

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



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

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

January 27, 2016

SIGNIFICANT DEMONSTRATION DATES	
February 2016	Webinar/Conference call with interested State agencies
March 1, 2016	Notice of Intent to Apply due to FNS
April 15, 2016	Applications for participation in demonstrations beginning SY 2016-2017 due to FNS
May 2016	Notifications to State agencies of selection/non-selection
May/June 2016	Technical assistance webinars with selected NSLP State agencies and partnering Medicaid agencies
July 1, 2016	SY 2016-2017 demonstrations begin
September 15, 2016	Applications for participation in demonstrations beginning SY 2017-2018 due to FNS
October 2016	Notifications to State agencies of selection/non-selection
October/November 2016	Technical assistance webinars with selected NSLP State agencies and partnering Medicaid agencies
July 1, 2017	SY 2017-2018 demonstrations begin

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A. INTRODUCTION AND AUTHORITY

Under the administrative pilot authority in Section 18(c) of the Richard B. Russell National School Lunch Act (NSLA), beginning in school year (SY) 2016-2017, the USDA Food and Nutrition Service (FNS) will conduct new demonstrations to evaluate direct certification with Medicaid in the National School Lunch Program (NSLP) and School Breakfast Program (SBP). Because direct certification has the potential to improve student access to school meals, reduce administrative burden for schools and local educational agencies (LEAs), and improve certification accuracy, FNS will conduct the new demonstrations to evaluate the impact of using Medicaid data to directly certify students for both **free and reduced price** meal eligibility. In addition, FNS will assess the impact of recent changes in the Medicaid eligibility determination process, as implemented in January 2014, on the ability of State agencies to identify and directly certify children eligible for free and reduced price meals.

Under the new demonstrations, FNS will evaluate—

- the potential of direct certification with Medicaid to enroll children who are eligible for both free and reduced price school meals but are not currently certified to receive meals;
- the potential of direct certification with Medicaid to directly certify eligible children who are currently enrolled for free or reduced price school meals based on a household application; and
- the effect of direct certification with Medicaid on Federal costs and participation in the school lunch and breakfast programs.

State agencies that administer the NSLP and SBP are invited to apply to participate in these new demonstrations to evaluate direct certification with Medicaid. Because FNS recognizes the challenges and time needed to establish data-sharing agreements and implement system changes so that data matching can begin, this Request for Applications (RFA) offers State agencies two application opportunities—

- Applications are due by **April 15, 2016**, for demonstrations beginning in school year (SY) 2016-2017; and
- Applications are due by **September 15, 2016**, for demonstrations beginning in SY 2017-2018.

FNS expects to offer additional application opportunities in future years. Decisions to offer additional application opportunities will depend on outcomes in the previous demonstration years, as well as the operational readiness of additional States/LEAs to participate. The following information provides details about the demonstrations and application process.

B. BACKGROUND

Since school year 2012-2013, under demonstration authority in Section 9(b)(15) (as amended by the Healthy Hunger-Free Kids Act of 2010—HHFKA) and Section 18(c) of the NSLA, FNS has conducted demonstration projects to evaluate the use of Medicaid data to directly certify children for school meal benefits. The existing demonstrations are limited to direct certification for free school meals, and do not include identification of students eligible for reduced price meals.

Existing Demonstration Categories (Beginning SY 2012-2013 and Ongoing)

Under existing demonstrations, children are identified as eligible for free school meals if they receive Medicaid, or live with a child who receives Medicaid, and have family income, as measured by the Medicaid program, that does not exceed **133 percent** of the Federal Poverty Level (FPL) before expenses and disregards are applied. These demonstrations are being conducted in the following categories, only for free school meals:

1. **DCM1 (Selected LEAs):** Under the demonstration authority in Section 9(b)(15) of the NSLA, as amended by the Healthy, Hunger-Free Kids Act of 2010, FNS is conducting demonstration projects in specific selected LEAs in five States—California, Florida, Illinois, Massachusetts, and New York. Current DCM1 projects are conducted in selected LEAs that collectively serve approximately ten percent of students certified for free and reduced price meals nationwide.¹
2. **DCM2 (Statewide):** Under the standing pilot authority in Section 18(c) of the NSLA, FNS is conducting demonstrations to evaluate the impact of statewide projects in Kentucky and Pennsylvania.
3. **Other Proposed Projects:** State agencies were allowed to propose projects to conduct matching with Medicaid in LEA groupings other than those described in DCM1 and DCM2 or to estimate “identified student percentages” (percent of students certified for free meals through means other than individual household applications) to establish schools’ eligibility and claiming percentages for the Community Eligibility Provision (CEP). In the third year of the projects, four states—Florida, Illinois, Massachusetts, and New York—were approved to conduct direct certification with Medicaid in specific selected LEAs under DCM1 and to conduct matching with Medicaid for CEP and direct certification purposes in other LEAs across their States.

