Food and Nutrition Service Janaury 2015

EVALUATION OF DEMONSTRATIONS OF NATIONAL SCHOOL LUNCH PROGRAM AND SCHOOL BREAKFAST PROGRAM DIRECT CERTIFICATION OF CHILDREN RECEIVING MEDICAID BENEFITS: YEAR 1 REPORT (SUMMARY)

Background

The Healthy, Hunger-Free Kids Act of 2010 (HHFKA; P.L. 111-296) directed the U.S. Department of Agriculture's Food and Nutrition Service to conduct a demonstration that directly certifies students for free school meals based on income eligibility identified through Medicaid data. Under the Direct Certification with Medicaid (DC-M) demonstration, students are eligible for free meals if they are (1) enrolled in Medicaid and (2) in households with Medicaid gross income not exceeding 133 percent of the Federal poverty level for their household size. Other students in a household with a child who meets these criteria can also be directly certified for free meals under DC-M.

Methods

The study measured the impact of DC-M on participation and costs in school year 2012-2013, projected these impacts nationwide, and identified the challenges that States and districts face in implementing DC-M. The five States that participated in the first year of DC-M were Florida, Illinois, Kentucky, Pennsylvania, and New York City (New York City was considered a State for the first year of the study). In three of these States — Florida, Illinois, and New York City — districts were randomly assigned to either a treatment group, which implemented DC-M, or a control group, which did not. These three States were used to measure the impacts on certification, participation, and Federal reimbursement costs. All five States were included in the evaluation of State administrative cost and challenges.

Findings

New York City was the only State to fully implement DC-M at the beginning of the school year and to demonstrate significant impacts on certification for school meal benefits. DC-M increased the percentage of students directly certified to receive free meals by 7 percentage points in New York City **(Table 1).** The impact on the total percentage of students certified for free meals in New York City is smaller (almost 6 percentage points) because some of the students directly certified under DC-M would have been certified by application for free meals in the absence of DC-M. For the pooled districts, the impact on the percentage of students directly certified was less than 2 percent. Illinois reported partial implementation of DC-M for some treatment districts when certification impacts were measured in October. Florida is not included in the certification analysis because Florida did not start DC-M until February.

Table 1. Direct Certification with Medicaid Impacts on Certification

State	Percentage of students					
	Directly certified			Certified for free meals		
	DC-M districts	Districts without DC-M	Differ-ence	DC-M districts	Districts without DC-M	Differ-ence
IL[a]	22.7	22.2	0.5	37.1	37.2	-0.1
NYC	45.6	38.5	7.1*	52.8	47.2	5.6*
Pooled districts	**26.0**	**24.5**	**1.5***	**39.4**	**38.6**	**0.7**

[a]Partial implementation of DC-M.
*Impact is significant at the 0.05 level.

DC-M increased the percentage of lunches served for free by almost 2 percent **(Table 2).** For the pooled districts, nearly 65 percent of lunches were served for free in districts conducting DC-M compared to 63 percent of lunches served for free in districts without DC-M. DC-M had no statistically significant impact on the National School Lunch Program (NSLP) participation rate in any of the three random assignment States.

The impacts of DC-M on reimbursement cost varied across the States. Illinois and the pooled sample of districts showed significant impacts on reimbursement cost while the impacts in New York

City and Florida were not significant **(Table 3)**. DC-M impacted the reimbursement rate per meal served by 3 cents for lunch and 4 cents for breakfast for the pooled sample of districts. The impacts in Illinois were 7 cents per lunch and 3 cents per breakfast.

Table 2. Direct Certification with Medicaid Impacts on Certification

State	Participation rate			Percentage of lunches served for free		
	DC-M districts	Districts without DC-M	Differ-ence	DC-M districts	Districts without DC-M	Differ-ence
FL	54.5	55.2	-0.7	69.8	69.7	0.0
IL	51.3	50.7	0.7	57.0	52.9	4.1*
NYC	45.1	44.2	0.9	80.6	79.4	1.2*
Pooled districts	**52.3**	**52.3**	**0.0**	**64.7**	**62.8**	**1.9***

*Impact is significant at the 0.05 level.

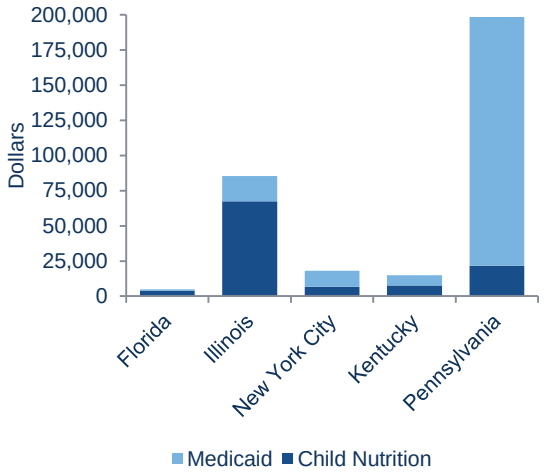
Table 3. Direct Certification with Medicaid Impacts on Reimbursement Rate

State	Reimbursement rate (dollars) per meal					
	NSLP			SBP		
	DC-M districts	Districts without DC-M	Differ-ence	DC-M districts	Districts without DC-M	Differ-ence
FL	2.33	2.33	0.00	1.63	1.59	0.05
IL	1.92	1.85	0.07*	1.56	1.53	0.03*
NYC	2.58	2.57	0.01	1.56	1.53	0.03
Pooled districts	**2.17**	**2.13**	**0.03***	**1.60**	**1.56**	**0.04***

*Impact is significant at the 0.05 level.

The total cost of implementing DC-M (over and above other direct certification costs) at the State level in Year 1 was approximately $322,000 across the five demonstration States. Costs varied widely by State, as did the proportion of costs incurred by the Medicaid agency **(Figure 1)**. Pennsylvania incurred the highest amount of costs due to the Medicaid agency paying for a data systems contractor to add Medicaid data to their existing direct certification process. Most State administrative costs were start-up costs. In particular, more than 85 percent of costs were start-up costs in Florida, New York City, and Pennsylvania. Start-up costs were 66 percent of the total cost for Illinois and 51 percent for Kentucky.

Figure 1. State Administrative Cost of Direct Certification with Medicaid by Agency



States encountered challenges while planning and preparing for DC-M. Key challenges reported by States include difficulties with staff availability or turnover, understanding Medicaid agency timelines for systems changes, and developing specifications for creating the initial DC-M eligibility file**.** These challenges resulted in delays in implementation in some States.

Key Considerations

The report's findings should be considered preliminary because they reflect only the first year of implementation, for which full data are not available. A report of findings from Year 2 of the DC-M demonstration is forthcoming and will provide a comprehensive picture of implementation.

For More Information

Hulsey, L., Gordon, A., Leftin, J., et. al (2014). Evaluation of Demonstrations of National School Lunch Program and School Breakfast Program Direct Certification of Children Receiving Medicaid Benefits: Year 1 Report. Prepared by Mathematica Policy Research, Contract No. AG-3198-B-12-0006. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Project Officer: Allison Magness. Available online at: www.fns.usda.gov/research-and-analysis.