

**Nutrition Assistance Program Report Series**  
**Office of Analysis, Nutrition and Evaluation**

Special Nutrition Programs

Report No. CN-07-DV1

---

*Direct Verification Pilot Study*

*First Year Report*



United States Food and  
Department of Nutrition  
Agriculture Service

**June 2007**

## Non-Discrimination Policy

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 759-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.



United States Food and  
Department of Nutrition  
Agriculture Service

**June 2007**  
Special Nutrition Programs  
Report No. CN-07-DV1

---

# *Direct Verification Pilot Study*

## *First Year Report*

**Authors:**

Nancy Cole  
Christopher Logan  
David Hoaglin

**Submitted by:**

Abt Associates  
55 Wheeler Street  
Cambridge, MA 02138

**Submitted to:**

Office of Analysis, Nutrition and Evaluation  
Food and Nutrition Service  
3101 Park Center Drive  
Alexandria, VA 22302-1500

**Project Director:**

Nancy Cole

**Project Officer:**

Sheku G. Kamara, Ph.D.

This study was conducted under Contract number AG-3198-D-06-0060 with the Food and Nutrition Service.

This report is available on the Food and Nutrition Service website: <http://www.fns.usda.gov/oane>.

**Suggested Citation:**

U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Direct Verification Pilot Study, First Year Report*, by Nancy Cole et al. Project Officer: Sheku G. Kamara, Ph.D., Alexandria, VA: 2007.



# Acknowledgements

The authors wish to express their sincere gratitude to the five States that volunteered to participate in this pilot study. We were inspired by the hard work and dedication of the officials of State Child Nutrition agencies and State Medicaid agencies who faced very difficult time constraints for implementing direct verification for this pilot. Special thanks go to the Child Nutrition Program liaisons for this study who spent many hours keeping us informed of implementation plans and progress: John Todd (Indiana), Heidi Dupuis (Oregon), Vivian Pilant (South Carolina), Sarah White (Tennessee), and George Sneller (Washington). We are also grateful for the cooperation and insights of the 121 school districts participating in the study, and the State Medicaid Agencies in the pilot States.

Many individuals at the USDA Food and Nutrition Service read this report and provided helpful comments: Bob Eadie, Stan Garnett, Jay Hirschman, Sheku Kamara, Ted Macaluso, Rosemary O'Connell, Melissa Rothstein, Gary Vessels, and William Wagoner. Rosemary O'Connell and Gary Vessels were also instrumental in responding to questions regarding program policies and operation.



# Contents

<b>Executive Summary .....</b>	<b>ix</b>
<b>Chapter 1. Introduction .....</b>	<b>1</b>
Background .....	1
Purpose of the Study .....	3
Study Approach .....	3
Outline of Report .....	6
<b>Chapter 2. Participating States and Their Features .....</b>	<b>7</b>
Recruitment of States .....	7
Initial State Planning for Direct Verification .....	8
NSLP Enrollment in the Participating States .....	8
State Experience with Direct Certification and Direct Verification Prior to the Pilot Study .....	11
Characteristics of State Medicaid Programs in Participating States .....	16
<b>Chapter 3. Study Design .....</b>	<b>21</b>
Data Collection Activities .....	21
Sampling Design .....	24
<b>Chapter 4. Direct Verification Implementation.....</b>	<b>31</b>
Overview of Systems for Direct Verification with Medicaid .....	31
Planning for Direct Verification .....	37
Establishing Agreements for Sharing Data .....	41
State-Level Implementation: Preparing and Providing Data to School Districts.....	43
District-Level Implementation: Success and Challenges.....	47
Summary of DV-M Implementation.....	52
<b>Chapter 5. Direct Verification Results .....</b>	<b>55</b>
District Participation in DV-M .....	55
DV-M Effectiveness .....	57
District Perceptions of DV-M.....	59
Time and Cost of Verification .....	61
<b>Chapter 6. Conclusions .....</b>	<b>65</b>
DV-M Implementation.....	65
Effectiveness of Direct Verification .....	68
Summary and Implications for the Future of the Study .....	68
<b>References .....</b>	<b>71</b>
<b>Appendix A. FNS Policy Memo SP-32-2006, Clarification of Direct Verification .....</b>	<b>A-1</b>
<b>Appendix B. Sampling Plan and Estimation.....</b>	<b>B-1</b>

## Appendix C. State Agency Topic Guides

Direct Verification Evaluation Study State Medicaid Agency Topics—Fall 2006.....	C-1
Worksheet for Estimating State Medicaid Agency Costs for Direct Verification with Medicaid, SY2006-2007.....	C-3
Direct Verification Evaluation Study State Child Nutrition Agency Topics—Fall 2006 .....	C-5
Worksheet for Estimating State Child Nutrition and Education Agency Costs for Direct Verification with Medicaid, SY2006-2007 .....	C-7

## Appendix D. Local Agency Data Collection Forms

Direct Verification Report.....	D-1
Direct Verification Report - Indiana.....	D-3
Verification Time and Cost Report .....	D-5
List of Student Verified with Medicaid Data .....	D-7
List of Directly Verified Students (Indiana).....	D-9

## Exhibits

Exhibit 1: FNS Guidelines for Direct Verification .....	x
Exhibit 2: Maximum Medicaid/SCHIP Income Eligibility Limits For School-Age Children.....	xi
Exhibit 3: Preliminary Evidence of the Effectiveness of Direct Verification with Medicaid Data (DV-M).....	xvii
Exhibit 4: District Perceptions of DV-M in the First Year of Implementation.....	xix
Exhibit 2-1: NSLP Enrollment in Public School Districts, SY2005–06 .....	9
Exhibit 2-2: NSLP Verification Samples, SY2005–06 .....	10
Exhibit 2-3: Systems for Direct Certification and Direct Verification, SY2005–06.....	12
Exhibit 2-4: Characteristics of State Medicaid Programs.....	18
Exhibit 3-1: Characteristics of the Sampling Frame.....	26
Exhibit 3-2: Characteristics of the Sample .....	26
Exhibit 3-3: Final Status of Districts Selected for the Pilot Study .....	28
Exhibit 3-4: NSLP Enrollment and Verification Sample Sizes in SY2005-06 for Respondents .....	28
Exhibit 4-1: Direct Verification with Medicaid in Pilot States, SY2006–07 .....	32
Exhibit 4-2: Presence of Conditions for Effective DV-M at the Local Level, by State .....	47
Exhibit 5-1: District Participation in DV-M.....	56
Exhibit 5-2: Direct Verification with Medicaid (DV-M)—Effectiveness in the First Year of Implementation.....	58
Exhibit 5-3: Distribution of Districts with Any Directly Verified Students, by Types of Direct Verifications .....	59
Exhibit 5-4: Direct Verification with Medicaid—Districts’ Perceptions of the Process.....	60
Exhibit 5-5: Time and Cost of Verification.....	63

# Executive Summary

Direct verification uses information collected by means-tested programs to verify eligibility for free and reduced-price meals under the National School Lunch Program (NSLP) and School Breakfast Program (SBP), without contacting applicants. The *Child Nutrition and WIC Reauthorization Act of 2004* (P.L. 108-265) permits direct verification of school meal applications based on data from the Food Stamp Program (FS), Temporary Assistance for Needy Families (TANF)<sup>1</sup>, Food Distribution Program on Indian Reservations (FDPIR), Medicaid, and State Children’s Health Insurance Program (SCHIP). In this report, reference to “Medicaid” includes SCHIP, unless otherwise indicated.

School districts use direct verification at the beginning of the verification process, and then send letters to households still needing verification. Information from means-tested programs may be used to verify FS, 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. FNS guidance memoranda specify rules for conducting direct verification and determining income eligibility (Exhibit 1).

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 non-response to verification requests.

A related process—direct certification—uses FS, TANF and FDPIR records to certify children for free meals without an application. Direct certification is generally conducted at the start of the school year, and directly certified students do not need to submit an NSLP application. In contrast, direct verification is conducted after most applications have been processed and a sample of applications is selected for verification. Direct verification complements direct certification.

This report presents preliminary findings from the pilot study of direct verification using Medicaid data. The executive summary describes study objectives and methods, ways of implementing direct verification, challenges and lessons from the pilot States, and preliminary evidence regarding the potential effectiveness of DV-M.

## Why Use Medicaid Data for Direct Verification?

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 low-income persons, including children up to age 18, who meet requirements such as income, citizenship, or legal immigrant status. Income eligibility limits and rules for counting income vary from State to State.

The Medicaid Program was expanded by creation of the State Children’s Health Insurance Program (SCHIP) in 1997, under Title XXI of the Social Security Act. SCHIP provides benefits to children in

---

<sup>1</sup> TANF recipients are categorically eligible for free meals and can be directly verified if the State TANF standard of need is equal to or less than the 1995 standard for Aid to Families with Dependent Children.

---

**Exhibit 1****FNS Guidelines for Direct Verification**

---

**Information verifying NSLP eligibility status**

- Food Stamp, TANF cash assistance, 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 level (FPL);
- Family income and family size, or income as a percentage of the FPL, according to Medicaid records, is needed to determine eligibility for free or reduced-price meals in States with Medicaid income limits above 133% of the FPL.

**Timing of information used for direct verification**

The latest available information should be used from State FS, TANF, and Medicaid agencies:

- Information should be obtained from one month, no more than 180 days prior to the school meals application; or
- Information should be obtained for all months from the month prior to application through the month direct verification is conducted.

**Criteria for establishing a match to direct verification information**

- Direct verification should be based on a match of records from FS, TANF, FDPIR, and/or Medicaid with the names and other identifiers of children approved for NSLP benefits.
- Names of other household members appearing on the NSLP application may not be shared with the FS, TANF, FDPIR, and/or Medicaid agency.

**Use of direct verification information**

- When the eligibility of one child on an NSLP application is verified with FS, TANF, FDPIR, or Medicaid records, all children on the 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.

---

*Sources:* FNS Memoranda (SP-14, SP-19, and SP-32-2006). For the most recent verification policies, go to <http://www.fns.usda.gov/cnd/Governance/policy.htm>

---

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. For the 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 specifies that direct verification with Medicaid should use the family size and income information upon which the NSLP applicant's Medicaid eligibility is based (USDA/FNS, SP-32-2006, August 31, 2006).



### *DV-M Effectiveness*

- What percentage of districts use DV-M?
- What percentage of school meals applications sampled for verification can be directly verified with Medicaid data?
- What do districts think of DV-M? Is it easy? Is it useful? Will they use it again?

Preliminary answers to these questions, based on the first year of DV-M implementation, are provided in this report.

## **Study Design**

FNS offered all States the opportunity to participate in the Pilot Study, and five States volunteered: Indiana, Oregon, South Carolina, Tennessee, Washington. Arizona also volunteered but then withdrew.

### **Characteristics of Participating States**

The five States in the Pilot Study are medium-sized States in terms of student enrollment (ranging from about 500,000 to just over 1 million students with access to the NSLP). They vary in several characteristics that may affect DV-M implementation and effectiveness: number of school districts per State, size of verification samples, methods of direct certification, effectiveness of direct certification, and income-eligibility limit for children applying to the State Medicaid Program.

- The number of public school districts per State ranges from 82 in South Carolina to over 300 in Indiana. South Carolina and Tennessee have the largest school districts, on average, and districts in those States are more often contiguous with county boundaries than in the other three States.
- The median size of verification samples ranges from 6 applications in Oregon and Washington, to 34 applications in South Carolina.
- Tennessee uses district-level matching for direct certification, while the other States use State-level matching. Direct certification of food stamp and TANF children results in certification of 79 percent of eligible children in Tennessee, 75 percent in South Carolina, 66 percent in Oregon and Washington, and 50 percent in Indiana.
- For school-age children, the maximum income level for Medicaid eligibility (including SCHIP, where available) was 100% FPL in Tennessee and 150% in South Carolina. In these States, Medicaid data will seldom verify sampled applications approved for reduced-price meals.<sup>2</sup> In contrast, all children eligible for free or reduced-price meals are within the Medicaid income limit in Indiana, Oregon, and Washington.

