USDA
United States Department of Agriculture

Food and Nutrition Service **August 2019**

Evaluation of the Direct Certification with Medicaid for Free and Reduced-Price Meals (DCM-F/RP) Demonstrations, Year 1 (Summary)

Background

The U.S. Department of Agriculture's Food and Nutrition Service (FNS) administers the National School Lunch Program (NSLP) and School Breakfast Program (SBP), which provide cash reimbursements to School Food Authorities (SFAs) to provide meals at low or no cost to children in school. The Healthy, Hunger-Free Kids Act of 2010 required FNS to conduct a demonstration to directly certify students for free school meals based on income eligibility identified through Medicaid data.

Unlike other direct certification methods with programs that confer categorical eligibility for free school meals (e.g., with Supplemental Nutrition Assistance Program (SNAP) administrative data), Medicaid participation does not confer categorical eligibility. Rather, income data from the State Medicaid agency must be matched to student records to determine eligibility.

Evaluation of five demonstrations in school years (SY) 2012-13 and six demonstrations in 2013-14 found that Direct Certification with Medicaid (DCM) modestly increased the percentage of students who received meals for free, while reducing administrative burden associated with certifying students who would otherwise have been certified by application.[1]

In SY 2016-17, FNS awarded new demonstrations to seven States to evaluate the use of Medicaid data to directly certify students for *both* free and reduced-price meals. States included participants in the original DCM demonstration (California, Florida, and Massachusetts) as well as four new States to DCM: Nebraska, Utah, Virginia, and West Virginia. Implementation was statewide except in California, in which 14 SFAs participated in DCM.

FNS evaluated these new demonstrations to assess: (1) processes and resources used, and challenges encountered, in conducting data matches; (2) impacts on rates of student certification and participation in NSLP and SBP; and (3) costs associated with the demonstration.

Methods

Administrative data were collected from Child Nutrition and Medicaid agencies in participating States over SY 2016-17 (July 2016 to June 2017). State Agencies (SAs) that administer Child Nutrition programs also provided cost logs for quantitative analysis. The study collected supplemental data from Nebraska to analyze whether students matched using Medicaid data were also directly certified using other sources such as SNAP; other SAs were unable to provide these data. Quantitative analyses were regression-adjusted to isolate the effects of DCM-F/RP on certification, participation, and Federal reimbursement rates. In addition, the study used site visits in participating SAs and up to four school districts in each State to discuss implementation and the matching process.

Four States did not conduct their first matches until after May 1, 2017. One of those States (West Virginia) conducted its first match following the last day of school in many districts. Though the analysis accounted for operating days and excluded West Virginia as appropriate, in some cases, the short period between the first match and the end of the year may have affected estimates of impact. In addition, the California analysis used comparison groups because of the limited number of implementing districts. The second year of the evaluation will provide analyses of each of these States (including statewide in California) with matches prior to the school year.

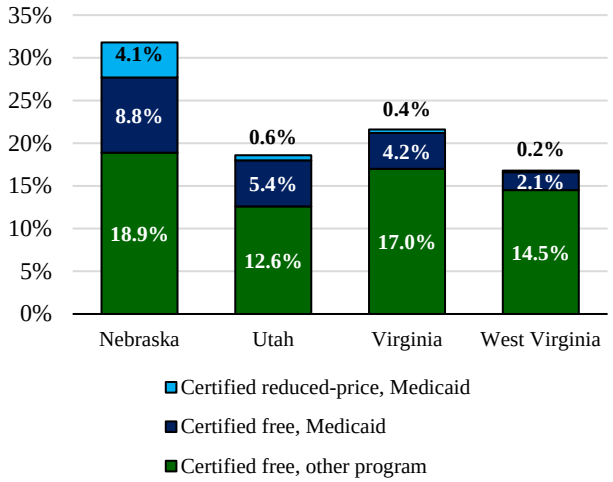
Study Findings

DCM-F/RP resulted in an incremental increase in number and percentage of students certified for free and reduced-price meals, but effects varied across States. Medicaid comes last in the hierarchy of direct certification. Students are only directly certified with Medicaid if they are not identified using another program.

