit, with its application, a signed letter of commitment from each partnering Medicaid agency, signed by appropriate authorizing State personnel, that includes the following affirmations.

- Affirms the Medicaid State agency’s understanding and commitment to the project; describes the agency’s role in the project and affirms that it will cooperate with the NSLP State agency in implementing the project, including cooperation with the evaluation component of the demonstration, as necessary.
- Affirms that the agency has the capacity to identify income used in the child’s Medicaid eligibility determination, before the application of disregards, deductions or other adjustments.

For convenience, templates for Letters of Commitment for both the NSLP State agency and partnering Medicaid agency are provided in *Appendix D- Letters of Commitment Templates*. Applicants are not required to use the template to develop their Letters of Commitment. However the format chosen by applicant must include the required affirmations as stated above and must include all identifying information requested on templates.

3. Applications

Applications must include all information listed in Table 2, sections *a, b, and c*. Failure to comply with items *a, b, and c* could result in your application being removed from consideration.

Required Documents and Information	Explanation
Pre-Application: Notification of	State agencies that plan to apply to participate in the demonstrations should send a Notification of Intent to Apply to FNS by <u><i>December 21, 2012</i></u> . The notification can be sent by email or regular mail and is

Table 2. Checklist for “Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid” Application Packet	
Required Documents and Information	Explanation
Intent to Apply Appendix C	highly recommended but not required . It should include: date, the State agency’s name and address, and the name, title and contact information (email, telephone, and fax number) for the State agency’s appropriate authorizing State personnel. See <i>Appendix C</i> for template of suggested format for the Intent to Apply. See “c” below for where to send.
a) Application Appendix A	Applicants must structure and develop their project proposal by answering all questions (1-15) in the application in <i>Appendix A: Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid</i> . Be sure that your answers to all questions provide sufficient information to fully describe your agency’s ability to perform the tasks required for the demonstration project.
b) Letters of Commitment and Other Documents	<ul style="list-style-type: none"> • Letters of Commitment from the applicant State agency and each State Medicaid agency partner in the direct certification demonstration project. See <i>Appendix D- Letters of Commitment Templates</i>. • Copies of current data sharing agreement(s) between your State agency and the State/public agency administering the Medicaid program (if they exist).
c) Where to Send	<p>Send Notices of Intent by <i>December 21, 2012</i>, and all required application documents by <i>February 5, 2013</i> to:</p> <p>Email: ATTN: Vivian Lees, Branch Chief cnstatesystems@fns.usda.gov</p> <p>Copy: Jacqueline Mitchell, Program Analyst 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 State agencies, with the accompanying documents, to ensure they are timely, complete and fully responsive to all questions in the application (*Appendix A*). Unless otherwise noted, all requirements listed in Section G.3, *Requirements for State Agency 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 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 and select such States for either category, based on the needs of the evaluation study.

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 State agency candidates for the projects. The panel will identify the pool of proposed State agency 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.

- **10 points -- Project Design and Management:** The project organization, management approach and staffing plan indicate that the State agency has the capacity to manage and execute the demonstration project successfully. The application shows that the State agency and LEAs have the capacity for adding the demonstration project activities to current responsibilities at the State agency and LEA levels.
- **30 points -- Readiness for Project Start-Up:** The State agency has documented strong preliminary steps to establish partnerships with their Medicaid agency and enter into viable interagency agreements for data sharing. The agency has demonstrated a clear understanding of potential challenges and risks, and demonstrates approaches that indicate strong potential for success. Current direct certification and direct verification processes will weigh heavily for this component. FNS will consider the State agency 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. Automated systems are already in place and require only minor adjustments to be ready for start-up prior to the beginning of SY 2013-2014. The agency has accomplished successful

direct certification or direct verification data processes in the past with the same agency that will provide the Medicaid data for matching.

- **45 points -- Capacity to Conduct Direct Certification with Medicaid:** The State agency and LEAs have fully described and documented their capacity to conduct direct certification activities with the Medicaid agency successfully between the State agency, LEAs and Medicaid State agencies. The applicant's description of their agency's planned process for conducting matches between student enrollment data and Medicaid program participation and income data appears viable and reasonable for accomplishing direct certification with Medicaid. Their documented methods for ensuring data security and confidentiality are appropriate to meet Federal requirements. Also included in the evaluation is the strength of the applicant's demonstrated understanding and capacity for readily identifying children eligible for direct certification with Medicaid via automated processes. This includes how Medicaid eligibility information can be accessed with accuracy and ease to identify children that meet the income requirements to be eligible for direct certification (i.e., ability to accurately identify family income in the Medicaid budget group, prior to application of expenses/blocks/disregards).
- **15 points -- Capacity to Compile and Report Evaluation Data:** The State agency and LEAs have fully described and documented their capacity and willingness to electronically compile and report the necessary data for evaluation for both treatment and control LEA groups (if applicable) 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 *Appendix E, DC-M Data Collection Tables*.

4. Selection and Notification

Approximately March 2013, FNS will finalize the selection of State agencies to participate in each of the proposed demonstration project categories and notify the applicant State agencies. Following the State agency selection, 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.

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 April 2013. 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.