---

<sup>2</sup> Districts are required to sample error-prone applications for verification. Error-prone applications are defined as those with monthly household income within \$100 of the income eligibility limit. Thus error-prone applications approved for reduced price meals are those with household income near the F/RP cutoffs of 130% and 185% of poverty.

## Data Collection

The Pilot Study evaluated DV-M as implemented by four State Child Nutrition (CN) Agencies in SY2006-07. South Carolina did not implement in the first year of the study. The pilot study collected data from State and local agencies, from June 2006 to January 2007, through the following activities:

- July 2006—On-site meetings with State CN and Medicaid Agencies
- August-September 2006—Ongoing communications with State CN Agencies
- October-December 2006—Data collected from a sample of school districts in each State
- November 2006-January 2007— Interviews with State CN and Medicaid Agencies
- December 2006— Telephone forums with 15 school districts

A random sample of 121 school districts was selected from the four States that implemented DV-M. School districts provided:

- Copies of NSLP applications sampled for verification.
- List of students directly verified with Medicaid data.
- Direct Verification Report – Included verification sample size, use of direct verification, number of students directly verified, and perceptions of DV-M experience.
- Time and Cost Report – Included staff time spent on verification activities.

## Planning for Direct Verification with Medicaid Data (DV-M)

Implementation of DV-M requires planning. State CN Agencies must determine a method for implementation, and meet with State Medicaid Agencies to determine if needed data are available. The States participating in the pilot reported three main planning activities.

1. **Meetings with the State Medicaid Agency** — These meetings were used to:
  - Discuss Congressional authorization for DV-M;
  - Discuss NSLP verification procedures;
  - Determine data needs; and
  - Determine the method of providing Medicaid data to school districts.
2. **Establishing Agreements for Data Sharing** — Data-sharing agreements accomplished three objectives.
  - Defined the authority for using Medicaid data in NSLP verification;
  - Provided assurances for the protection of confidential Medicaid data and student records;
  - Specified the format for Medicaid data to be used in direct verification.
3. **State-Level Implementation Steps** — Implementation of DV-M required four main steps:
  - 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; and
- Systems “went live,” and districts gained access to Medicaid data.

## Methods of DV-M Implementation

The pilot States used different methods for DV-M. Indiana integrated Food Stamp and Medicaid data for direct verification. In other States, school districts had to search two systems or data files in order to carry out DV-M and DV-FS. Indiana and Tennessee implemented DV-M on a statewide basis (to be used at school district option); Oregon and Washington offered DV-M only to the sample of school districts selected for the evaluation.

- **Indiana: On-line Query of Statewide Medicaid and FS/TANF Data**—Indiana adapted its web-based direct certification system to combine DV-FS and DV-M. Districts logged in to the State website and used a form-based query to search for DV information on each NSLP applicant. The search could be based on any of four search criteria: (a) student name and date of birth, (b) FS/TANF case number, (c) parent/guardian name, or (d) parent/guardian Social Security Number (SSN).
- **Oregon: District-level Look-Ups with Statewide Medicaid Data**—Oregon’s solution for DV-M was temporary and is not recommended. School districts received a data file of all children enrolled in Medicaid statewide. Most districts had trouble searching the file for NSLP applicants sampled for verification.
- **Tennessee: District-level Look-Ups with Medicaid Data**—DV-M was modeled on Tennessee’s district-level matching for direct certification. The State CN Agency posted a Medicaid data file for each county on a secure website. School districts downloaded county files and manually searched for NSLP applicants sampled for verification.
- **Washington: State-level Matching and District-level Look-Ups**—The State CN Agency matched Medicaid data with statewide student records to create a Medicaid file for each district. These data files were distributed via secure email as a temporary solution for the first year. Files will be posted on the web in the future. Districts searched the files for NSLP applicants sampled for verification.

## Keys to Successful DV-M Implementation

Experiences during the first year of the pilot study showed that successful implementation of DV-M requires planning, complete and accurate Medicaid data, clear communication with school districts, and timely implementation.

- **Timeliness** — Medicaid data must be available to school districts on or before October 1, when they begin the verification process.

- **Completeness** — Medicaid data should include records for all children who are enrolled in Medicaid and have family incomes consistent with eligibility for free or RP meals. Identifying information must be sufficient to link records to NSLP applicants.
- **Communication** — DV-M is successful only if districts use it. State CN agencies need to clearly communicate DV-M procedures and potential benefits. Districts can benefit from training and Q&A sessions.
- **Ease of Use** — School districts are more likely to use systems that are easy. Greater district participation results in more direct verifications.
- **Integration with DV-FS** — Integration is desirable so that districts use one system, or search one data file, for direct verification. This method maximizes the number of applications directly verified.
- **Facilitating Data Matching** — The pilot States implemented methods for DV-M whereby districts individually look up each NSLP application to determine if it can be directly verified. This method works well for most districts, because verification samples average about 30 applications. Large districts, with large verification samples, will find individual look-ups time-consuming. Batch matching is more efficient for large districts. States can facilitate matching by providing Medicaid files to large districts, or by matching district verification samples to Medicaid files.

## **DV-M Implementation Results: Successes and Challenges in the Pilot States**

The experiences of the pilot States provide evidence of the feasibility and challenges of implementing DV-M. In the first year of the study, Tennessee and Washington implemented DV-M without serious problems, whereas Indiana and Oregon implemented DV-M but experienced critical data problems that hindered the effectiveness of DV-M for SY2006-07. South Carolina was unable to implement DV-M for SY2006-07 due to delays in obtaining data sharing agreements.

### **Is Direct Verification with Medicaid Technically Feasible? What Types of Systems Work In Practice?**

Four of the five States implemented DV-M in 2006. They established data-sharing agreements, secured Medicaid data, and made the data available to school districts by early October. These States demonstrated that different approaches to DV-M are technically feasible. The four States demonstrated two basic models for DV-M:

1. Distribute data files to districts (Oregon, Tennessee, and Washington)
2. Provide a web-based query system (Indiana).

The first method is easier for States to implement, but the second may be easier for districts to use. In addition, a web-based query system provides greater security for Medicaid data because it is not as easy for users to “browse the data.”

In all four States, most districts searched for NSLP applicants in Medicaid data files based on student name, date of birth, or SSN. However, student date of birth and SSN are not on the NSLP application and must be obtained from other student records. Oregon's solution was to modify the NSLP application, in preparation for DV-M, to collect date of birth.

### **What Are the Challenges for DV-M Implementation, and How Do They Vary?**

Indiana and South Carolina experienced delays in obtaining data-sharing agreements. As a result, South Carolina was unable to implement DV-M during the first year of the study. Delays in Indiana affected the timing of implementation and the quality of data. Both States needed more than four to six months to complete negotiations. Tennessee and Washington, however, did not have significant problems with this process.

Critical data problems hindered DV-M in Indiana and Oregon. In Indiana, the Medicaid file for DV-M was incomplete. This problem was discovered after districts completed DV-M and found few matches. In Oregon, districts received a large data file that was truncated (without their knowledge) when opened as a spreadsheet. Thus, they did not search the full data file and missed many matches. These data problems may have been avoided had more time been available for planning and testing.

## **Preliminary Evidence of DV-M Effectiveness**

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 sample of 121 school districts selected for the study.

### **What Percentage of School Districts Use DV-M?**

Among all districts selected for the study, the percentages using DV-M were 27% in Indiana, 41% in Oregon, 44% in Washington, and 100% in Tennessee. These rates reflect districts not participating in the study due to uncertainty about the timing of implementation, or the added burden of data collection for the evaluation. Among selected districts participating in the study, the percentage using DV-M varied from 52% in Indiana to 100% in Tennessee (Exhibit 3). A total of 69 districts in the study used DV-M.

School districts reported their reasons for not using DV-M and these reasons indicated misunderstandings about how to use DV-M in Indiana and Washington, and difficulties using the Medicaid data file in Oregon. Some districts in Oregon said their verification sample was small, implying that DV-M was not worth the effort. All selected districts participated in Tennessee, where the State strongly promoted DV-M, provided training via online conferences, and distributed Medicaid data to districts on September 19, in advance of the October 1 start of verification activities.

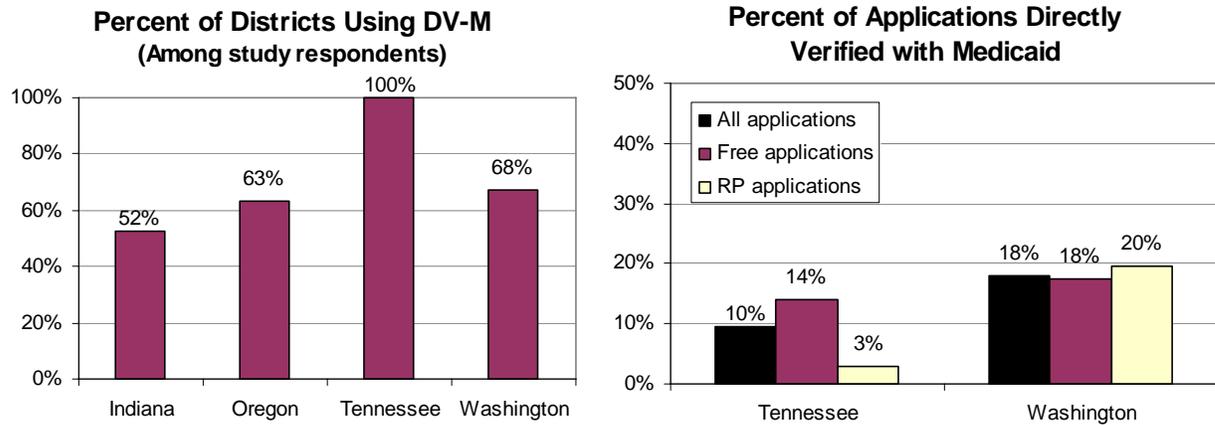
### **What Percentage of NSLP Applications Were Directly Verified with Medicaid Data?**

Results from Tennessee and Washington provide estimates of the percentage of applications directly verified with Medicaid data. Estimates from Indiana and Oregon are not valid due to the problems with data for DV-M in those States.

---

**Exhibit 3****Preliminary Evidence of the Effectiveness of Direct Verification with Medicaid Data (DV-M)**

---



Sources: *Direct Verification Pilot Study, 2007.*

---

Districts in Tennessee directly verified 10% of applications sampled for verification. DV-M was more effective for NSLP-free applications (14% directly verified), compared with NSLP-RP applications (3% directly verified), due to the low Medicaid income eligibility limit (100% of poverty) in that State (Exhibit 3).

Among Washington districts that used DV-M, 18% of applications sampled for verification were directly verified. DV-M was about equally effective for NSLP-free and NSLP-RP applications (18% and 20% directly verified). The high Medicaid income eligibility limit (200% of poverty) in that State helped make DV-M effective for NSLP-RP applications and boosted the overall effectiveness rate.

In Washington, DV-M was very effective for the 68% of districts that used it, but 32% of districts did not use DV-M. Thus, among all Washington districts in the study, the percentage of applications directly verified was 10%. District participation is important in achieving a high rate of effectiveness in a State.

The results from the first year of the pilot study should not be generalized to all States because measures of effectiveness were obtained from only two States, and because first year results generally underestimate long-run effectiveness. Planned data collection in the second year of the Pilot Study will provide more definitive evidence of DV-M effectiveness.