The four States new to DCM (Nebraska, Utah, Virginia, and West Virginia) directly certified more than 100,000 students for free meals based on Medicaid data. An additional 22,000 students were directly certified for reduced-price meals based on DCM-F/RP in the 5 States able to report this data. These are incremental increases in direct certification beyond those using non-Medicaid data. Effects varied across States, with increases from 8.8 percentage points to 2.1 percentage points in total enrolled students directly certified for free meals. For reduced-price meals, States saw increases ranging from 4.1 to 0.2 percentage points. See Figure 1.

[1] Hulsey et al. (2016). *Year 2 Demonstration Impacts of Using Medicaid Data to Directly Certify Students for Free School Meals*. Contract No. AG-3198-B-12-0006. Prepared by Mathematica Policy Research, Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Project Officer: John Endahl.

Figure 1. Percentage of enrolled students directly certified for school meals in School Year (SY) 2016-17 by method of certification, in States new to direct certification with Medicaid



All four of the States new to DCM experienced statistically significant increases (between 2.0 and 3.9 percentage points) in the total percentage of students certified for free meals. The smaller difference in the total percentage certified compared to the percentage certified through DCM suggests that many students identified via DCM-F/RP had previously been certified for free meals via application; in these cases, the demonstration alleviates administrative burden on both households and school districts by removing the need to review applications. In three of these States, the increased percentage of students directly certified for free meals also increased the percentage of districts eligible for the Community Eligibility Provision (CEP). The total percentage of students certified for reduced-price meals also increased significantly in one State (Nebraska), but was significantly lower in treatment districts than in comparison group districts in California, as students who had been incorrectly certified by application were moved from reduced-price to the correct free meal eligibility.

Changes in certification rates had mixed, limited effects on participation rates. Only Florida experienced any significant change in the NSLP participation rate, a decrease of 0.04 lunches per student per day. For SBP participation, Florida and Massachusetts experienced small decreases of less than 0.03 breakfasts per student per day, while Utah and Virginia experienced small increases of 0.01 and 0.02. Despite statistical significance, these effect sizes are so small in magnitude that they are not substantively meaningful. (The analysis excluded West Virginia.)

DCM-F/RP also had mixed effects on Federal reimbursement costs. The percentage of lunches served for free increased in all relevant States new to DCM, while the percentage of breakfasts served for free increased in some States and decreased in others. The percentage of lunches and breakfasts served at reduced price also decreased in some States and increased in others, a result of the aforementioned movement of students across eligibility categories. Because of these changes, States experienced correspondingly mixed results in Federal reimbursement outcomes, both in reimbursements per student per day and the blended reimbursement rate. For the NSLP, reimbursement per student per day in Florida dropped $0.13, while in Nebraska and Utah, it rose $0.03 and $0.02, respectively. The blended reimbursement rate for NSLP saw corresponding changes. For the SBP, Massachusetts and Florida experienced decreases in reimbursements per student per day of $0.06 and $0.04, respectively, while the three States new to DCM experienced significant increases of $0.01 to $0.03. However, changes to the SBP blended reimbursement rate were mixed, decreasing in Florida and Virginia and increasing in Nebraska by similarly small amounts.

Implementation was generally successful, but timelines were longer than expected as States overcame the complexities of conducting data matches. Only two participating States, Florida and Nebraska, were able to conduct their first data match prior to the start of the school year. Others faced challenges developing data sharing agreements between State Medicaid agencies and SAs, identifying relevant Medicaid eligibility categories, developing matching algorithms, adjusting certification and reporting protocols, troubleshooting errors in the matching process, and addressing school district-level issues involving point-of-service systems.

State administrative costs were modest, with the majority associated with startup costs. Total reported administrative costs related to DCM-F/RP in SY 2016-17 ranged from $12,576 in West Virginia to $256,708 in California. In all but one State, startup activities accounted for 80 percent or more of total costs. In all States, the State Medicaid agency incurred the majority of costs as opposed to the SAs. In most cases, after States conducted the first match, ongoing costs dropped to zero before the end of the school year, suggesting little to no cost associated with long-term maintenance after the baseline investment.

For More Information

Hulsey et al. (2019). *Direct Certification with Medicaid for Free and Reduced-Price Meals (DCM-F/RP) Demonstration, Year 1.* Prepared by Mathematica Policy Research, Contract No. AG-3198-K-16-0042. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Project Officer: Conor McGovern. Available online at: the FNS research and analysis page.