Direct Verification Pilot Study

The Child Nutrition and WIC Reauthorization Act of 2004 permits direct verification of school meal applications based on data from the following means-tested programs:

Supplemental Nutrition Assistance Program (SNAP), formerly Food Stamp Program (FSP)

Temporary Assistance for Needy Families (TANF, subject to 1995 standards test)

Food Distribution Program on Indian Reservations (FDPIR)

Medicaid (including Title XIX and State Children's Health Insurance Program or SCHIP)

Contents

What Is Direct Verification?

Direct verification uses information collected by SNAP, Medicaid, and other means-tested programs to verify eligibility for free and reduced-price meals under the National School Lunch Program (NSLP).

School districts use direct verification at the beginning of the verification process, then send letters to households still needing verification.

Information from means-tested programs may be used to verify SNAP, TANF, or FDPIR case numbers submitted on school meal applications, and also to verify the eligibility status of children approved on the basis of income.

Direct verification has many potential benefits: enhanced program integrity; less burden for households when their eligibility is confirmed and no contact is needed; less work for school district staff; and fewer students with school meal benefits terminated because of nonresponse to verification requests.

This document summarizes guidelines for conducting direct verification and presents findings from a pilot study.

Direct verification should not be confused with direct certification, which uses SNAP, TANF, and FDPIR records to certify children for free meals without an application.

Guidelines for Direct Verification

FNS has provided the following guidance for direct verification (see list of FNS memoranda on last page):

- SNAP, TANF, or FDPIR eligibility confirms eligibility for free meals;

- Medicaid eligibility confirms eligibility for free meals in States with Medicaid income limits less than or equal to 133% of the Federal Poverty Guidelines (FPG);

- Family income and family size, or income as a percent of the FPG, according to Medicaid records, is needed to confirm eligibility for free or reduced-price (RP) meals in States with Medicaid income limits greater than 133% of the FPG.

Timing of data. The latest available information should be used from State SNAP, TANF, and Medicaid Agencies:

- Data should be obtained from a single month, no more than 180 days prior to the school meals application; *or*

- Data should be obtained from the month prior to application through the month that direct verification is conducted.

Matching NSLP applications to program data. An NSLP application is matched to program data when a student name and other identifying information from the NSLP application matches a record in the program data. Other identifying information may include date of birth, Social Security number (SSN), or address.

Using match results. When the eligibility of one child on an NSLP application is verified with SNAP, TANF, FDPIR, or Medicaid records, all children on that application are verified.

Direct verification may be used to confirm the eligibility status determined during certification, but may not be used to change eligibility from reduced-price to free or vice versa.

Why Use Medicaid Data for Direct Verification?

NSLP applications are directly verified by Medicaid data if Medicaid information on family income and family size is consistent with the NSLP approved category of benefits (free or RP).

Medicaid was authorized by Title XIX of the Social Security Act and is jointly funded by Federal and State governments. The program provides health insurance to specified categories of low-income persons, including children up to age 18. Income eligibility limits and rules for counting income vary from State to State.

State Children's Health Insurance Program-SCHIP. The Medicaid Program was expanded by creation of SCHIP in 1997, under Title XXI of the Social Security Act. SCHIP provides benefits to children in families that cannot obtain medical insurance, but have incomes too high to qualify for Medicaid. SCHIP operates as an optional expansion or supplement to State Medicaid Programs.

Income eligibility for Medicaid vs. NSLP. Children applying for Medicaid are determined income-eligible based on the countable income of the child's family, where family is defined by financial and blood relationships among persons living together. NSLP income eligibility is based on the countable income of the household, with household defined as all persons who reside in the economic unit. Nevertheless, FNS guidance (SP-32-2006, August 31, 2006) specifies that direct verification should use the family size and income as determined by Medicaid.

Direct Verification with Medicaid data (DV-M). In all States, the combined Medicaid/SCHIP income eligibility limit exceeds the SNAP limit (130% FPG). Thus, many children who cannot be directly certified with SNAP may be directly verified with Medicaid. In all but three States, the Medicaid/SCHIP eligibility limit is at or above 185% FPG, and children eligible for reduced-price meals are eligible for Medicaid and may be directly verified.

In 48 States, the maximum combined income eligibility limit for Medicaid and SCHIP is above the NSLP income limit of 185% FPG for reduced-price meals.

