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***CMCS Informational Bulletin***

**DATE:** February 12, 2016

**FROM:** Vikki Wachino  
Director  
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**SUBJECT: United States Department of Agriculture (USDA) Demonstration Project to Test Using Medicaid Enrollment to Qualify Children for Free and Reduced Price School Meals**

The Healthy Hunger-Free Kids Act of 2010 amended section 1902(a)(7) of the Social Security Act (the Act) to permit Medicaid agencies to enter into data-sharing agreements with state agencies that administer the National School Lunch Program and School Breakfast Program. These data-sharing agreements allow the state agencies to directly certify students to receive both free and reduced price school meals based on the child's Medicaid eligibility and verified income. Direct certification has the potential to improve student access to school meals, reduce administrative burden for schools and families, and improve certification accuracy.

On January 27, 2016, the USDA Food and Nutrition Service (FNS) issued a Request for Applications inviting state agencies that administer school meal programs to participate in a new demonstration project to evaluate the impact of direct certification for both free and reduced price school meals. Medicaid state agencies are key partners in these demonstrations, and CMS encourages Medicaid agencies to work with their state agencies in considering this opportunity.

Changes in Medicaid eligibility and processes since 2014, including the shift to using Modified Adjusted Gross Income (MAGI) and the presence of new or modernized eligibility systems in state Medicaid agencies, may increase the identification of children eligible for both free and reduced price meals. The new demonstrations will evaluate the potential of direct certification to enroll new children, certify currently enrolled children, and impact participation in the school lunch and breakfast programs.

Applications for the 2016-2017 school year must be received by FNS by April 15, 2016; and applications for the 2017-2018 school year must be received by FNS by September 16, 2016. States will be able to apply for funding to cover the associated project costs. Additional states will be able to apply to participate in the demonstrations in future years.

For purposes of these demonstrations, the Medicaid program is defined as both Medicaid under Title XIX and Medicaid expansion programs funded under Title XXI of the Act.

Direct certification will not be conducted with separate CHIP programs. To be eligible for direct certification under the demonstrations, a child must receive, or live in a household with a child who receives, medical assistance under the Medicaid program. The child must also be a member of a family with income, as measured by the Medicaid program before the application of the standard 5 percent MAGI disregard that does not exceed 130 percent of the Federal Poverty Level (FPL) for free school meals, and 185 percent of the FPL for reduced price school meals. For children who may be eligible for Medicaid on a non-MAGI basis, family income must be below the eligibility levels specified above, before the application of any expense, block, or disregard to reduce the family income.

State agencies that administer the school meals programs and are selected to participate in the demonstration projects must have an agreement in place with the partner Medicaid state agency before the data matching process begins. Under the HIPAA Privacy Rule [45 CFR 164.512(k)(6)(i)], the State Medicaid agency is permitted to share with the school meals program individually identifiable information related to Medicaid eligibility and enrollment, provided that the Medicaid agency only discloses the minimum amount of information needed to certify or verify the child's school meal eligibility.

State Medicaid agencies are encouraged to work with school meal administrators to streamline enrollment in these important nutrition programs. As part of the application process, Medicaid agencies must submit a letter of commitment with the state agency's application package, submitted to FNS. Medicaid agencies may also assist in the application process by submitting copies of current data sharing agreement(s) between the state agency and the Medicaid agency, if they exist, or establishing a data sharing agreement if one does not exist.

**For more information, contact:** Vivian Lees, Senior Technical Advisor, Program Monitoring & Operational Support Division, Child Nutrition Programs, USDA Food and Nutrition Service, [vivian.lees@fns.usda.gov](mailto:vivian.lees@fns.usda.gov).

FNS Public Website link to Memorandum SP 23-2016 and RFA attachments:  
<http://www.fns.usda.gov/request-applications-participate-new-demonstrations-evaluate-direct-certification-medicaid>