Study reports from the existing demonstrations are available at: <http://www.fns.usda.gov/school-meals/child-nutrition-programs/reports-all>.

Medicaid Income Eligibility Changes

In January 2015, USDA published a report to detail the Year 1 evaluation findings² for the existing demonstrations. The report indicates that the changes in Medicaid eligibility determination implemented in January 2014, as a result of the Patient Protection and Affordable Care Act of 2010, have the potential to “enhance opportunities to use Medicaid data to directly certify students for school meals.” Key changes that could have impact on direct certification using Medicaid data include the following.

¹ HHFKA provides for conducting demonstrations in selected LEAs that collectively serve specified percentages of students certified for free and reduced price meals: 2.5 percent in school year 2012-2013; 5 percent in 2013-2014; and 10 percent in 2014-2015.

² USDA Study, “Evaluation of Demonstrations of National School Lunch Program and School Breakfast Program Direct Certification of Children Receiving Medicaid Benefits: Year 1 Report,” January 2015, <http://www.fns.usda.gov/sites/default/files/ops/NSLPDirectCertificationMedicaidYr1.pdf>;

1. While the Medicaid changes raised the minimum family income eligibility standard for children ages 6-18 from 100 percent of the FPL to 133 percent, most States have set Medicaid income standards that are significantly higher than 133 percent FPL, and thus, significantly higher than the 130 percent FPL standard for free meal eligibility in the NSLP. As a result, there is greater potential to use Medicaid data to directly certify for both free and reduced price school meals. Refer to individual State profiles and Medicaid income standards at: <http://medicaid.gov/medicaid-chip-program-information/by-state/by-state.html>.
2. Changes in the financial criteria used for Medicaid eligibility determinations eliminated the various State-specific income exclusions or disregards formerly used and made the family income calculation more consistent nationwide for most individuals who qualify for Medicaid.
3. The definition of a “household” is based on the tax filing unit, which may differ from the household composition under prior rules and be more consistent nationwide.

In addition, Medicaid State agencies across the nation implemented information system changes to reflect the eligibility determination policy changes. These policy and system changes may increase potential for identifying children eligible for both free and reduced price meals, thus improving program access and certification accuracy. FNS intends to evaluate this potential by establishing additional demonstrations to test direct certification for both free and reduced price meals using Medicaid eligibility data.

C. DEFINITIONS USED FOR THE NEW DEMONSTRATIONS

1. **Medicaid Program**

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 children in families with higher incomes.

2. **Eligible Child**

For the purpose of these demonstrations, an eligible child is one who—

- receives, or lives in the household (as defined in 7 CFR 245.2) with a child who receives, medical assistance under the Medicaid program; and
- is a member of a family with an income, as measured by Medicaid, *before the application of any expense, block or disregard* (as defined in paragraph 3 below) that does not exceed the NSLP’s family income eligibility standards—
 - **Free school meal eligibility**, 130 percent of the FPL for the family size used by Medicaid;
 - **Reduced price school meal eligibility**, 185 percent of the FPL for the family size used by Medicaid.

3. **Family income as measured by Medicaid, before the application of any expense, block, or other disregard**

Under the 2014 Medicaid changes, household policies and the methodology for measuring family income became consistent nationwide for most Medicaid categories. Household income for most categories covering children now is defined as the sum of the Modified Adjusted Gross Income (MAGI)—basically following Internal Revenue Service code—for every individual included in the child’s household, as determined for Medicaid eligibility purposes. However, a few Medicaid categories serving school age children still use the policies in place prior to 2014 for determining family income, such as categories for certain disabled children. For the purpose of the demonstrations, we will refer to Medicaid categories as “**MAGI**” or “**non-MAGI**.” State agencies should consult their Medicaid State agencies for further information about these categories in their individual States, as the non-MAGI groups may vary by State.