MAXIMUM COMBINED MEDICAID/SCHIP ELIGIBILITY LIMITS FOR SCHOOL-AGE CHILDREN

Maximum Medicaid/SCHIP Income Eligibility Limit as a Percent of Federal Poverty Guidelines
- At or above 185% FPG (48)
- Less than 185% FPG   (3)
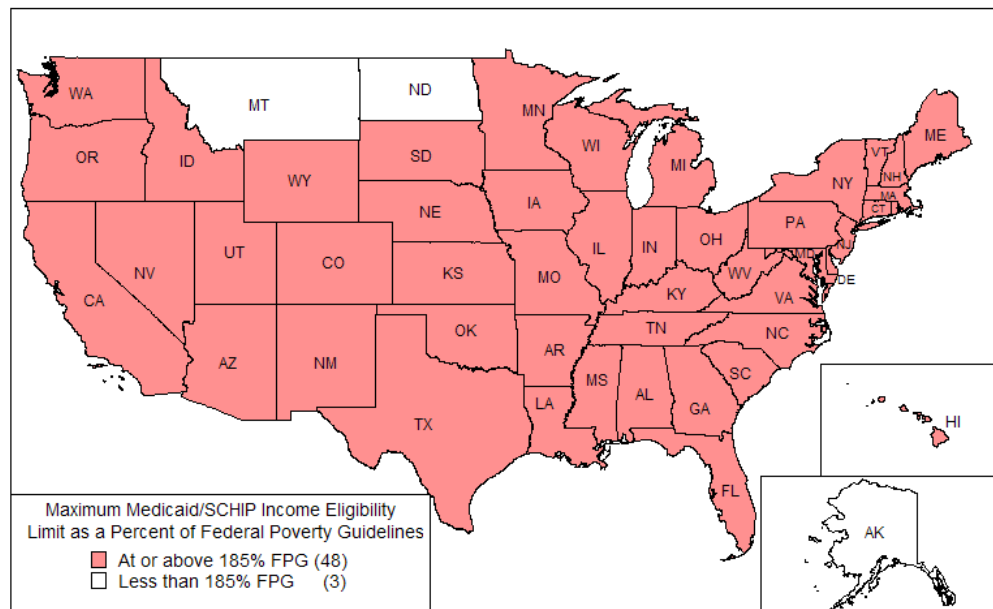
Data as of January 2008, except for SCHIP programs implemented later in 2008 in Louisiana and South Carolina. Source: Henry J. Kaiser Family Foundation, 2008.

Purpose of the Pilot Study

The Pilot Study evaluated the feasibility and effectiveness of direct verification with Medicaid data (DV-M) in School Year (SY) 2006-07 and SY 2007-08. The participating States were Georgia, Indiana, Oregon, South Carolina, Tennessee, Washington, and Wisconsin.

The study considered research questions related to DV-M implementation and effectiveness.

DV-M Implementation

- Is it feasible to use Medicaid information to directly verify eligibility for free and reduced-price school meals?

- What are the challenges for implementation, and how do they vary by State?

- What types of systems work in practice?

- What are the problems and prospects of implementing DV-M nationwide?

DV-M Effectiveness

- What percentage of school districts use DV-M?

- What percentage of school meals applications sampled for verification can be directly verified with Medicaid data?

- What do school districts think of DV-M? Is it easy? Is it useful? Will they use it again?

- Does DV-M result in fewer terminations of school meal benefits because of households that do not respond to verification notices?

- What are the potential cost savings from DV-M at the local level?

Five States volunteered to participate in SY 2006-07:

- *Indiana*
- *Oregon*
- *South Carolina*
- *Tennessee*
- *Washington*

Two additional States volunteered for SY 2007-08:

- *Georgia*
- *Wisconsin*

Study Design

The pilot study collected data from State and local agencies in each year of the study through the following activities:

- Meetings and followup with State Child Nutrition (CN) and Medicaid Agencies prior to DV-M implementation;

- Interviews with State CN Agencies after completion of verification;

- Interviews with State Medicaid Agencies (SY 2006-07 only);

- Surveys of 85 school districts in SY 2006-07 and 118 districts in SY 2007-08;

- Group telephone forums with 15 school districts in SY 2006-07; individual telephone interviews with 11 school districts in SY 2007-08.

Data collection from school districts. A random sample of districts was selected from each participating State in each year of the study.

Local Education Agency Survey – In States where DV-M was implemented, districts provided data about use of direct verification, number of applications directly verified, perceptions of DV-M experience, and staff time spent on verification activities. Districts also provided copies of NSLP applications that were directly verified.