**Did DV-M Affect Verification Costs?**

Districts reported that DV-M required, on average, 6 minutes per application, at a salary cost of \$1.70. Thus, even in the first year of implementation, direct verification required a minimal level of effort. School districts using direct verification incurred costs regardless of the percentage of applications directly verified. On the other hand, the effort for direct verification was small enough that it saved time with a modest number of directly verified applications. For example, a district with

a sample of 15 applications would expect to spend 90 minutes on direct verification (at the average of 6 minutes apiece). Therefore, if the district saves 90 minutes in household verification time for the applications that are directly verified, direct verification pays for itself. Districts responding to the study reported an average of 75 minutes per household verification and a median of 40 minutes, suggesting that direct verification will pay for itself with 2 to 3 directly verified applications.

## **What Do School Districts Think About DV-M?**

School districts selected for the study were asked three key questions about their experiences with DV-M. The majority of districts in all four States found DV-M easy, but only in Washington did the majority find it useful. Despite mixed ratings on usefulness, most districts in all four States reported that they will use DV-M again.

### **Was DV-M Easy?**

In all States, most districts found DV-M easy or very easy (on a scale of 1 to 5). Tennessee districts were most likely to rate DV-M as easy (91%), followed by Indiana and Washington (Exhibit 4). Washington ranked behind Indiana on the “easiness” scale only because 10% of Washington districts rated DV-M as neither easy nor difficult.

The highest percentage of districts rating DV-M as difficult or very difficult was in Oregon (37%), where districts had trouble processing the large data file that they received with Medicaid records for all children in the State.

### **Was DV-M Useful?**

Districts in Washington were most likely to report that DV-M was useful (62%), followed by Oregon and Tennessee (37 and 35%), and Indiana (25%). Washington responses were consistent with DV-M effectiveness in that State (18% of applications sampled for verification were directly verified).

Data problems hampered DV-M in Oregon and Indiana. As a result, 70% of Indiana districts reported that DV-M was “not useful,” and they commented on the small number of applications directly verified. About half of districts in Oregon reported that DV-M was “not useful,” but 37% of districts in that State thought the idea was useful, and some expected DV-M to improve over time. Districts in Tennessee had high expectations for DV-M and were disappointed by results.

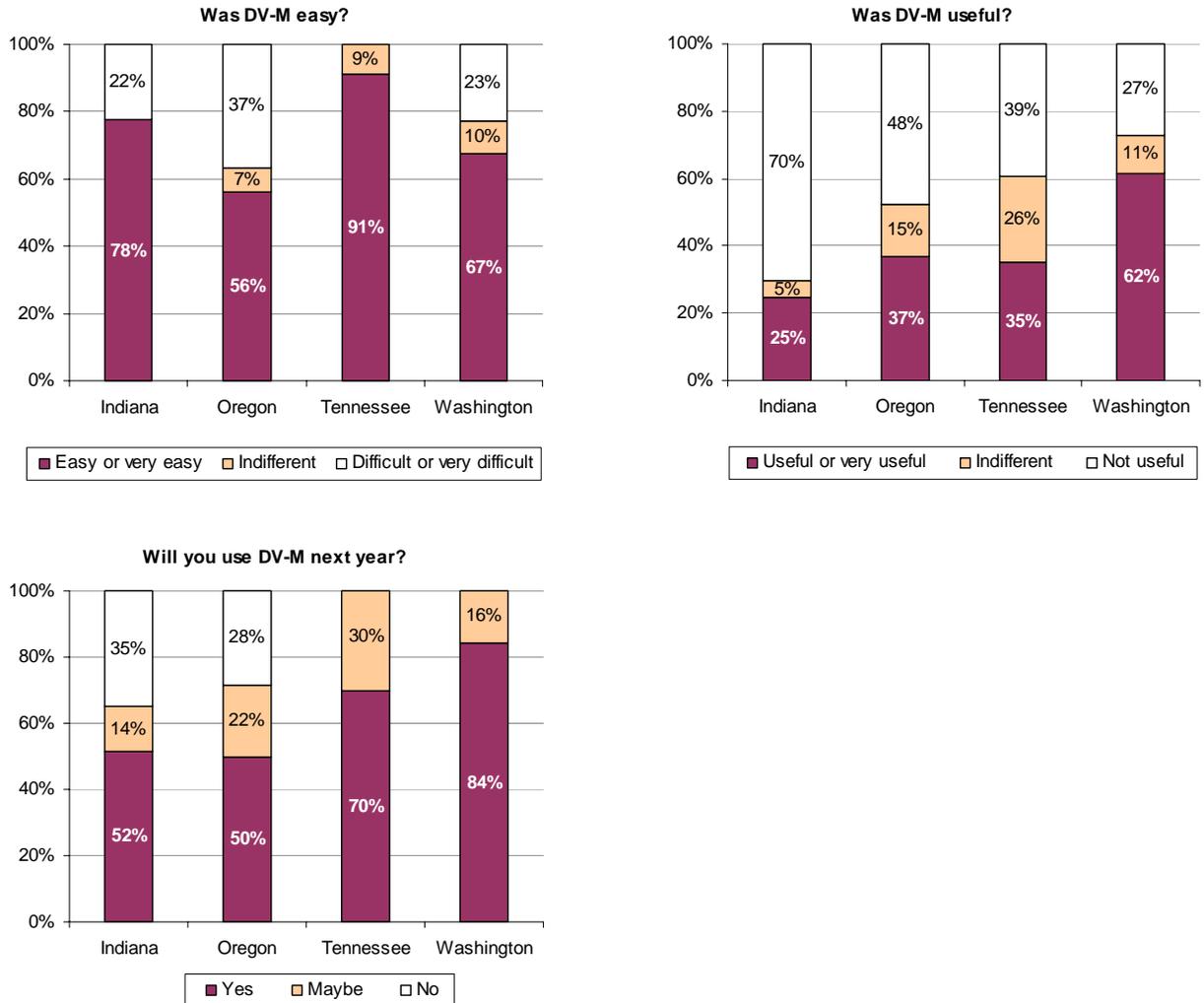
### **Will Districts Use DV-M Next Year?**

DV-M was implemented successfully in Tennessee and Washington, and all districts in those States said “yes” or “maybe” they will use it again next year. (Most saying “maybe” indicated that they will use it if available.) Districts in Indiana and Oregon were less certain about using DV-M again. About half said “yes,” but a substantial percentage said “no” (35% in Indiana and 28% in Oregon). These States will need to reach out to districts, explain the problems with DV-M in 2006, and make clear that it will improve in the future.

---

**Exhibit 4****District Perceptions of DV-M in the First Year of Implementation**

---



Sources: *Direct Verification Pilot Study, 2007.*

---

## Key Findings

This report presents preliminary results from the first year of the Direct Verification Pilot Study. As such, the results are suggestive, not conclusive. Nevertheless, several important lessons emerge.

- Direct verification with Medicaid is technically feasible, and several different types of systems can work. States can build their DV-M systems as an extension of their direct certification systems.
- The challenges of implementation include: lead-time for planning and establishing agreements, assuring complete and accurate data, integrating DV-M with DV-FS, promoting

district participation, and timely implementation. Advance planning, good working relationships, strong systems for direct certification, and effective communications with school districts are keys to meeting these challenges.

- Where the DV-M system is made available to districts when needed (prior to October 1) and provides complete Medicaid data, school districts may directly verify a substantial percentage of sampled NSLP applications. The overall rate of effectiveness for DV-M was 10% in Tennessee and 18% in Washington. Higher Medicaid income limits in Washington clearly contributed to this difference.
- Most school districts found DV-M easy and planned to use it again. Mixed views on the usefulness of DV-M reflected implementation problems, differing expectations, and the underlying limitations of DV-M in States with low Medicaid income limits.
- Direct verification required little effort and, when successful, reduced the total effort for verification.

Plans for the second year of the Direct Verification Pilot Study include examination of more mature operations in the five States participating during the first year of the study, and examination of DV-M implementation in additional States. These conclusions will be revisited with more definitive data to address the feasibility and potential effectiveness of direct verification with Medicaid on a nationwide basis.

# Chapter 1

## Introduction

This study examines the implementation and effectiveness of direct verification of eligibility for the National School Lunch Program (NSLP) using information obtained from State Medicaid Agencies. The study was mandated by the *Child Nutrition and WIC Reauthorization Act of 2004* (P.L. 108-265) (“Reauthorization”) to evaluate:

“(I) the effectiveness of direct verification ... in decreasing the portion of the verification sample that must be verified, while ensuring that adequate verification information is obtained; and (II) the feasibility of direct verification by State agencies and local education agencies.”

To meet the Congressional mandate, the Food and Nutrition Service of the US Department of Agriculture recruited five States to participate in a pilot study of direct verification with Medicaid data (DV-M). States were recruited in Fall 2005. Abt Associates Inc. was awarded the evaluation contract, with contract activities beginning in June 2006. This report provides information about DV-M as implemented in October 2006 for verification of NSLP applications approved for SY2006–07.

## Background

By law, local education agencies or LEAs (which are usually equivalent to school districts) must verify a sample of approved applications on file as of October 1, and to complete verification by November 15. Most school districts must verify 3 percent of applications selected randomly from among “error-prone” applications (defined as applications with household income within \$100 of the monthly income limit or \$1200 of the annual income limit). If the number of error-prone applications is insufficient to yield a 3-percent sample, the remainder of the 3-percent sample is selected at random from among all applications.<sup>3</sup>

Verification is generally conducted by providing written notice to households selected for verification, requesting documentation of eligibility (“household verification”). Failure to respond with documentation, or providing documentation of income in excess of NSLP eligibility limits, results in termination of free or reduced price benefits.

Direct verification uses information collected and documented by other means-tested programs to verify NSLP eligibility directly without contacting households. Prior to 2004, local education agencies could use information from the Food Stamp Program (FS), Temporary Assistance to Needy Families (TANF), and Food Distribution Program on Indian Reservations (FDPIR) to verify categorical applications with FS, TANF, or FDPIR case numbers provided as evidence of eligibility. Local education agencies could also verify eligibility through records of agencies such as the State

---

<sup>3</sup> Prior to *Reauthorization*, school districts could verify a random sample of 3 percent of all applications, or a focused sample of 1 percent of error-prone applications (with monthly income within \$100 of the income eligibility limit), plus 0.5 percent of categorical applications.

unemployment office. At that time, such “categorical” applications were about 20 percent of verification samples.<sup>4</sup>

*Reauthorization* made two changes to direct verification: FS and TANF records may now be used to verify applications approved on the basis of income (“income applications”), and additional means-tested programs may be used to verify NSLP eligibility. In particular, direct verification may now use records from the State Medicaid Program under Title XIX of the Social Security Act, and the State Children’s Health Insurance Program (SCHIP). The latter program was added by USDA as permitted under the statute.

Direct verification is used early in the verification process, so that there is sufficient time to contact households for verification of applications not directly verified. Thus, it is essential that direct verification data are available for use by school districts when they select their samples on October 1.

The specific procedures for direct verification may vary across States, within the following guidelines specified by FNS.

***Information verifying NSLP eligibility status***

- Receipt of food stamps, TANF cash assistance, or FDPIR benefits confirms a household’s free status and may be used to verify eligibility.
- In States with Medicaid limits of 133% or less of the Federal poverty guidelines, Medicaid participation is the only information needed to verify free or reduced price eligibility.
- In States with Medicaid limits above 133% of the Federal poverty guidelines, direct verification information *must* include either the percentage of the Federal poverty line upon which the applicant’s Medicaid participation is based, or income and household size as determined by Medicaid rules, in order to determine that the applicant is either at or below 133% of the Federal poverty line, or is between 133% and 185% of the Federal poverty line. These same procedures apply to the use of SCHIP information.

***Timing of information used for direct verification***

- The latest available information for one month, within the 180 days prior to application;  
*or*
- Information for all months from the month prior to application through the month direct verification is conducted.

***Criteria for establishing a match to direct verification information***

- Direct verification should be based on a match of the names of children approved for NSLP benefits, and not names of other members of the household.
- When the data indicate that one child is participating in the FSP, FDPIR, TANF, or Medicaid, all children in that child’s household are verified.

---

<sup>4</sup> In SY2005–06, 82 percent of applications sampled for verification by school districts nationwide were income applications, and 18 percent were categorical applications.