- **MAGI categories:** For the Medicaid categories where the MAGI calculations for household income apply, all States follow the same disregard policy—a **five percent of FPL** disregard is applied for the applicable family size **only if** household income before the disregard is greater than the highest applicable income standard. States are not allowed to apply any other expense, block or disregard to the final calculated MAGI income amount. For the purpose of the direct certification demonstrations, “family income as measured by Medicaid, before the application of any expense, block or disregard” is defined as the MAGI calculated for the family before application of the five percent of FPL disregard.
- **Non-MAGI categories:** For the non-MAGI categories, States still use the pre-2014 family income calculation rules where expenses, blocks and disregards still vary by State. For these categories that involve very few children, “family income as measured by Medicaid, before the application of any expense, block or disregard” is defined basically as the family’s gross income before the State applies any expense, block, or other disregard to reduce the family income.

D. KEY DEMONSTRATION POLICIES

For the school year beginning July 1, 2016, and each subsequent school year, LEAs participating in the demonstration projects will directly certify eligible children, **as defined in Section C - Definitions**, for free and reduced price lunches and breakfasts under section 9(a)(1)(A) of the NSLA and section 4(e)(1)(A) of the Child Nutrition Act of 1966. It is important for State agencies and LEAs to understand the following key policies and procedural requirements during the demonstrations.

1. Under the new demonstrations, participating States must conduct direct certification for both free and reduced price meals in every LEA participating in the project.
2. Households with eligible children directly certified for free or reduced price meals based on Medicaid data 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.
3. Due to differences in household definition and income assessments between programs, some children directly certified for reduced price meals through Medicaid matches may

have been eligible for free meals if the household had applied. Demonstration States must ensure that households with children directly certified for reduced price meals receive notice of the income level used and be offered the opportunity to apply if their income, based on NSLP eligibility policies, is within the limit for free meals (using the NSLP’s current income eligibility guidelines).

4. Children meeting the “eligible child” definition for free school meal eligibility under the demonstrations with Medicaid are not considered categorically eligible for free school meals since they must meet an income standard as a factor of eligibility. Under the demonstrations, children may be directly certified only via an automated data matching process with Medicaid eligibility records. Children must not be certified based on the family providing a Medicaid case number or a letter from the Medicaid agency. Also, remember that categorical eligibility policies do not apply to certification for reduced priced meals under any circumstances.
5. Students already certified for free or reduced price meals based on an application or direct certification with another program must not be negatively impacted by the match with Medicaid data. States that choose to apply for demonstrations to directly certify children for free and reduced price meals must build in safeguards at both the State and LEA/local levels to ensure that—
 - children already certified for free meals through the application process or directly certified for free meals through other means-tested programs or other conditions (foster care, migrants, runaways, homeless, etc.) are not changed from free to reduced price or full price meals based on the Medicaid match; and
 - children already certified for reduced price meals through the application process are not changed to full price meals based on the Medicaid match.
6. Increasing the number of direct certifications for free school meals via matching with Medicaid has a direct impact on a school’s/district’s identified student percentage (ISP) under the Community Eligibility Provision (CEP). However, direct certifications for reduced price meals will not impact the ISP, since the ISP is the percentage of students certified for free meals without an application.
7. Most children receiving Medicaid and having family income at or below 130 percent of the FPL standard also receive Supplemental Nutrition Assistance Program (SNAP) and/or Temporary Assistance for Needy Families (TANF) benefits, as well as other program benefits that convey eligibility to be directly certified for free school meals. In collecting data for Federal reporting, direct certifications/matches should be identified as Medicaid only when the child is not already directly certified/matched based on receipt of benefits in another program. For example, if a child is already directly certified for free meals through SNAP data and then is identified as eligible to be directly certified based on Medicaid data, the SNAP direct certification takes precedence for reporting purposes and should not be re-categorized as a Medicaid match.

E. CATEGORIES FOR NEW DEMONSTRATIONS

To distinguish the new direct certification demonstrations from existing demonstrations for study purposes, FNS is assigning new category descriptions to the new demonstrations. State agencies

already participating in the existing projects may continue their current demonstrations without further application. However, these States must submit applications to participate in the new demonstrations if they are interested in conducting direct certification for both free and reduced price meal eligibility in any or all of their LEAs. The new demonstration categories are as follows.