Copies of NSLP applications from households not responding to verification – These applications were provided by districts in States that did not implement DV-M effectively in SY 2006-07. Researchers matched NSLP applications with Medicaid data.

The Direct Verification Pilot Study evaluated DV-M as implemented by four States in SY 2006-07, and by five States in SY 2007-08.

South Carolina did not implement in SY 2006-07.

Wisconsin and Oregon did not implement in SY 2007-08.

Preparations for Direct Verification With Medicaid Data (DV-M)

The States in the pilot reported three main steps to prepare for DV-M.

Most States should begin preparations for DV-M a year in advance, so they have enough time to establish data-sharing agreements with State Medicaid Agencies and to prepare for smooth implementation.

Meet With the State Medicaid Agency

These meetings were used to:

- Discuss Congressional authorization for DV-M;
- Discuss NSLP verification procedures;
- Determine data needs;
- Determine a method for providing Medicaid data to school districts.

Establish Data-Sharing Agreements

These agreements accomplish three main objectives:

- Define authority to use Medicaid data for NSLP verification;
- Provide assurances for the protection of confidential data;
- Specify the format for Medicaid data.

Implement DV-M at the State Level

- State CN Agencies disseminated information and/or provided training for school districts;
- Medicaid Agencies prepared and sent data to State CN Agencies;
- State CN Agencies prepared Medicaid data for distribution to school districts;
- Systems "went live" and provided access to Medicaid data.

Alternative Methods for DV-M

Four States demonstrated different methods for DV-M.

States adapted their direct certification systems for DV-M.

Indiana and Washington included SCHIP in DV-M, while the other States did not.

Oregon and South Carolina implemented DV-M, but their pilot systems are not recommended as models.

Acronyms

DV-S – Direct verification with SNAP/TANF data

DV-M – Direct verification with Medicaid data

SSN – Social Security Number

SEA – State Education Agency

Georgia: Online Query of Statewide Medicaid and SNAP/TANF Data

Georgia used an Internet-based system that already supported direct certification and DV-S. Districts queried both SNAP/TANF and Medicaid data, but SCHIP was not included. Student SSN was the primary identifier for searching.

Indiana: Online Query and File Match With Medicaid and SNAP/TANF Data

Indiana adapted its Web-based direct certification system to combine DV-S and DV-M. Districts used a form-based query to search for each NLSP applicant using student name and date of birth. SCHIP was included in the Medicaid data. Indiana districts could also upload their verification sample and download results of a match with SNAP/TANF and Medicaid data.

Tennessee: District-Level Look-Ups With Medicaid Data

Tennessee adapted its system for direct certification. The State CN Agency posted a Medicaid data file (excluding SCHIP) for each county on the SEA's secure Web site. Each school district downloaded the file for its county and manually searched for NSLP applicants using student SSNs.

Washington: State-Level Matching and District-Level Look-Ups

The State CN Agency matched Medicaid and SCHIP data with student records for all students in the State. Then the State created a file of Medicaid enrollees with State student ID numbers for each school district. These files were posted on the SEA's secure Web site. A district could search its file online or download it to sort and search locally. Searches used student name and date of birth, or State student ID number.

Keys to Successful DV-M Implementation

Several conditions help ensure successful implementation of DV-M.

Timeliness. Medicaid data should be available on or before October 1, when school districts begin the verification process.

Scope of Medicaid data. States should try to use data from Medicaid and SCHIP, where applicable, to maximize the number of NSLP applications that may be directly verified.

Ease of use. School districts are more likely to use systems that are easy, resulting in greater effectiveness.

Familiar interface. School districts are more likely to use DV-M if it uses an existing interface that they are already using for queries or data exchanges.

Enabling both queries and file matching. Small districts find it easiest to look up each NSLP applicant in a database of Medicaid children. Large districts can benefit from a file-matching process. A system that offers both capabilities meets the needs of all districts.

Integration with DV-S. Integration is desirable so that districts can easily use all data available for direct verification.

Active promotion. District participation depends on States making the case for DV-M and convincing school districts to try it.

Training and communication. School districts can benefit from interactive, live training and ongoing communication to prepare and motivate district verification staff.

Direct verification does not fundamentally change the way verification is done, it just adds a step at the beginning.

