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***CMCS Informational Bulletin***

**DATE:** September 10, 2021

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**SUBJECT: United States Department of Agriculture (USDA) Demonstration Project to Evaluate Using Medicaid Eligibility Data to Directly Certify Children for Free and Reduced Price School Meals**

The purpose of this CMCS Informational Bulletin is to inform state Medicaid agencies that the USDA Food and Nutrition Service (FNS) is issuing a solicitation for participation in additional demonstration projects for states to evaluate the impact of using Medicaid eligibility data to directly certify students 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, but cannot be used to negatively impact any child already certified for the free and reduced meals program.

On July 29, 2021, FNS issued a Request for Applications inviting state agencies that administer school meal programs to participate in a demonstration project to evaluate the impact of direct certification for both free and reduced price school meals. USDA FNS issued previous opportunities for states to participate in direct certification demonstrations in 2012 and 2016. State Medicaid 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 beginning in 2014 as a result of the Patient Protection and Affordable Care Act (ACA; P.L. 111-148), including the shift to using Modified Adjusted Gross Income (MAGI) and the presence of new or modernized eligibility systems in state Medicaid agencies, have increased the identification of children eligible for both free and reduced price meals.<sup>1</sup> The new demonstrations will continue to evaluate the potential of direct certification to enroll new children, certify currently enrolled children, and impact participation in the free and reduced price school lunch and breakfast programs.

For purposes of these demonstrations, the Medicaid program is defined as both Medicaid under

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<sup>1</sup>“Evaluation of Demonstrations of National School Lunch Program and School Breakfast Program Direct Certification of Children Receiving Medicaid Benefits: Year 1 Report,” January 2015, available at <https://www.fns.usda.gov/evaluation-demonstrations-national-school-lunch-program-and-school-breakfast-program-direct>. Additional evaluations of the current demonstrations are available at: <https://www.fns.usda.gov/cn/evaluation-direct-certification-medicaid-free-and-reduced-price-meals> and <https://www.fns.usda.gov/nsfp/evaluation-direct-certification-medicaid-free-and-reduced-price-meals-dcm-ftp>.

Title XIX and Medicaid expansion programs funded under Title XXI of the Act. However, based on the statutory authority, 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 household income, as measured by the Medicaid program, 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 whose eligibility is based on MAGI, income is measured before the application of the MAGI standard 5 percent of FPL equivalent disregard. For children who may be eligible for Medicaid on a non-MAGI basis, family income is measured before the application of any expense, block, or other disregard.

Applications for the 2022-2023 school year must be received by FNS by September 30, 2021; and applications for the 2023-2024 school year must be received by FNS by September 30, 2022. 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.

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 state Medicaid agency before the data matching process begins. Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA; P.L. 104-191) Privacy Rule at 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. *See also* section 1902(a)(7) of the Act; 42 CFR 431.300, et seq. For example, the Medicaid agency could share with the state child nutrition agencies income information used to determine Medicaid eligibility necessary to evaluate a child for free or reduced lunch program, but could not share eligibility information for any Medicaid beneficiary not being evaluated for free and reduced school meals (e.g. an individual age 65 or over).

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.

More information on the Free and Reduced Price Meal Demonstrations is available at <https://www.fns.usda.gov/cn/direct-certification-medicaid-demonstration-project>. Questions regarding the Free and Reduced Price Meal Demonstrations can be directed to Rachel Bishop, Senior Assistant, Child Nutrition Division, USDA Food and Nutrition Service, at (703) 305-2950 or [rachel.bishop@usda.gov](mailto:rachel.bishop@usda.gov). Questions regarding Medicaid eligibility and data sharing protections can be directed to Sarah Lichtman Spector, Director, Division of Medicaid Eligibility Policy, at (410) 786-3031 or [sarah.spector@cms.hhs.gov](mailto:sarah.spector@cms.hhs.gov).