1. Category DCM-F/RP: Direct Certification with Medicaid for Free and Reduced Price Meals

State agencies may apply to conduct direct certification with Medicaid for both free and reduced price school meals in a portion of the LEAs within their State or on a statewide basis. This category applies to States that are not approved to participate in existing demonstrations that started prior to SY 2016-2017. It also applies to States that are participating in existing demonstrations but want to conduct direct certification for both free and reduced price meal eligibility in all or a portion of their LEAs.

In the new demonstrations, direct certification using Medicaid data is limited to children who are members of families with income that does not exceed the following NSLP income standards—

- **Free** school meal eligibility, 130 percent of the FPL for the family size used by Medicaid; and
- **Reduced price** school meal eligibility, 185 percent of the FPL for the family size used by Medicaid.

Refer to *Section C-Definitions* for additional eligibility and family income information.

2. Category DCM-OT2: Other Proposed Projects, Phase 2

State agencies may propose to conduct demonstrations to test direct certification with Medicaid to reach additional eligible children for free and reduced price meals with variations other than the category described in #1 above. For example, 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 income can be identified accurately in the Medicaid eligibility records. State agencies are welcome to propose alternative approaches to demonstrate and evaluate other aspects of direct certification with Medicaid.

F. SCOPE, TECHNICAL ASSISTANCE AND TIMING FOR DEMONSTRATIONS

Scope

FNS expects to approve approximately five new States (those not participating in existing demonstrations) to begin demonstrations in SY 2016-2017, with more States to be added to the demonstrations in SY 2017-2018 and future years. In addition, States that are participating in existing demonstrations may be approved to conduct direct certification for both free and reduced price meal eligibility in all or a portion of their LEAs. The application process may be repeated to add States/LEAs to the demonstrations in subsequent school years, depending on the demonstration evaluation results and the operational readiness of additional States to implement the demonstrations.

States and LEAs that are selected to 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 incorporate changes resulting from impact and lessons learned in the previous years' projects.

IMPORTANT: Some State Medicaid agencies are still in the process of updating their information systems to incorporate the 2014 policy changes and may not yet have the resources or capability in their eligibility databases to accurately identify family income before the application of the five percent disregard for MAGI categories, or before the application of expenses, blocks or other disregards for non-MAGI categories. The level and granularity of the income data entered in the Medicaid automated eligibility systems may significantly impact the State agency'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 State agencies should work closely with their State Medicaid partner agency to determine their combined capacity for conducting successful direct certification demonstration projects.

Technical Assistance

FNS, in coordination with the Centers for Medicare and Medicaid Services (CMS), will provide technical assistance via webinar and calls with State agencies interested in applying to participate in the demonstrations. FNS and CMS also will work together to provide focused technical assistance to each selected State agency (including NSLP and its partnering Medicaid agency) to help ensure its readiness to begin and maintain the demonstration project. Technical assistance will be in the form of webinars, conference calls, and site visits, as appropriate, to ensure quality and accuracy in preparing for and carrying out the demonstration projects.

Timing

The direct certification with Medicaid demonstration and evaluation projects will begin for State agencies selected to participate as follows.

- State agencies selected for SY 2016-2017 demonstrations will begin directly certifying students no earlier than the school year beginning July 1, 2016, but may start at any point during SY 2016-2017 that the applicant State agency demonstrates readiness (i.e., data sharing agreements in place, software/system changes completed, etc.) and receives FNS approval to begin; or
- State agencies selected for SY 2017-2018 demonstrations will begin directly certifying students no earlier than the school year beginning July 1, 2017, but may start at any point during SY 2017-2018 that the State agency demonstrates readiness and receives FNS approval to begin.

G. STUDY AND EVALUATION OF DEMONSTRATION PROJECTS

Participating State agencies must cooperate in reporting data concerning the impact of the demonstrations on application, certification and participation in the school meals programs. Data already collected for other program purposes will be used to the extent possible to evaluate

project impact. However, additional reporting may be required in order to evaluate project outcomes and estimate the impact of the Medicaid eligibility changes on—

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

Participating State agencies will be expected to provide FNS (or designated contractors) access to NSLP and Medicaid data that is necessary for completion of the evaluation study, such as certification and participation data. To the extent possible, FNS will conduct analysis and evaluation using data already collected and maintained at the LEA and State levels for other administrative purposes. Data may be requested prior to the start of the demonstration to determine a baseline. The information collected will be used for creating summary reports that do not disclose the identity of students and households participating in the study.