For best results, States should provide:

- *Medicaid, SNAP, and TANF data to districts prior to October 1*
- *a familiar and easy-to-use interface*
- *capability for queries and file matches*
- *active promotion and training.*

Challenges in the Pilot States

The pilot States experienced several challenges in implementing DV-M.

Data-sharing agreements. Indiana and South Carolina experienced delays in obtaining data-sharing agreements. Confidentiality of data was the key concern. Both States needed more than 4 to 6 months to complete negotiations.

Data problems. Three States experienced critical problems in their first year of implementation. Indiana and South Carolina experienced delays in obtaining Medicaid files, and the Indiana file was incomplete. In Oregon, Medicaid data were distributed in files that exceeded the maximum capacity of spreadsheet programs used by many school districts. As a result, districts searched incomplete data.

Match identifiers. Student name and either date of birth or SSN are key identifiers for matching with Medicaid data. Date of birth and SSN are not usually on the NSLP application and must be obtained from other student records. Oregon and Indiana added date of birth to the NSLP application as a solution to this problem.

Confusion about using DV-M. School districts in several States did not understand how or why to use Medicaid information for direct verification. Communication is a key challenge.

Ease of use. The DV-M systems in Georgia, Oregon, and South Carolina were not easy to use and presented a barrier to success.

Determining NSLP eligibility from Medicaid data. Indiana and Washington provided districts with an indicator of NSLP eligibility, based on Medicaid data. In Georgia and Tennessee, districts needed to review Medicaid income and family size, which was burdensome or confusing for some school districts.

Tennessee and Washington implemented DV-M without serious problems.

Georgia's DV-M approach was easy to implement but cumbersome to use.

Indiana had data problems in the first year but was successful in the second year.

Oregon, South Carolina, and Wisconsin met barriers that prevented implementation of successful, long-term solutions within the timeframe of the pilot study.

Effectiveness of DV-M

Many school districts saved time with DV-M:

- *"It cut my applications in half. So the number of letters I had to send out was reduced."*

- *"Saved dealing with at least 20% of families."*

- *"It simplified the process and verified 25% of our applications."*

- *"It helped our district with the nonrespondents."*

But some school districts had problems with the process:

- *"Problems with tech support."*

- *"We weren't sure how to use the program."*

- *"Did not receive the Medicaid list in time."*

Key measures of the effectiveness of DV-M are the percentage of districts using DV-M, the percentage of applications directly verified, and the cost impact. All results are from the random samples of districts selected for the study. Results from the second year (SY 2007-08) reflect more mature operations in Indiana, Tennessee, and Washington.

Did districts use DV-M? Among all districts selected for the study, the percentages using DV-M in SY 2007-08 ranged from 43% in South Carolina to 63 % in Tennessee (see graph).

Percentage of districts using DV-M, SY 2007-08
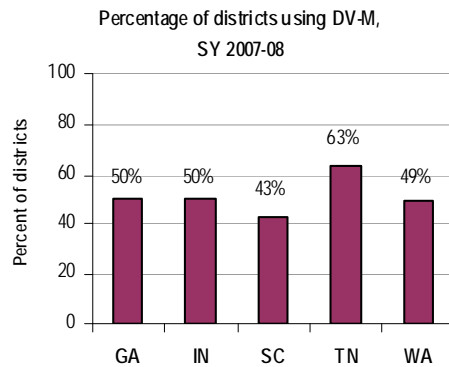
Common reasons why districts did not use DV-M were: staff did not understand that DV-M could be used to verify any application; insufficient resources; a low perceived payoff; and difficulty using the available method.

Larger districts were no more or less likely to use DV-M than smaller districts. Because only half of districts used DV-M, the level of district participation limited the potential effectiveness of DV-M from a statewide perspective.

What percentage of NSLP applications were directly verified with Medicaid data? Among districts that used DV-M, the percentage of sampled applications directly verified in SY 2007-08 was 2% in Georgia, 7% in

Percentage of applications verified with Medicaid by districts using DV-M, SY 2007-08
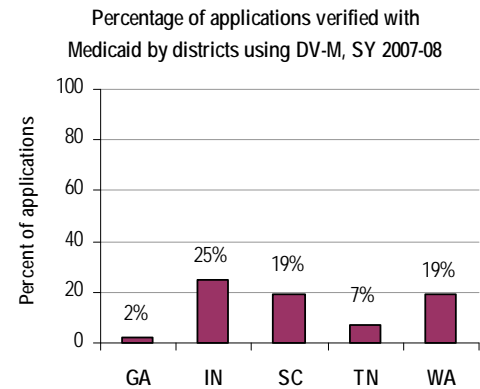
Tennessee, 19% in South Carolina and Washington, and 25% in Indiana.