### *Use of direct verification information*

- School districts should use direct verification information only to support the original eligibility status, or the status as corrected by the confirmation review. Household eligibility status cannot be changed based on the direct verification information.

These guidelines are specified in FNS Policy Memorandum SP-32-2006, which is cited throughout this report and included as Appendix A.

## **Purpose of the Study**

The purpose of this study is to determine the feasibility, effectiveness, and accuracy of direct verification with data from State Medicaid Agencies (DV-M). The overall study is designed to address seven specific research questions:

### *Direct Verification Implementation*

1. Is it feasible to use Medicaid information to directly verify NSLP eligibility? What types of systems will work in practice? What are the primary challenges of implementation?
2. What are the challenges for statewide implementation, and how does this vary by State?
3. What are the problems and prospects of using Medicaid information to conduct direct verification on a national basis?

### *Direct Verification Impacts*

4. What percentage of verification samples can be directly verified with Medicaid data?
5. What are the potential cost savings from DV-M at the local level?
6. How accurate is DV-M as implemented? What is the incidence of false positive and false negative eligibility verifications?
7. Does DV-M result in fewer students with NSLP benefits terminated due to nonresponse to verification requests?

This first year report focuses on the feasibility and implementation of DV-M (questions 1-3). In addition, preliminary estimates of DV-M effectiveness (question 4) and the cost of DV-M (question 5) are presented for four States that successfully implemented DV-M for the pilot study. The accuracy of DV-M and effect of DV-M on loss of benefits due to verification nonresponse (questions 6 and 7) are not addressed in this first year report.

## **Study Approach**

Five States volunteered to participate in this pilot study of direct verification with Medicaid data: Indiana, Oregon, South Carolina, Tennessee, and Washington.<sup>5</sup> Four of the five States successfully implemented DV-M for SY2006–07. South Carolina was unable to implement due to delays in obtaining data sharing agreements. Characteristics of these States are presented in Chapter 2.

---

<sup>5</sup> Arizona was one of the five original participating States, but declined to participate in July 2006 because study activities were initiated later than expected. Oregon was recruited to replace Arizona in July 2006.

The evaluation study began in June 2006, four months prior to implementation. The purpose of the study was to evaluate DV-M as implemented by the States. The evaluation contractor collected information about State plans, implementation, and results; and helped clarify DV-M requirements, for States and local agencies, as requested. During the initial months of the study, the contractor also facilitated a dialogue between the States and FNS regarding DV-M requirements, and this resulted in the release of FNS guidance for direct verification on August 31, 2006.<sup>6</sup>

## **DV-M Implementation**

The evaluation of DV-M implementation was based on information collected from State and local agencies at multiple points in time during the planning phase for DV-M, and after completion of verification for SY2006–07. These data collections are summarized below.

- June 2006—Telephone conferences with State Child Nutrition Directors to obtain information about the status of implementation plans.
- July 2006—On-site meetings with staff from State Child Nutrition and Medicaid agencies, to obtain detailed information about implementation plans, and to review data needs for the evaluation.
- August/September 2006—Ad hoc contact with each State (via e-mail and telephone) to obtain status updates regarding implementation and recruitment of school districts into the pilot.
- September 2006—A contractor staff member attended South Carolina’s meeting for districts in person, and Tennessee’s web conference training.
- October 2006—E-mail and telephone communications about data needed for the study and about DV-M implementation.
- November 2006—Samples of school districts in each State submitted data collection forms, which included questions about their experience with the DV-M process.
- December 2006—Conducted two school district “telephone forums” for each State to elicit discussion of experience with DV-M among staff from local agencies.
- December/January 2006—Formal interviews with staff of State Child Nutrition and Medicaid agencies to “debrief” about the implementation for 2006, and obtain information about plans for the future.

These multiple contacts with State and local agencies provided information about the types of systems that were implemented; the alternatives that were considered and rejected; and the aspects of implementation that went smoothly or were difficult in each State and at each stage of the implementation process. This information is presented in Chapter 4 of this report.

## **DV-M Effectiveness**

DV-M effectiveness in the first year of implementation was evaluated with information collected from local agencies. The evaluation contractor sampled 121 public school districts in the four States

---

<sup>6</sup> USDA Policy Memo SP-32-2006, “Clarification of Direct Verification.”

that implemented DV-M. (The sampling plan is described briefly in Chapter 3 and fully documented in Appendix B.) School districts provided data on the following measures of effectiveness:

- District participation—Did the school district use direct verification with Medicaid data?
- Direct verification results—How many applications were sampled for verification, and how many were directly verified with Medicaid data?
- Perceptions of the process—Was DV-M useful? Was it easy? Will school districts use it again next year?

In addition, measures of the time and cost of verification were determined from district reports of staff time spent on direct verification and on household verification.

Measures of DV-M effectiveness and potential cost savings from DV-M are presented in Chapter 5. These measures of effectiveness must be considered preliminary; they underestimate the level of effectiveness expected in the long run for three reasons:

1. When implementing new programs, first-year results are expected to underestimate long-run effectiveness because local staff lack experience with the new procedures.
2. Four of the five States participating in the study reported inadequate time available for developing and testing DV-M and training local agencies. South Carolina was unable to implement DV-M for SY2006–07, as discussed below. Three of the four remaining States were unable to “go live” by October 1, when school districts pulled their verification samples and prepared to send verification notification letters to households. Some districts did not use DV-M because data were not available on time; some used it to provide information to the study, but not for operational purposes.
3. Two of the four implementing States had specific data problems that resulted in local agencies verifying NSLP applications with incomplete Medicaid data. Programming errors in Indiana resulted in omission of approximately 37 percent of Medicaid records from the data used for DV-M. Oregon distributed a statewide file of Medicaid records to participating school districts. This file was large, and many districts had problems working with it. Districts that opened the file using Excel<sup>®</sup> unknowingly truncated the data file and accessed only half of the data.

### **Delayed Implementation and Evaluation in South Carolina**

In South Carolina, the CN Agency was unable to implement DV-M in the Fall of 2006 because of the time required to obtain a data-sharing agreement with the Medicaid Agency (Department of Health and Human Services). During the start-up meeting for the evaluation in July 2006, the CN and Medicaid Agencies determined that the most feasible solution was a state-level match of student and Medicaid data. This required a new data-sharing agreement, and the agencies began negotiations over the terms of the agreement. As of March 2007, the agreement was in final review; thus, the process took about nine months. Several factors contributed to the length of the negotiations: the number of staff involved and their time constraints, the unfamiliarity of the verification process to the Medicaid agency, and the Medicaid Agency’s concerns about the uses of the data. In order to minimize the risk of inappropriate use, the Medicaid Agency permitted matching of Medicaid data only with data on children sampled for verification. At the time of the last contact for this report, the

CN Agency planned to test the DV-M matching process with verification sample data from 2006, and then implement DV-M in the fall of 2007.

Because of the delay in DV-M implementation in South Carolina and the resulting lack of data, this State is not discussed in the portions of the report documenting the implementation and effectiveness of DV-M in the first year of the evaluation. As documentation of the study context and design, available descriptive data from South Carolina are presented in Chapters 2 and 3.

## **Outline of Report**

This report contains six chapters including this introduction. Chapter 2 describes the recruitment of States for the study, and the characteristics of those States. Chapter 3 presents the study design, including a description of data collection activities and sampling design. The implementation of DV-M in each of the implementing States is described in Chapter 4. This chapter includes description of DV-M systems, the steps undertaken by State agencies to implement DV-M, and the operation of DV-M at the local level. Chapter 5 presents preliminary results of the effectiveness of DV-M, and Chapter 6 summarizes what has been learned during the first year of the pilot study.

## Chapter 2

# Participating States and Their Features

This study provides information about the feasibility of direct verification with Medicaid (DV-M) based on the experience of five States. Each of the five States independently developed an implementation plan for DV-M. This chapter describes the recruitment of State agencies and the features of the participating States that shaped the context for the pilot project.

### Recruitment of States

The USDA Food and Nutrition Service (FNS) recruited five States to participate in the study. The five original States were Arizona, Indiana, South Carolina, Tennessee, and Washington. Arizona subsequently declined to participate in the pilot study, and Oregon joined the study in 2006.

As the first official communication with States regarding the pilot study, FNS sent a letter on June 30, 2005 to all State Child Nutrition (CN) Agencies, requesting voluntary participation in a pilot study. Five States volunteered for the study.

In December 2005, FNS notified the five original States that a request for proposal (RFP) would soon be released to hire a contractor to conduct the evaluation. At that time, FNS informed the States that the study plan “is to match school certification data against Medicaid data—retrospectively for Summer 2005 and prospectively for Summer 2006 as the base study, with a further prospective match for Summer 2007 as a contract option.” FNS encouraged the States to “start discussions with Medicaid officials as you may have intended, so that both the retrospective and prospective data collections will be smooth as soon as the project starts.”<sup>7</sup> The RFP was released on December 19, 2005 with a due date of February 15, 2006. The contract was awarded on May 31, 2006.

The pilot study began in June 2006. The contractor proposed to evaluate DV-M as implemented by the States and, immediately after contract award, contacted the five States to determine the status of their implementation plans.<sup>8</sup> States varied with respect to activities conducted prior to June 2006 (discussed below).

In July 2006, the Arizona CN Agency declined to participate in the study. Subsequently FNS contacted the Oregon CN Agency requesting its participation in the study. Oregon was chosen for recruitment because the State implemented a system for direct verification with Food Stamp Program (FS), Temporary Assistance to Needy Families (TANF), and Medicaid data for SY2005–06, and indicated an interest in DV-M.<sup>9</sup> Oregon’s participation was formalized in August 2006.

---

<sup>7</sup> Letter from FNS to five States on December 1, 2005.

<sup>8</sup> The proposal included optional plans to “implement a pilot in States not ready to do so on their own.” The optional plan, however, could not be implemented due to the late start date of the study, and restrictions on release of student records under the Family Educational Rights and Privacy Act (FERPA).

<sup>9</sup> Information about Oregon’s experience with direct verification and interest in DV-M was obtained from the Survey of State Child Nutrition Program Directors and interviews conducted for *Computer Matching for the National School Lunch Program* (Cole and Logan, 2006).

## Initial State Planning for Direct Verification

The five original States varied in the amount of planning completed prior to June 2006, when they were contacted by the evaluation contractor. They also differed in their understanding of whether they should be working on implementation or waiting for direction from FNS or the contractor.

- Arizona—CN Agency reported that they suspended planning and development activities in February 2006, while waiting for FNS guidance. They expected to implement DV-M using the existing system for direct verification with FS and TANF (DV-FS).
- Indiana—CN Agency reported “on and off effort” while waiting for further instructions from FNS. They began work on a data sharing agreement with the Medicaid Agency, and expected to implement DV-M using their existing system for DV-FS.
- South Carolina—CN Agency initiated communications with the State Medicaid Agency and modified the NSLP application to obtain informed consent for verification with Medicaid. They reported that no other work was done while waiting for FNS guidance. The State had an existing system providing Medicaid eligibility information for school-based services, but did not have a system that could easily be modified for DV-M.
- Tennessee—CN Agency reported that many meetings were held with the State Medicaid Agency. They developed a plan for implementation based on their system for district-level matching for direct certification.
- Washington—CN Agency reported that many meetings were held with the State Medicaid Agency. Limitations of the Medicaid data system were identified, and the Medicaid Agency modified its eligibility system to retain data needed for NSLP direct verification. The CN Agency tested a match of Medicaid records and student records; determined that they would implement DV-M using a system similar to the one used for DV-FS; and requested FNS guidance regarding differences between NSLP and Medicaid definitions of income and household size.<sup>10</sup>

When Oregon was recruited for the study, in July 2006, the CN Agency had determined that it would not use the direct verification system that was used the prior year, but that new procedures had not been finalized. In preparation for direct verification, the State modified the NSLP application to obtain date of birth (DOB) for each student listed on the application, so that DOB could be used as an identifier for direct verification matching or queries.