H. REQUIREMENTS AND CONSIDERATIONS FOR DEMONSTRATION PROJECT PARTICIPATION

1. Agreements with Medicaid State Agencies

Prior to beginning the matching process with Medicaid eligibility records and student enrollment data, State agencies selected to participate in demonstration projects for SY 2016-2017 or SY 2017-2018 must have an agreement in place with the State agency that conducts eligibility determinations for Medicaid. The agreement must establish the procedures under which all children enrolled in NSLP schools will be matched to Medicaid eligibility data and the procedures under which an eligible child will be certified for free or reduced price 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.

2. Centers for Medicare and Medicaid Services Support

FNS has worked with 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 and FNS will provide coordinated technical assistance to both the NSLP and Medicaid State agencies to help ensure that States selected to conduct the demonstrations are prepared to carry out successful projects.

3. 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 demonstrated understanding and willingness of the NSLP State agency (including LEAs) and its partnering Medicaid agency to comply with requirements of the demonstration project, as described in this RFA and committed to in the demonstration project application.
- The applicant State agency's current direct certification rate with SNAP, as published in the latest Direct Certification Report to Congress at: <http://www.fns.usda.gov/school-meals/child-nutrition-programs/reports-all>.
- The feasibility of matching data between States/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? Will system changes be ready in time for the targeted SY start date?).
- 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 130 or 185 percent FPL standards, estimate of number of eligible students that would be reached by the demonstration project).

4. 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 template in *Appendix B, Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid*.
- Have the ability through an automated information system to assess MAGI (before application of the five percent disregard) and non-MAGI family income (before the application of any expense, block, or other income disregard), as applicable, and

identify family income meeting the 130 percent and 185 percent FPL standards for free and reduced price school meals.

- Establish appropriate data-sharing agreements with their partner State Medicaid agencies that will enable accurate identification of children eligible to be directly certified for free and reduced price school meals and maintain all federally mandated confidentiality and data security requirements. (See paragraphs 1 and 2 in this section.)
- Agree to provide FNS with access to all needed historical (archived) data and data collected and obtained throughout the demonstration, as needed. FNS 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 FNS in collecting the data necessary for the demonstration and providing it to FNS. The methodology and details for data collection will be provided to State agencies following selection for the demonstrations.

Although not required, in selecting States and LEAs for the SY 2016-2017 and SY 2017-2018 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 FNS 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 already have data-sharing agreements in place with their Medicaid agencies for matching student enrollment data with Medicaid eligibility data.

I. FUNDING

No Federal funds will be made available to State agencies specifically for the purpose of participating in the demonstration projects through this RFA. However, once selected for the demonstrations, administrative expenses associated with preparation for the demonstrations (i.e., staff, software updates) may be allowable costs under State administrative expense funds (SAE) and SAE reallocation funds. Also, State agencies applying/selected to participate in the demonstrations with Medicaid may pursue grant funding under the Direct Certification Improvement grant opportunity (if funds remain available) or Administrative Reviews and Training (ART) grants to fund costs of improving their direct certification processes to incorporate matching with Medicaid. Refer to the Direct Certification Improvement Grant opportunity posted on the FNS Child Nutrition Program’s grant website at: <http://www.fns.usda.gov/cnd/grants.htm>. FNS expects to release the 2016 RFA for ART grants in the spring of 2016.

J. TIMELINE

Table 1 shows the significant dates for the demonstration project implementation timeline.

Table 1. Timeline for Demonstration Projects	
SIGNIFICANT DEMONSTRATION DATES	
February 2016	Webinar/Conference call with interested State agencies
March 1, 2016	Notice of Intent to Apply due to FNS
April 15, 2016	Applications for participation in demonstrations beginning SY 2016-2017 due to FNS
May 2016	Notifications to State agencies of selection/non-selection
May/June 2016	Technical assistance webinars with selected NSLP State agencies and partnering Medicaid agencies
July 1, 2016	SY 2016-2017 demonstrations begin
September 15, 2016	Applications for participation in demonstrations beginning SY 2017-2018 due to FNS
October 2016	Notifications to State agencies of selection/non-selection
October/November 2016	Technical assistance webinars with selected NSLP State agencies and partnering Medicaid agencies
July 1, 2017	SY 2017-2018 demonstrations begin

K. 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 child nutrition 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 (see Table 1), contain all required information, and demonstrate the State agency's and LEAs' ability to meet the requirements of participation.