DV-M was less effective in the States with low Medicaid income-eligibility limits (Georgia and Tennessee). States with higher Medicaid income-eligibility limits had rates of direct verification in the 19% to 25% range. Where DV-S was used, between 2% and 7% of applications were directly verified with SNAP/TANF, making DV-S less effective than DV-M except in Georgia.

Did DV-M reduce verification costs? DV-M required, on average, 6 minutes per sampled application. Use of DV-M increased verification effort for districts with no applications directly verified, but reduced the total effort for districts with directly verified applications. Based on the SY 2007–08 data, DV-M saves time if the district verifies one application in 13, or 8% of the sample. The average district using DV-M reached this break-even point in Indiana, South Carolina, and Washington.
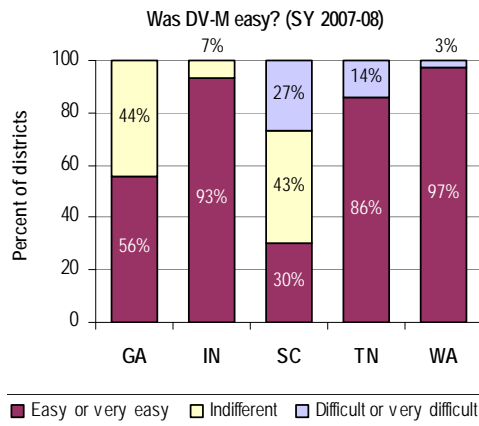
Can DV-M reduce nonresponse to verification? Nationwide, 32% of applications sampled for verification lose benefits due to nonresponse. In Indiana and South Carolina, 24% of nonresponder applications were matched with Medicaid data. The nonresponder match rate was 5% in Georgia and 9% in Oregon.

District Perceptions of DV-M

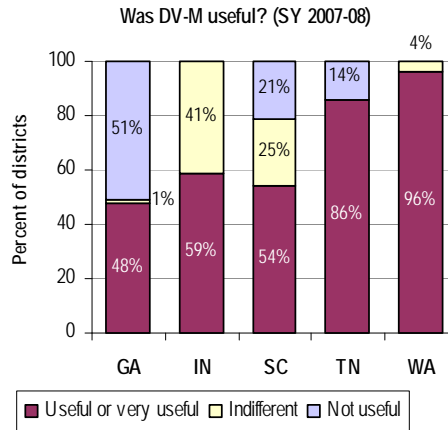School districts selected for the study were asked three questions about their experiences with DV-M.

Was DV-M easy? In SY 2007-08, 86% of districts or more in Indiana, Tennessee, and Washington found DV-M easy or very easy (on a scale of 1 to 5). In Georgia, 56% of districts rated DV-M as easy or very easy.

In South Carolina, only 30% of districts rated DV-M as easy or very easy. South Carolina districts had to compile a file of their verification samples, and they waited almost 2 months for results of the Medicaid match.

Was DV-M useful? (SY 2007-08)

Percent of districts — GA: 48% Useful or very useful, 1% Indifferent, 51% Not useful; IN: 59%, 41%; SC: 54%, 25%, 21%; TN: 86%, 14%; WA: 96%, 4%

Legend: ■ Useful or very useful ☐ Indifferent ☐ Not useful

Was DV-M easy? (SY 2007-08)

Percent of districts — GA: 56% Easy or very easy, 44% Indifferent; IN: 93%, 7%; SC: 30%, 43%, 27%; TN: 86%, 14%; WA: 97%, 3%

Legend: ■ Easy or very easy ☐ Indifferent ☐ Difficult or very difficult

Was DV-M useful? Districts in Washington were most likely to report that DV-M was useful or very useful (96%), followed by Tennessee (86%), Indiana (59%), and South Carolina (54%). About half of districts in Georgia rated DV-M as useful, while the rest did not. South Carolina had the second-highest percentage rating DV-M as not useful (21%).

Districts' views of DV-M were consistent with its effectiveness in Washington and Georgia. Ratings of usefulness in other States appeared to reflect views of the potential benefits and the difficulty of DV-M and household verification.

Will districts use DV-M next year?
In SY 2007-08, Indiana and Washington had easy-to-use systems and high success rates for DV-M. These States had the most districts planning to use DV-M in the next year: 78% in Indiana and 54% in Washington. About half of all districts in Georgia and Tennessee planned to use DV-M in the next year. Among districts in these four States that used DV-M, between 86% and 100% planned to use DV-M again.