## NSLP Enrollment in the Participating States

Characteristics of NSLP enrollment in public school districts are shown in Exhibit 2-1.<sup>11</sup> The exhibit shows the number of districts, the percentage of enrolled students certified for free or reduced-price meals, the distribution of NSLP-eligible students by certification category, and the effectiveness of direct certification. Districts participating in the pilot study were sampled from the public school districts in each State.

<sup>10</sup> These differences are discussed later in this chapter.

<sup>11</sup> These statistics are from the SY2005–06 Verification Summary Report (VSR) and will be revised for the final version of the First Year Report with SY2006–07 VSR data.

---

**Exhibit 2-1****NSLP Enrollment in Public School Districts, SY2005–06**

---

	IN	OR	SC	TN	WA
Number of districts operating the NSLP and/or SBP	301	174	82	135	274
Number of enrolled students with access to the NSLP and/or SBP	947,761	521,174	705,209	945,667	1,003,595
Average number of students per district	3,149	2,995	8,600	7,005	3,663
Percent of students approved for Free/RP meals	35.9%	38.0%	49.9%	49.0%	35.0%
Total students approved for free or reduced-price benefits	340,246	197,919	352,119	463,657	351,560
Percent:					
a) Approved for free meals, not subject to verification (e.g., directly certified)	18.7%	34.2%	36.4%	51.5%	32.0%
b) Approved for free meals, based on FS/TANF/FDPIR case number on application	19.5%	12.0%	11.8%	4.9%	11.0%
c) Approved for free meals, based on income and household size	39.6%	34.0%	36.9%	28.2%	35.4%
d) Approved for reduced-price meals	22.2%	19.8%	14.9%	15.4%	21.5%

---

*Source:* USDA, Food and Nutrition Service. Verification Summary Report Database, SY2005–06.

---

The number of public school districts operating the NSLP and/or SBP ranges from 82 in South Carolina to 301 in Indiana. On average, school districts in South Carolina and Tennessee are more than twice the size of school districts in other States (as measured by NSLP-eligible students). School districts in South Carolina and Tennessee are mostly contiguous with county boundaries, although some counties have multiple school districts.

The percentage of enrolled students approved for free or reduced-price (F/RP) meals ranges from 35 percent in Washington to 50 percent in South Carolina. This compares with 40 percent for the U.S. as a whole and 36 percent for the median State.

Among the five States, the percentage of students approved for F/RP meals and not subject to verification ranges from 19 percent in Indiana to 52 percent in Tennessee. (The remaining three States range from 32 to 36 percent.) Most students not subject to verification are directly certified with information from FS, TANF, or FDPIR, but this category also includes homeless children, income-eligible Head Start, pre-kindergarten Even Start, residential students in RCCIs, and non-applicants approved by local officials. For the U.S. as a whole, 32 percent of students approved for F/RP meals are not subject to verification.

The percentage of students approved on the basis of applications with FS, TANF, or FDPIR case numbers is lowest where direct certification is effective (i.e., the percentage not subject to verification is high). Thus, Tennessee has the lowest percentage of students approved on a categorical basis, and Indiana has the highest percentage. The majority of students applying on the basis of income, in all States, are approved for free meals.

Exhibit 2-2 shows the size of verification samples (statewide and on average per district), and rates of nonresponse to verification. The size of verification samples is an important consideration for DV-M: school districts with larger samples are more likely to invest time in preparations for DV-M (such as data matching and training) because they spend more time on household verification. The median size of the verification sample was smallest in Oregon and Washington (6), and largest in South Carolina (34). Indiana and Tennessee fell in the middle of this range, with median samples of 15 and 12, respectively.

---

**Exhibit 2-2**

**NSLP Verification Samples, SY2005–06**

	IN	OR	SC	TN	WA
Total number of applications sampled for verification	9,533	2,463	4,945	4,907	4,172
Percent:					
Approved for free meals, based on FS/TANF/FDPIR case number	24.1%	8.1%	9.0%	9.9%	5.4%
Approved for free meals, based on income and household size	46.0%	50.4%	62.2%	53.6%	52.5%
Approved for reduced-price meals	29.9%	41.5%	28.8%	36.5%	42.1%
Average size of verification sample per district	32	14	60	36	15
Median size of verification sample per district	15	6	34	12	6
Nonrespondents to the verification process					
Percentage of children on sampled applications	17.2%	28.5%	38.0%	27.7%	26.5%

*Source:* USDA, Food and Nutrition Service. Verification Summary Report Database, SY2005–06.

---

Statewide rates of nonresponse to verification range from 18 percent of students in the verification samples in Indiana to 38 percent in South Carolina. Oregon, Tennessee, and Washington have comparable rates, between 28 and 31 percent.

The following characteristics of NSLP enrollment may influence the effectiveness of direct verification:

- Large school districts (measured by average NSLP enrollment) may be more likely to adopt direct verification because of the magnitude of the staff time and cost for household verification. Large school districts also may have more resources for implementing direct verification.
- Verification samples will contain fewer children enrolled in FS and TANF where a larger percentage of free-approved students are directly certified. In this context, DV-M will be more effective if the Medicaid income eligibility limit is above the Food Stamp income eligibility limit (130% of the federal poverty level).
- States with high average rates of nonresponse to verification may benefit more from an effective system for DV-M. Nonrespondents are costly because at least one household contact must be made prior to finalizing status as a nonrespondent. In addition, nonresponse below 20 percent allows a school district to use alternative verification

samples (random sampling or smaller samples of error-prone applications) in subsequent years, thus reducing the effort and cost of verification.

These hypotheses indicate that school districts in South Carolina and Tennessee, because they are large, might be more likely to invest in direct verification. However, direct certification is very effective in Tennessee, so districts may expect a small return to direct verification. Direct certification is least effective in Indiana, due to low participation of districts (direct certification is effective in districts where it is used), so the effectiveness of DV-M may vary across districts according to whether or not direct certification is used.

## **State Experience with Direct Certification and Direct Verification Prior to the Pilot Study**

A survey of State CN agencies, conducted in 2005, found that systems of direct verification with FS/TANF data (DV-FS) generally build on systems for direct certification (Cole and Logan, 2007). Thus, for the pilot study, it was expected that variations in DV-M implementations across States would parallel variations in direct certification and DV-FS. These systems are summarized in Exhibit 2-3 and described in this section.

### **Direct Certification**

As authorized by the National School Lunch Act, direct certification identifies children who are eligible for free meals because their households are approved for FS, TANF, or FDPIR benefits. School districts can certify these “categorically eligible” children for NSLP benefits based on information provided by FS, TANF, or FDPIR administering agencies, thereby eliminating the need for households to submit an application for meal benefits.

There are three main methods of direct certification with FS and TANF data:

1. State-level matching—State agency matches records of children enrolled in FS/TANF with student records obtained directly from school districts for this purpose or with student records obtained from a statewide student information system (SSIS). Match results are sent to school districts.
2. District-level matching—State agency provides school districts with records of children enrolled in FS/TANF and residing in the school district’s geographic area. School districts match FS/TANF data with district enrollment through computerized or manual methods.
3. Letter method—State agency mails letters to households with children enrolled in FS or TANF. The household may use the letter in lieu of an NSLP application.

All of the States participating in the pilot use matching methods for direct certification. Tennessee uses district-level matching, while the others use State-level matching. Except for South Carolina, all State-level matching systems are currently accessed through a web interface and support two types of match results: a) results from a batch match of FS/TANF with SSIS data, and b) school district case-

**Exhibit 2-3****Systems for Direct Certification and Direct Verification, SY2005–06**

	IN	OR	SC	TN	WA
<i>Direct Certification Systems</i>					
Type of system	State-level match	State-level match	State-level match	District-level match	State-level match
Interface	Website application	Match results sent via secure e-mail	Match results sent on data disks	FS/TANF data posted on secure website	Website application
Batch match or case-by-case query?	Both	District option	Batch	District option	Both
Source of data					
Student records	State student information system	State student identifier system	State student information system	Districts	State student identifier system
Program data	FS/TANF, monthly	FS/TANF, monthly	FS/TANF, June	FS/TANF, June	FS/TANF, monthly
Identifiers used for matching	Name, DOB, county	SSN (Plus sibling match)	SSN (Name, DOB if SSN missing)	SSN (Name, DOB if SSN missing)	Name, DOB (Gender/address to resolve duplicates)
Percent of public districts with directly certified students, SY2005–06	32.1%	89.7%	100.0%	99.3%	84.9%
Percent of categorically approved students directly certified <sup>a</sup>					
In public districts with directly certified students	71.8%	76.3%	75.6%	91.4%	77.2%
In all public districts	53.5%	74.0%	75.6%	91.3%	74.4%
<i>Direct Verification with FS/TANF</i>					
Type of system	Same as direct certification case-by-case query	State FS Agency collected verification sample information and did manual look-ups <sup>b</sup>	None	Same as direct certification using updated FS/TANF data	Same as direct certification case-by-case query
<i>Sources:</i> Interviews with State agencies; analyses of Verification Summary Reports, SY2005-06.					
<sup>a</sup> Categorically approved students include directly certified students and free approved students based on applications with FS/TANF case numbers.					
<sup>b</sup> The State Food Stamp Agency queried FS, TANF, and Medicaid data.					

by-case search for one or more students.<sup>12,13</sup> South Carolina distributes state-level match results on data disks. In Tennessee, districts download FS/TANF data files from a secure Internet site for district-level matching.

The States participating in this study achieve varying levels of effectiveness with direct certification. An approximate measure of the effectiveness of direct certification is the percentage of all categorically approved students (approved on the basis of enrollment in FS, TANF, or FDPIR) who are not subject to verification.<sup>14</sup> Effectiveness ranged from 49 percent in Indiana to 91 percent in Tennessee. At the State level, the percent of eligible students directly certified depends on the percent of districts using direct certification (district participation), and the effectiveness of the procedures used. All districts in Tennessee and South Carolina conduct direct certification, compared with about 88 percent in Oregon, 85 percent in Washington, and 60 percent in Indiana.<sup>15</sup>

Variations in the effectiveness of direct certification will affect the measured effectiveness of direct verification in two ways. First, States with an effective matching strategy for direct certification are expected to have effective matching for direct verification, provided the same methods are used. Second, the size and composition of the verification sample depends on the effectiveness of direct certification. If direct certification is ineffective (for example, due to imprecise matching) the size of the verification sample is larger than it would be with better matching, and more children receiving FS/TANF will be sampled.<sup>16</sup> As a result, the percentage of applications that are directly verified will be higher than if the State had an effective system for direct certification. In the long run, improvements in direct certification would reduce the effectiveness of direct verification.

The *Indiana* system for direct certification is a State-level match with a web interface. The State Education Agency (SEA) matches FS/TANF records with student records from the statewide student information system (SSIS) to identify students for direct certification. A State match is run monthly using updated FS/TANF data. Student records are current as of the previous Fall (and thus exclude newly enrolled kindergarten students and transfer students). The match is based on student first and last name, date of birth, and county of residence; first names are matched using the SOUNDEX phonetic algorithm.<sup>17</sup> School districts obtain the State match results by logging into the SEA's secure web site and downloading the results for students enrolled in their district. School districts may also submit online queries to search the entire statewide database of FS/TANF records. The query

---

<sup>12</sup> Oregon distributed State-level match results to districts via secure email through SY2005–06. For SY2006–07, they made data files available on a secure website where districts log-in to download the data.

<sup>13</sup> Oregon distributes a file of match results and files of unmatched FS/TANF children. Districts may use the unmatched files for case-by-case queries.

<sup>14</sup> Categorically approved students include those directly certified and those approved for free meals based on FS, TANF, or FDPIR case numbers on applications. However, only those approved by application are subject to verification. This measure of the effectiveness of direct certification does not account for eligible children who are not directly certified and do not apply for NSLP benefits.

