

## Background

To ensure program integrity, school districts must sample household applications certified for free or reduced-price meals, contact the households, and verify eligibility. This process (known as household verification) can be burdensome for both school officials and households. Direct verification uses information from certain other means-tested programs to verify eligibility without contacting applicants. Potential benefits include: less burden for households, less work for school officials, and fewer students with school meal benefits terminated because of nonresponse to verification requests. The Child Nutrition and WIC<sup>1</sup> Reauthorization Act of 2004 (P.L. 108-265) authorized direct verification with Medicaid and State Children's Health Insurance Program (SCHIP) data (DV-M) and required the Food and Nutrition Service (FNS) to evaluate its feasibility and effectiveness. Direct verification can also use data from the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), the Temporary Assistance for Needy Families (TANF) program, and the Food Distribution Program on Indian Reservations (FDPIR).

The first phase of the study evaluated pilot projects testing the feasibility and effectiveness of DV-M in School Year 2006–07 and SY 2007–08. The participating States were: Georgia, Indiana, Oregon, South Carolina, Tennessee, Washington, and Wisconsin. The evaluation of the DV-M pilots was completed and published in October 2009 (Logan et al., 2009). Results of both years showed that DV-M was feasible, effective, and saved time for households and school districts.

## Goals and Methods

This final report presents the results of the second phase of the evaluation. The goals were to: (1) share the results of the pilot evaluation with other States and help them explore the feasibility of implementing DV-M, and (2) discuss the feasibility of implementing DV-M in more States. It addresses the following questions:

1. To what extent are State Child Nutrition officials interested in implementing DV-M?
2. What are the barriers to the establishment of effective systems of DV-M?
3. How can FNS and the States make DV-M feasible to implement on a wider scale?

To gather information on these questions, the evaluation team conducted regional meetings and site visits to nine States. Respondents included State child nutrition agencies, Medicaid/SCHIP agencies, State and local educational agencies, and SNAP/TANF agencies. In these meetings, evaluation staff shared the results of the Direct Verification Pilot and discussed feasibility issues from the perspectives of the meeting participants. Evaluation staff followed up to clarify information and obtain updates. Information in this report is current as of June 2010.

## Findings

### Interest in and Readiness for Direct Verification with Medicaid

A total of 37 State child nutrition agencies have expressed some interest in DV-M, including 7 currently implementing, 6 more in development, 1 that has taken initial steps toward implementation, and 20 others that participated in meetings for this report. Generally, States' level of interest in implementing direct verification varies with their perception of its benefits, how well they understand the process, and the technical capabilities of their systems.

State Medicaid and SCHIP agencies control the data needed for DV-M. Factors that may affect the ease or difficulty of working with these agencies to implement DV-M include: integration of Medicaid with SCHIP and/or SNAP, whether SCHIP is needed to permit verification of all children eligible for free or reduced-price meals, and Medicaid/SCHIP agency resources and priorities.

### Barriers to DV-M and Potential Solutions

There are several potential barriers to DV-M:

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<sup>1</sup> WIC is the Special Supplemental Nutrition Program for Women, Infants, and Children.

1. ***Access to Medicaid and SCHIP data.*** DV-M requires identifiers and income data from Medicaid/SCHIP. P.L. 108-265 authorized sharing of this information as an option for States, but there is confusion about Federal policy, and State law may be more restrictive. The States visited for this report have sought to minimize the information shared by Medicaid and SCHIP and thus the potential issues of compliance with Medicaid and HIPAA<sup>2</sup> regulations. However, these approaches place the primary workload for DV-M within the State Medicaid agency or the SNAP/TANF agency, thus requiring the State child nutrition agency to provide funding to another agency.
2. ***Lack of a common identifier for matching student records and Medicaid/SCHIP records.*** This problem leads to missed matches and multiple matches to the same record. States use a variety of algorithms to maximize the number of accurate matches.
3. ***Available information technology infrastructure.*** States generally use existing systems for direct certification as the platforms for DV-M. These systems vary in how well they accommodate Medicaid/SCHIP data restrictions and the needs of both large and small local education agencies. Medicaid/SCHIP agencies vary in the ease of modifying their systems to accommodate DV-M.
4. ***Resources for implementation.*** DV-M requires funding and expertise. FNS grants have played a key role in supplementing limited State resources. Available sources of expertise include: hiring staff or contractors, information-sharing among States, and meetings and presentations sponsored by FNS as part of this evaluation.

## Conclusion

State officials believe that to make direct verification more widely used, Federal rules governing exchange of Medicaid/SCHIP eligibility and other data between agencies need to be further clarified. In addition, States want a guide to implementing direct verification, and they encourage FNS to continue its program of grants for this purpose.

FNS and the States have taken major steps in response to the mandate of the 2004 Reauthorization, which

enabled the use of DV-M to streamline the verification process and reduce its adverse consequences. By the fall of 2011, current information indicates at least 12 States will be using DV-M, and more may join them. The report concludes that implementing DV-M may become more challenging due to State budget crises and more restrictive Federal policies on access to Medicaid/SCHIP data. On the other hand, States now have several successful, effective models for DV-M.

Download full report at: <http://www.fns.usda.gov/ora/>

## References

Logan, Christopher, Cole, Nancy, and Hoaglin, David (2009). Direct Verification Pilot Study Final Report. Project Officer: Sheku G. Kamara, Ph.D., U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, Alexandria, VA.

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<sup>2</sup> The Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191).