L. HOW TO APPLY

1. Notice of Intent to Apply

NSLP State agencies that are interested in applying to conduct a demonstration project within their State in either SY 2016-2017 or SY 2017-2018 should submit a "Notice of

Intent to Apply” to FNS on or before **March 1, 2016**, to indicate the State agency’s intent to apply and for which school year. This notice does not commit the State agency to apply; however, it will assist FNS in planning technical assistance and workload requirements for the selection and implementation of demonstration projects. Notices 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 A - Notice of Intent to Apply Template*. Potential applicants should send the notice to FNS by email.

State agencies should submit Notices of Intent to Apply as follows:

By email to: ATTN: Vivian Lees, at cnstatesystems@fns.usda.gov
Subject Line: Direct Certification Demonstrations with Medicaid – Notice of Intent to Apply – [State Name]

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 includes the following affirmations. (Letter of Commitment templates for both the NSLP State agency and partnering Medicaid agency are provided in *Appendix C - Letters of Commitment Templates*).

- Affirms the State agency’s commitment to the project; describes its role and responsibility in the project; identifies the State Medicaid agency and other public agency partners for the project; and
- Affirms that the State agency and LEAs (if applying for specific LEAs) are willing to devote the necessary time and effort to meet the requirements of the project at the State and LEA level.

- Medicaid State Agency’s Letter of Commitment

The applicant State agency must also submit, with its application, a letter of commitment from its partnering Medicaid State 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 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; and
- Affirms that the agency has the capacity to identify income (MAGI or non-MAGI as appropriate) used in the child’s Medicaid eligibility determination, before the application of expenses, blocks, or disregards, as described in *Section C–Definitions*.

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

3. Applications

Applications must include all information listed in Table 2. Failure to provide any item on the list could result in a State agency’s application being removed from consideration.

Table 2. Checklist for “Application to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid” Application Packet	
Required Documents and Information	Explanation
a) Application - Appendix B	Applicants must structure and develop their project proposal by answering all questions (1-15) in the application template in <i>Appendix B: 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) – Appendix C	<ul style="list-style-type: none"> • Letters of Commitment from the applicant State agency and the State Medicaid agency partner in the direct certification demonstration project. See <i>Appendix C: Letters of Commitment Templates</i>. • Copies of current data sharing agreement(s) between your State agency and the State agency administering the Medicaid program (if they exist).
c) Where to Send	<p>Send all required application documents by appropriate deadline (by <u>April 15, 2016</u>, to apply for demonstrations beginning in SY 2016-2017, or by <u>September 15, 2016</u>, to apply for demonstrations beginning in SY 2017-2018) to:</p> <p style="margin-left: 40px;">Email: ATTN: Vivian Lees cnstatesystems@fns.usda.gov</p> <p style="margin-left: 40px;">Subject Line: Direct Certification Demonstrations with Medicaid – Application to Participate - [State Name]</p>

M. 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 template (Appendix B). Unless otherwise noted, all requirements listed in *Section H.4, 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 H.4 will not be met, may 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

A Federal review panel, including FNS and CMS representatives, 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 in the initial two school years covered by the application dates announced in this RFA. FNS reserves the right to select States out of scoring order to facilitate the demonstration evaluation.

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 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 a partnership with its Medicaid State 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 NSLP agency and the State Medicaid agency 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 data matching in SY 2016-2017. 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.

- **50 points -- Capacity to Conduct Direct Certification with Medicaid for Free and Reduced Price Meals:** The State agency has fully described and documented its capacity to conduct direct certification activities with the Medicaid agency successfully between the State agency, LEAs and Medicaid State agency. 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. The State's 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.
- **10 points -- Capacity and Commitment to Compiling and Reporting Evaluation Data:** The State agency (and LEAs, as appropriate) have fully described and documented their capacity and willingness to compile and report the necessary data for evaluation.

4. Selection and Notification

Approximately six weeks following each application date, FNS will finalize the selection of State agencies to participate in each of the proposed demonstration project categories (DCM-F/RP and DCM-OT2) for the appropriate school year and notify the applicant State agencies. Following notification, FNS will provide technical assistance and further guidance to selected State agencies to support them in their preparations to participate in the demonstration projects and evaluation activities.