<sup>15</sup> See Cole and Logan (2007) for in-depth analyses of the effectiveness of direct certification across States.

<sup>16</sup> Children enrolled in FS/TANF and not directly certified may submit NSLP applications with either FS/TANF case numbers (categorical applications) or income information (income applications).

<sup>17</sup> The SOUNDEX algorithm assigns codes to names with the same pronunciation so that they can be matched even if there are minor variations in spelling.

capability, implemented in SY2005–06, allows school districts to determine the eligibility of students newly enrolled in their district. Queries can be submitted based on student name, county, and date of birth; or parent/guardian name, county, and parent/guardian SSN (SSN is optional).

**Oregon** uses State-level matching for direct certification. FS/TANF data are matched to real-time student records from the State student identifier system. The student identifier system assigns State ID numbers to newly enrolled students on an ongoing basis; it is more current than the SSIS records designed to provide a snapshot of student enrollment at a point-in-time. A weakness of the Oregon system is that the match relies on SSN, while only about 50 percent of student records in the State system contain an SSN. Therefore the State supplements its primary match by providing districts with two types of data on unmatched FS/TANF children. First, all unmatched FS/TANF children who are “siblings” of matched FS/TANF children are identified and added to the match file without a student ID.<sup>18</sup> Second, separate files of the remaining unmatched FS/TANF children (in the district’s county) are provided so that districts may attempt to directly certify these children. Beginning in SY2005–06, Oregon provided monthly State-level match results based on updated FS/TANF and student data.

**South Carolina** uses State-level matching to identify children for direct certification. A State match is done in July using FS/TANF data from June and student records that are current as of the end of the school year. The match is based on SSN, with a secondary match by student name and date of birth. Match results are distributed to all public school districts on data disks in mid-July. All public school districts use the direct certification match results.

**Tennessee** is the only State in the pilot study using district-level matching for direct certification. District-level matching works well in Tennessee: 90 percent of categorically approved students were directly certified in SY2005–06. The State has relatively few districts, and most public school districts are county districts. All public school districts use computerized data matching for direct certification. School districts obtain FS/TANF data for their county through the SEA’s secure website. FS/TANF data are matched to student enrollment data by SSN, with a secondary match (if SSN is missing) by student name, date of birth, and mother’s name. Tennessee has a statewide student information system that might be used for State-level matching, but the State reported that local control of the matching process is preferred and works well. In SY2005–06, Tennessee began providing FS/TANF data on a monthly basis for district-level matching.

**Washington** operates a system for State-level matching that is similar to the Indiana system. School districts log into the SEA’s secure website to download match results, or to submit online queries on a case-by-case basis. Washington’s system, however, uses up-to-date student records from the State student identifier system (as in Oregon). The Washington match is based on student name and date of birth; duplicates are resolved using gender and address information. In SY2005–06, Washington began a monthly match based on updated FS/TANF data.

---

<sup>18</sup> FS/TANF “siblings” are identified as children with the same FS/TANF case number. The matched file contains records of FS/TANF children who were matched to student records (and thus have a student ID) and unmatched siblings (without a student ID). Districts must process the two types of records differently.

## Direct Verification with FS/TANF (DV-FS)

Direct verification may use information from FS, TANF, FDPIR, and Medicaid to verify NSLP applications without contacting households. (Medicaid information includes the mandatory Title XIX program and the optional State Children's Health Insurance Program, or SCHIP. School districts are not permitted to use Medicaid information for direct certification.) The five States participating in this pilot are testing methods of direct verification with information from Medicaid (DV-M). Four of these States previously implemented direct verification using FS/TANF data (DV-FS): Indiana, Oregon, Tennessee, and Washington.

Indiana, Tennessee, and Washington implemented DV-FS by adapting their direct certification systems and continuing to populate those systems with updated FS/TANF data on a monthly basis. Suppose, for example, direct certification is initially conducted in June, and NSLP applications are distributed to households when school starts in August. Households enrolling in FS/TANF in July and August will not be directly certified (except in districts that continue direct certification on a monthly basis). Also, some children enrolled in FS/TANF in June may not be directly certified due to failures of the matching process. If these households submit an NSLP application and are selected for verification, they may be directly verified with updated FS/TANF data.

All four States implemented DV-FS in SY2005–06, with the following approaches:

- **Indiana** added monthly updates of FS/TANF data to the direct certification system. The online query capability for direct certification may be used for direct verification. The system has a web interface, and queries may be based on FS/TANF case number, or student name and date of birth, or guardian information.
- **Oregon** districts submitted information for their verification sample to the State Food Stamp Agency (SFSA), which manually queried FS/TANF and Medicaid eligibility and returned results to districts. This system was not continued because the turn-around time was too great (20 days), it was used by few districts, and staff changes at the SFSA precluded its continuation. In SY2006–07, Oregon provided monthly State-level direct certification match results to school districts, based on updated FS/TANF data. These updated match results can be used for DV-FS.
- **Tennessee** provided monthly FS/TANF data to districts for DV-FS and for direct certification. Users can browse the data on the secure website or download files. Districts may match their verification sample to the FS/TANF data, or search the updated FS/TANF database.
- **Washington** added a monthly match based on updated FS/TANF data. These updated match results may be used for direct certification or for DV-FS. The DV-FS system supports a case-by-case search based on FS/TANF case number or student name and date of birth.

One of the limitations of DV-FS is that many school districts do not understand that they can and should use DV-FS to check income applications. They assume that households enrolled in FS/TANF will be directly certified or submit a categorical application.<sup>19</sup> Some households, however, may be

---

<sup>19</sup> See Cole and Logan (2006) for discussions based on in-depth interviews with school districts in six States.

approved for FS/TANF after the State conducts direct certification (generally in June or July), and will submit NSLP income applications. In addition, some FS/TANF households may choose to submit applications based on income, because they do not want school district personnel to know they participate in FS/TANF.

### **Highlights of Direct Certification and Direct Verification Experience Prior to the DV-M Pilot**

The five States participating in the study are, in different ways, on the leading edge of direct certification. Indiana and Washington implemented sophisticated web interfaces for these processes, which have been easily adapted for direct verification. South Carolina and Tennessee have long-running direct certification programs that have achieved full participation of their school districts. Oregon has implemented innovative ways of improving direct certification match rates. These States were also among the early adopters of DV-FS using electronic records.

## **Characteristics of State Medicaid Programs in Participating States**

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 low-income persons in specified eligibility groups including the aged, blind, disabled, recipients of cash assistance, Medicaid recipients, pregnant women, foster children, children under age 6, and children age 6 to 18. Within each eligibility group, persons must meet certain requirements such as age, income and assets, citizenship or legal immigrant status. Income eligibility limits and rules for counting income and assets vary for different eligibility groups, and from State to State.<sup>20</sup>

The Medicaid Program was expanded by creation of the State Children's Health Insurance Program (SCHIP) in 1997, under Title XXI of the Social Security Act. SCHIP provides benefits to children in families who 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.

### **Differences between Medicaid and NSLP Eligibility Rules**

Children applying to Medicaid and SCHIP are determined income eligible based on the countable income of the child's family, where family is defined by blood relationships and financial relationships among persons living in the same household. In contrast, income eligibility for the NSLP (and Food Stamp Program) is based on the countable income of the household, with household defined as all persons who reside together as one economic unit. During the planning stages for DV-M, State CN and Medicaid agencies were concerned about these differences in determination of income eligibility (as discussed in Chapter 4). Guidance from FNS, issued on August 31, 2006, clarified that direct verification should be based on "either the percentage of the Federal poverty line upon which the applicant's Medicaid participation is based, or Medicaid income and Medicaid household size" (USDA/FNS, SP-32-2006).

Using Medicaid income and household size data may yield a different eligibility status than would be obtained under NSLP rules for a given child. Medicaid eligibility is based on net income after deductions, so Medicaid income for a family will always be equal to or less than the gross income used for NSLP applications. Family size counted by Medicaid will be less than or equal to household

---

<sup>20</sup> There are no asset limits in determining eligibility for children.

size counted by the NSLP. If the Medicaid family excludes a household member with income, then Medicaid countable family income as a percent of the poverty level will likely be less than NSLP countable household income as a percent of the poverty level. On the other hand, if the Medicaid family excludes a person without income, then the family income as a percent of the poverty level will be greater than the figure determined under NSLP application rules.

One more consideration is that an NSLP application is directly verified when one child listed on the application is matched with Medicaid data (all other children on the household application are thereby verified). Thus, in a household where only one child is eligible for Medicaid and others are not, all children are nonetheless directly verified as NSLP-eligible. This situation may occur when children are half-siblings, and one child has an absent parent, while others have two parents present and thus a larger countable family income under Medicaid rules.<sup>21</sup>

There is no way to determine *a priori* whether these differences in rules will result in more or fewer children being directly verified, relative to the number that would be verified if the rules were the same. This is an empirical question that can only be determined by comparing income, household composition, and Medicaid deductions for actual applications sampled for verification.

### **Characteristics of State Medicaid Programs**

Characteristics of State Medicaid programs are shown in Exhibit 2-4. The key characteristics for DV-M implementation are:

- The income eligibility limits for Title XIX and SCHIP,<sup>22</sup>
- The existence of a statewide database of children enrolled in Title XIX and SCHIP, and
- Whether the Title XIX and SCHIP eligibility systems are integrated with FS/TANF systems.

Three of the five States—Indiana, Oregon, and Washington—operate a separate SCHIP program in addition to the State Title XIX Medicaid Program. All five States maintain a statewide eligibility database for Title XIX and, where applicable, SCHIP. Four of the five States (all except South Carolina) have an integrated eligibility system for Medicaid and FS/TANF. Integrated data systems have the potential to provide a single unduplicated list of children enrolled in FS, TANF, or Medicaid. A single unduplicated list of children would facilitate the integration of DV-FS and DV-M.

There is variation in Title XIX /SCHIP income eligibility among the five States. The Medicaid income limit in Tennessee is 130 percent of the Federal poverty level (FPL) for children age 1-5 and

---

<sup>21</sup> For example, consider the case of a family with half-siblings: two parents, child A related to both parents, and child B related to only one parent. The one parent and child B have a family income of 100 percent of the poverty level, below the limit for free meals and for Medicaid. Both parents together with both children have a household income of 250 of the poverty level, making the household over-income for NSLP benefits, but Medicaid rule ignore this income.

<sup>22</sup> Throughout this report we use the term “direct verification with Medicaid” or “DV-M” to refer to direct verification with Medicaid and/or SCHIP data.

**Exhibit 2-4****Characteristics of State Medicaid Programs**

	IN	OR	SC	TN	WA
Title XIX income-eligibility level (%FPL)					
Children age 1-5	150%	133%	150%	130%	200%
Children age 6-19	150%	100%	150%	100%	200%
State has a separate SCHIP program					
	Yes	Yes	No	No	Yes
SCHIP income-eligibility level (%FPL)					
	200%	185%	na	na	250%
Eligibility data are maintained in a statewide information system					
Title XIX	Yes	Yes	Yes	Yes	Yes
SCHIP	Yes	Yes	na	na	Yes
Percent of SCHIP records with SSN	100%	97%	na	na	ns
Database integration					
Title XIX and SCHIP are integrated	Yes	Yes	na	na	Yes
Title XIX is integrated with FS/TANF	Yes	Yes	No	Yes	Yes
Estimated enrollment of school-age children <sup>a</sup>					
	325,000	162,000	334,000	489,000	415,000

*Source:* Eligibility levels, database information, and SSN reporting: USDA, Survey of State Medicaid Agencies, 2005; reported in Cole and Logan (2007).