South Carolina and Tennessee had the most districts that would not use DV-M the next year. In South Carolina, the implementation problems appeared to be the cause for this response. In Tennessee, the key issue was the low rate of direct verification.

Will you use DV-M next year? (SY 2007-08)
(Percent of all districts)

Percent of districts — GA: 49% Yes, 43% Not sure, 8% No; IN: 78%, 21%; SC: 20%, 68%, 12%; TN: 47%, 25%, 28%; WA: 54%, 45%

Legend: ■ Yes ☐ Not sure ☐ No

District perceptions reflected their success with DV-M:

- *"DV-M is easy and efficient, saves time."*

- *"Being able to directly verify rather than contact the family is much faster and easier."*

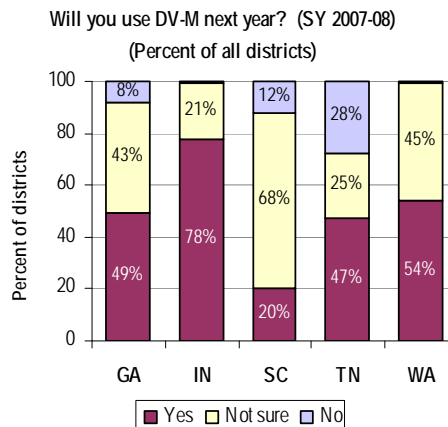- *"Less paperwork and quicker verification of applications."*

But even districts with no matches could see DV-M's potential:

- *"If we had found a match it would be very useful. We weren't able to, but I believe it has the potential to be very useful."*

- *"Hopefully we will be able to verify more applications with this method next year. It is much simpler than the traditional method."*

Recommendations for DV-M Planning

State CN agencies can successfully implement direct verification with careful planning and effective communications.

Begin a dialogue with your State Medicaid agency. Communicate the purpose of DV-M and data needs, and listen to Medicaid's data-sharing and confidentiality requirements. Remember that some Medicaid agencies may need time to modify their systems for capturing and sharing data for DV-M.

Determine feasible methods of providing Medicaid data to school districts. Consider the existing information technology infrastructure, the identifiers in student records and NSLP applications, and the requirements of the Medicaid agency. Extra planning and effort by the State to make DV-M easy can pay off with more districts using direct verification.

The pilot study demonstrated three basic models:

- Distribute data files to districts,
- Provide a Web-based query system, or
- Match NSLP and Medicaid data at the State level.

The file distribution method is easier for States to implement. The query method may be easier for districts to use, and it provides greater security for Medicaid data because users cannot "browse the data." Small districts find it easy to query for each NSLP application, but large districts find this time-consuming. Very large districts benefit from a file matching system, where they compile their verification sample in a file, and the file is matched by a State agency. The success of State-level matching for DV-M depends on the ease of compiling and uploading data for the NSLP verification sample, and on the turnaround time for matches.

Test the proposed system with actual data from verification samples, ***or implement it on a pilot basis,*** before statewide roll-out. The test would confirm whether the system is usable, whether the Medicaid data are complete, and whether DV-M and DV-S can be integrated. The test also will provide expected rates of DV-M that can be communicated to districts as a way of building interest in direct verification.

Distribute information and conduct training. Be sure to emphasize the similarities and differences between direct verification and direct certification so that both processes will be used properly.

And finally, ***get the word out!*** Direct verification can only be successful if districts use it. The pilot study showed that school districts appreciated and responded to clear, ongoing, and enthusiastic messages from their State agencies.

We're on the Web!
Download the *Direct Verification Pilot Study Final Report* at:
http://www.fns.usda.gov/research.htm

Suggested citation:
U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *Direct Verification Pilot Study Summary*, by Christopher Logan and Nancy Cole. Project Officer: Sheku G. Kamara, Ph.D., Alexandria, VA: October 2009.

USDA Policy Memoranda Regarding Direct Verification

Clarification of Direct Verification (SP-32-2006), August 31, 2006.
Direct Verification - Reauthorization 2004: Implementation Memo (SP-19), September 21, 2005.
Direct Certification and Direct Verification of Children in Food Stamp Households – Reauthorization 2004: Implementation Memo (SP-8), November 15, 2004.

Online at: http://www.fns.usda.gov/ora/