<sup>a</sup> Estimated Medicaid enrollment of school-age children are from Neuberger (2004), which presents Center on Budget and Policy Priorities estimates based on Congressional Budget Office data and data reported by states to the Centers for Medicare and Medicaid Services (CMS). Children enrolled in the State Child Health Insurance Program (SCHIP) may be included in the total number of Medicaid enrollees. Estimates are rounded to the nearest thousand.

na Not applicable  
ns Not specified

100 percent of FPL for children age 6-19.<sup>23</sup> Thus DV-M will apply primarily to NSSLP-free applications in Tennessee, although Medicaid data may verify reduced-price applications due to differences in program definitions of family size and income.

The other States have Medicaid income eligibility levels above 130% FPL. The South Carolina Medicaid income limit is 150% FPL, thus DV-M will be applicable to NSSLP-free applications and a portion of NSSLP-RP applications. The remaining three States (Arizona, Indiana, and Washington) have SCHIP programs with income eligibility limits above 185% FPL. Thus, depending on Title XIX and SCHIP participation rates in these States, DV-M may directly verify a large portion of the entire NSSLP verification sample.

<sup>23</sup> Tennessee limits new enrollment in Medicaid to income eligibility up to 100% FPL for children age 6 to 19. However, the program includes eligible children age 6-19 up to 130% FPL who enrolled before the eligibility limit was rolled back.

Exhibit 2-4 also shows the percent of SCHIP records with child SSNs. Federal regulations require SSN disclosure by Medicaid applicants at the time of application (or as soon as an SSN can be reasonably obtained). SSN disclosure by SCHIP applicants, however, is voluntary. SSNs are collected by the SCHIP programs in Indiana, Oregon, and Washington. Indiana and Oregon reported near full compliance with SSN requests, while Washington was unable to say what percent of children had SSNs on file.

In some States, the extent of SSN disclosure to SCHIP could potentially limit methods of DV-M. Among the States in this study, SSN is used for direct certification in Oregon, South Carolina, and Tennessee, but only Tennessee uses SSN for DV-FS.<sup>24</sup>

---

<sup>24</sup> Tennessee districts receive monthly FS/TANF data files for direct certification and/or DV-FS. The precise method of matching or searching for DV-FS is up to the district, but large districts report using the same methods as used for direct certification.



## Chapter 3

# Study Design

The evaluation of direct verification with Medicaid data (DV-M) includes an implementation study and an impact study. The approach for the implementation study includes:

- Describing the methods and challenges of implementing DV-M;
- Determining the effects of DV-M on the overall verification process at the local level;
- Determining the satisfaction of school districts with DV-M;
- Documenting the costs of implementing and maintaining systems for DV-M; and
- Assessing the feasibility of implementing DV-M on a national basis.

The impact study includes three goals, with only the first goal addressed in the first year of the study:

- Estimate the percentage of applications sampled for verification that are directly verified with Medicaid data;
- Determine the accuracy of DV-M determinations; and
- Estimate the impact of DV-M on verification nonresponse.

Data for the study were collected through interviews with State agency staff in each of the five participating States; interviews with school districts in the four States that successfully implemented DV-M; and data collection forms completed by 85 school districts in four States. This chapter describes the data collection activities and sampling plan.

### Data Collection Activities

Data collection for the study began immediately after contract award in June 2006 and continued through January 2007.

#### Initial and Ongoing Communications with State Agencies

From June 2006 until October 2006 (when DV-M was implemented), the evaluation contractor collected information from State agencies about implementation plans and progress. This information was obtained at multiple points in time, through a mix of formal interviews and informal status requests.

State CN Agencies were initially contacted in early June 2006 for an informal status report. In July 2006, the evaluation contractor met with staff from State CN and Medicaid Agencies in each of the original five States. The initial meeting with Oregon took place by telephone in September. For these meetings, the contractor prepared an agenda of topics to discuss with each State. Throughout the summer, the contractor maintained contact with the State CN Agencies and forwarded many of their questions and concerns to FNS. The final informal contact occurred in the first week of October, to determine whether implementation was occurring on schedule.

## **State Agency Interviews After the Completion of Verification**

Interviews were conducted with staff of the State Child Nutrition and Medicaid Agencies in December 2006 and January 2007. These interviews obtained information about the States' experiences with implementation and their views on the effectiveness and benefits of DV-M. The topic areas explored with each agency are listed below. The topic guides used for these interviews are included as Appendix C.

### ***State Child Nutrition Agency Interview Topics***

1. What pre-existing data systems and procedures were used to support direct verification?
2. How did the State design, develop and implement DV-M? What was the overall timeline?
3. What are the challenges and lessons of implementing DV-M?
4. How does DV-M affect other NSLP verification operations?
5. What is the future of DV-M?
6. What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?

### ***State Medicaid Agency Interview Topics***

1. How was the State Medicaid Agency involved in the design, development and implementation of DV-M? What was the overall timeline?
2. What were the challenges and lessons of implementing DV-M?
3. What is the future of DV-M?
4. What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?

## **School District Data Collection Forms**

The sampling plan for the study (described later in this chapter) selected a total of 121 school districts across the four States that implemented DV-M; 85 school districts (70 percent) responded to data collection requests. As discussed later, most of the nonresponding school districts refused to participate in the study because they did not want to use DV-M.

School districts were asked to respond to the following data collections:

- October 9—Provide to the contractor copies of all NSLP applications sampled for verification
- November 30—Complete and submit three data collection forms: *Direct Verification Report*, *Time and Cost Report*, and *Direct Verification List*

*Copies of NSLP applications* were requested from school districts so that the contractor could independently determine the direct verification status of applications. The accuracy of DV-M was not examined for this report, due to time constraints and limitations on access to student record data.<sup>25</sup>

The *Direct Verification Report* is the source for estimates of the percent of verification samples that were directly verified. This two-page form collected the following data items:

- Start date for verification activities
- Number of applications sampled for verification (free, RP, total)
- Did the district use direct verification (and if not, why)?
- Number of students directly verified (free and RP)
- Number of nonrespondents to verification requests (number of students)
- Perception of DV-M usefulness
- Perception of DV-M difficulty
- Does the district plan to use DV-M next year?
- What part of the direct verification process does the district want to do differently next year?

The *Time and Cost Report* is a one-page form that collected information to estimate the cost of direct verification and household verification, and the implied cost savings, at the local level. School districts provided:

- The number of persons who conduct or assist in direct verification of NSLP applications
- The number of persons who conduct or assist in other verification of NSLP applications
- For each person, the number of hours spent on direct and other verification activities
- For each person, the cost of labor time.

The *Direct Verification List* is a form on which school districts listed all students directly verified. This form provided a check for the counts of students provided on the Direct Verification Report. It also allowed the researchers to link students in the same household and construct counts of applications directly verified. The form fields included:

- Student first and last name
- NSLP approval status
- Address listed on NSLP application (all States except Indiana)
- Reference ID from the direct verification system (Indiana only)

For all States except Indiana, address information was used to link students on the same application. In Indiana, reference IDs were matched to a master list of reference IDs to obtain FS/TANF/Medicaid

---

<sup>25</sup> Abt Associates planned to match statewide student records from State Education Agencies with statewide records from State Medicaid Agencies to obtain the best possible match of student records with Medicaid records. The list of students on NSLP applications sampled for verification would be compared with the statewide match results to determine direct verification status. Data needed for this analysis could not be obtained within the timeframe of the study, however, due to FERPA restrictions on the release of student records. At this writing, it is not known when student records will be obtained.

case numbers and link students in the same household. The reference ID provided a link to the source of verification (DV-FS or DV-M) which was not known to school districts in Indiana.

Appendix D contains the data collection forms described above.

### **School District Forums**

In early December 2006, after districts completed the data collection forms for the study, they were invited to participate in forums by teleconference to discuss their experiences with direct verification. Forums were used, instead of one-on-one interviews, so that viewpoints could be obtained from several districts in a short period of time, and districts could discuss issues among themselves and share ideas and concerns. These forums provided an opportunity for open-ended, in-depth discussion, to complement the limited, closed-end questions on the Direct Verification Report. Two forums were scheduled for each of the four implementing States, and districts were invited to sign up for the time slot most convenient for them. A total of 15 school districts participated in seven forums. The forum moderator assured that all participants had the opportunity to share their experiences.

The topics for discussion during the forums were:

1. Was direct verification worthwhile? Why or why not?
2. What were the main challenges of implementing direct verification?
3. What changes at the State or Federal level would make direct verification more effective and efficient?
4. If your school district uses direct verification next year, what will you do differently?
5. Is direct verification feasible for all school districts in your State? What kinds of school districts have the capability and the interest to use direct verification?

### **Sampling Design**

The evaluation of DV-M required a sample of school districts in each of the participating States. This section provides an overview of the sampling design. A detailed description of the sampling plan, including sample size calculations and procedures for estimating variances, appears in Appendix B.

#### **Sampling Approach**

The evaluation study was originally designed to examine a total of six outcome measures for each State:

The percentage of applications (in the verification samples) that are directly verified with Medicaid data:

1. Among all applications
2. Among applications approved for free meals (NSLP-free)
3. Among applications approved for reduced price meals (NSLP-RP)

The error rate in matching (by direct verification, as a percentage of applications):

4. False positives (i.e., the application was not eligible but was verified)

5. False negatives (i.e., the application was eligible but was not verified)
6. Overall (counting false positives and false negatives).

This first year report provides estimates for the first three outcome measures, but all six outcome measures formed the basis of sample-size calculations, because the sample design was completed early in the study.<sup>26</sup> Prior estimates of outcome measures were obtained for use in sample size calculations. Estimates of the percentage of applications directly verified were based on the percentage of households meeting the following criteria: (a) children approved for NSLP, (b) household income in error-prone ranges, and (c) children enrolled in Medicaid. The estimates were based on data from the Current Population Survey (March 2005). Prior estimates for each State and outcome measure are provided in Appendix B.

An independent sample of school districts was selected for each State. The sample frame for each State included all public school districts. Measures of size were taken from the USDA, Food and Nutrition Service, Verification Summary Report for 2005 (VSR). The VSR includes measures of the total number of NSLP applications approved in each approval category; the number of applications sampled for verification, by category, and the outcomes of verification. An appropriate measure of size is the number of applications subject to verification in SY2005–06.

The use of applications as the basis for outcome measures and measures of size reflects FNS guidance. The eligibility of all children listed on an application is verified when Medicaid data verify the eligibility of one child listed on the application.<sup>27</sup>

For each State, a few school districts with the largest numbers of applications were designated as self-representing, and were automatically in the sample. A sample of the remaining school districts was then selected with probability proportional to size (PPS). The basic objective was to select a sufficient number of districts that would yield a sufficient sample of applications selected for verification.

Exhibit 3-1 provides characteristics of the sampling frame, including the total number of school districts, number of school districts designated as self-representing, and average size of verification samples. Exhibit 3-2 provides characteristics of the sample of districts selected for the study. The sample of districts ranged from 17 in Tennessee to 37 in Indiana, reflecting differences in the average number of applications sampled per district.

---

<sup>26</sup> The error rate in direct verification matching was not examined during the first year of the study due to time constraints and legal restrictions on the release of student records to the evaluation contractor.

<sup>27</sup> USDA Policy Memo SP-32-2006, “Clarification of Direct Verification,” August 31, 2006.

---

**Exhibit 3-1****Characteristics of the Sampling Frame**

	IN	OR	SC	TN	WA
Total districts	301	174	82	135	274
Self-representing districts	4	5	4	4	3
Average number of applicants in verification sample*					
All public districts	73.8	56.5	154.5	268.8	64.3
Non-self-representing districts	51.3	25.0	72.8	49.1	47.2

\* Averages are weighted averages; weights are proportional to the total number of NSLP applications subject to verification.

---

**Exhibit 3-2****Characteristics of the Sample**

	IN	OR	SC	TN	WA
Self-representing districts	4	5	4	4	3
Districts in PPS stratum	33	29	18	13	30
Total districts	37	34	22	17	33
Expected applications in self-representing districts	832	648	1330	1814	534
Expected applications in PPS stratum	1526	740	1470	699	1458
Total expected sample size of applications	2358	1388	2800	2513	1992

**District Recruitment and Response Rates**

Indiana and Tennessee implemented DV-M on a statewide basis (to be used at school district option), but the study collected data only from school districts sampled for the evaluation. Oregon and Washington chose to implement DV-M on a limited basis, and offered it only to the sample of school districts selected for the evaluation. As noted earlier, South Carolina was unable to implement DV-M by October 2006, and data collection was suspended for the South Carolina sample of school districts.

DV-M was in its first year of implementation, so State CN agencies handled initial communications with school districts to introduce them to DV-M and recruit them into the pilot. The States followed this initial contact by distributing detailed instructions on how to perform direct verification with Medicaid data. The evaluation contractor distributed study materials to the participating districts, including a brochure explaining the study and data collection forms.

The contractor provided the sample of school districts to all but one of the States in mid-July. (Oregon's sample was provided in mid-September.) Initial recruitment led to three refusals in South Carolina, where replacements were selected. Initial recruitment led to 12 refusals in Indiana, 3 in Oregon, and 3 in Washington. These districts indicated that they did not want to use direct verification; some cited staff changes or participation in other studies. District refusals in Indiana, Oregon, and Washington were not replaced, because these States did not have the time or resources to contact additional school districts while implementing DV-M.

Additional district refusals became known when school districts failed to respond to the first deadline for data collection (October 9). Nonrespondents were contacted by the contractor via email and telephone. Many initial nonrespondents were converted. Final nonrespondents at this point in time, for the most part, indicated that they choose not to use DV-M. Several reasons for nonresponse were provided by school districts.

- Oregon—there was insufficient notice; the data were not available in time, it required too much effort, or they didn't have the staff to do it.
- Washington—two nonrespondents reported they never received information about the study due to staff changes that were not known to the contractor until late December.<sup>28</sup>
- Indiana—two school districts responded to the first deadline for data collection (copies of applications in the verification sample) but did not respond to requests for the outcome of direct verification after repeated contacts; response was obtained from all others who did not refuse at recruitment.

A total of 85 districts responded, as shown in Exhibit 3-3. Rates of district response range from 49 percent in Indiana to 100 percent in Tennessee. (Percentages are weighted by sampling weights.) Among respondents, Indiana and Washington had the highest percentages of school districts who chose not to use DV-M (22 and 20 percent), while Oregon had the highest percentage (27 percent) using DV-M but not directly verifying any applications.<sup>29</sup> Tennessee had the highest percentage of sampled districts directly verifying one or more applications (83 percent), followed by Washington (36 percent). The actual sample size of applications is shown in Exhibit 3-3 for the entire sample, for respondents, and for nonrespondents.

Exhibit 3-4 shows the NSLP enrollment and verification sample characteristics for respondents. (This exhibit can be compared with statewide statistics shown in Exhibits 2-1 and 2-2.) Study respondents in Indiana and Oregon had a smaller percentage of students directly certified, compared with these States overall (32 vs. 49 percent in Indiana; 64 vs. 74 percent in Oregon). The composition of respondents' verification samples differs somewhat from statewide averages in Indiana, Tennessee, and Washington. In Indiana, respondents' verification samples contained more reduced-price applications than the state overall (42 vs. 30 percent). In Tennessee and Washington, respondents' verification samples contained fewer reduced-price applications than the state overall (30 vs. 37 percent in Tennessee; 32 vs. 42 percent in Washington).

---

<sup>28</sup> Other nonrespondents were difficult to contact. Multiple emails and phone calls were made without making personal contact, and they did not respond to voicemail requests to find out if they used direct verification.

<sup>29</sup> Indiana districts may have been reluctant to participate in DV-M if they did not participate in direct certification and were unfamiliar with the systems. The contractor has requested information from Indiana identifying districts participating in direct certification and DV-M statewide (from system logs) and will add this information to a revised draft of this report.

**Exhibit 3-3****Final Status of Districts Selected for the Pilot Study**

	IN		OR		TN		WA	
	Number	Weighted Percent						
Total districts selected for the study	37	100.0%	34	100.0%	17	100.0%	33	100.0%
Respondents	23	49.1%	24	65.0%	17	100.0%	21	63.3%
Nonrespondents/nonparticipants <sup>a</sup>	14	50.9%	10	35.0%	0	0.0%	12	36.7%
Distribution of respondents								
Did not use DV-M	5	22.2%	9	23.6%	0	0.0%	2	19.7%
Used DV-M, #DV-M = 0	7	9.2%	10	27.4%	3	16.8%	2	7.9%
Used DV-M, #DV-M > 0	11	17.7%	5	14.0%	14	83.2%	17	35.8%
Sample size of applications in verification samples (unweighted)								
Responding districts	1400		991		2124		1263	
Nonrespondents	786		393		0		383	
Total	2186		1384		2124		1646	

a Nonrespondents include 4 self-representing districts: 2 in Indiana and 2 in Oregon.

Note: South Carolina is not included in table because direct verification was not implemented in SY2006–07.

**Exhibit 3-4****NLSL Enrollment and Verification Sample Sizes in SY2005-06 for Respondents**

	IN	OR	TN	WA
Number of school districts	23	24	17	21
Effectiveness of direct certification	32.0%	63.7%	90.8%	76.4%
Distribution of applications sampled for verification				
Approved for free meals, based on FS/TANF/FDPIR case number	12.9%	5.0%	11.8%	1.4%
Approved for free meals, based on income and household size	45.2%	55.2%	58.5%	42.4%
Approved for reduced-price meals	41.9%	39.8%	29.7%	56.2%
Average size of verification sample				
PPS stratum	28	13	28	18
Self-representing districts	219	156	586	182
Nonrespondents to the verification process				
Percentage of children on sampled applications	19.0%	17.7%	33.6%	16.1%

Source: USDA, Food and Nutrition Service. Verification Summary Report Database, SY2005-06.

Notes: South Carolina is not included in table because direct verification was not implemented in SY2006–07.

Sampling weights were used to estimate State means.

## **Sampling Weights and Estimation**

All estimates presented in this report are calculated separately for each State, using information about the complex sample design and sampling weights. Sampling weights were constructed for each stratum in each State (each self-representing district and the PPS stratum) and for each district in the PPS stratum.

Outcome measures presented in Chapter 5 are calculated in two ways. The first method assumed that all nonrespondents were nonparticipants in direct verification and thus had zero applications directly verified with Medicaid data. The second method excluded nonrespondents from the estimation of outcome measures and adjusted sampling weights for respondents to account for nonresponse. The latter approach assumes that respondents are representative of nonrespondents.



# Chapter 4

## Direct Verification Implementation

This chapter describes the systems used for DV-M in the pilot States, and how the States and school districts implemented these systems. The implementation process involved four main steps:

1. Planning—meeting between State CN and Medicaid Agencies, determining data needs, and deciding on methods for conducting DV-M.
2. Establishing agreements for data-sharing—defining data elements, file formats, and data security.
3. State-level implementation—data preparation, dissemination of information and/or training school districts, “going live,” and providing Medicaid data to districts.
4. Local-level implementation—DV-M used by school districts.

Challenges were encountered in at least some States at each step of the implementation process. The chapter begins with a description of the DV-M system implemented in each State.

### Overview of Systems for Direct Verification with Medicaid

Each of the pilot States developed a different approach to direct verification for the fall of 2006. These approaches are summarized in Exhibit 4-1 and described below. South Carolina did not finalize an approach to implementation because they were unable to obtain a data-sharing agreement for Medicaid data (that agreement was obtained in January 2007).

#### **Indiana: On-line Query of Statewide Medicaid and FS/TANF Data**

Indiana’s approach to DV-M was to integrate it with DV-FS and enable all school districts statewide to query a single statewide database of Medicaid, Food Stamp, and TANF data. The Medicaid data included both regular Title XIX and SCHIP children; these programs enroll children in families with incomes up to 200 percent of the Federal poverty guidelines.

Indiana school districts used the State Education Agency’s (SEA’s) secure website to query the direct verification database for children listed on NSLP applications sampled for verification. Users could search for children using any of four combinations of identifiers: (a) child name, date of birth, and county; (b) FS/TANF case number; (c) parent/guardian name and county; and (d) parent/guardian SSN. The name search used a phonetic algorithm to match first names, thereby improving the likelihood of verifying a child whose name may have different spellings. The case number search accepted the first 10 digits, which are the same for FS, TANF, and Medicaid. Thus, an application containing a case number could be directly verified if the child was enrolled in any program. If a child was enrolled in both FS or TANF and Medicaid, the system used the FS/TANF information.

**Exhibit 4-1**

**Direct Verification with Medicaid in Pilot States, SY2006–07**

	IN	OR	TN	WA
Implemented by October 1? <sup>a</sup>	No (October 6)	No (October 10)	Yes	No (October 6)
Scope of implementation	Statewide	Selected districts	Statewide	Selected districts
Integrated with DV-FS?	Yes	No	No	No
Program data	Title XIX, SCHIP	Title XIX, SCHIP (Non-FS/TANF)	Title XIX (Non-FS/TANF)	Title XIX, SCHIP (Non-FS/TANF)
Timing of program data	July to October	September	September	September
Income eligibility limit				
Title XIX	150%, age<19	133%, age <6 100%, age 6+	130%, age <6 100%, age 6+	200%, age<19
SCHIP <sup>b</sup>	200%	185%	na	250%
Method of direct verification	On-line query of DV data <sup>c</sup>	District-level look-up	District-level match/look-up	State-level match to student records and district-level look-up
Search fields for query/ fields for match	Name, DOB, & county; FS/TANF #; guardian name & county; guardian SSN	Name, DOB, FS/TANF #, guardian name, address	SSN; name & DOB; guardian name & address	Name, DOB, gender, state & district student ID, address, school
Medicaid eligibility information visible to districts	Indicator of F/RP eligibility w/o indicating source <sup>d,e</sup>	Medicaid income, Medicaid family size	Medicaid income, Medicaid family size (ignored) <sup>f</sup>	Indicator of F/RP eligibility, Medicaid ID number <sup>d</sup>
Procedure	State posted data. Districts looked up on-line, selected best match, printed result.	State sent statewide Medicaid file to districts, who did look-ups, compared Medicaid income and family size to NSLP guidelines.	Districts downloaded DV data, looked up or matched to sample, compared NSLP family size and Medicaid income to NSLP guidelines.	State sent matched data to districts, who did look-ups or matched to sample.

<sup>a</sup> Date that data were available to districts for direct verification

<sup>b</sup> na indicates no separate SCHIP program.

<sup>c</sup> State matched verification sample data with Medicaid data for two school districts.

<sup>d</sup> An indicator of F/RP eligibility is a single data item constructed from Medicaid information about family income and family size. The indicator is “F” if Medicaid information indicates eligibility for free meals, and “RP” if Medicaid information indicates eligibility for reduced-price meals.

<sup>e</sup> Indiana provided a reference number that auditors can use to locate the record used for direct verification and confirm the data source and eligibility of the child.

<sup>f</sup> TN Medicaid household size included only enrolled individuals, not the family size used to determine income as percent of poverty guidelines. Some individuals were flagged as not eligible for direct verification; the basis is not known at this time.

Indiana was the only State in the study using multiple months of eligibility data for direct verification. (The other three States used data for Medicaid children enrolled in September.) Indiana’s system included Medicaid data for all children enrolled in any month from July through October, spanning the months from the start of the NSLP application process through most of the verification process.<sup>30</sup> When school districts used the direct verification system, they specified the month that the NSLP application was submitted. The system searched from the application month forward. (The system default for application month was August, if not specified.) Thus, a child would be directly verified if he or she was enrolled in FS, TANF, or Medicaid at any time from the month of NSLP application through the month of verification.

When a school district queried the direct verification system, and a match was found, the system returned a result indicating free or reduced-price eligibility. Enrollment in FS or TANF returned an indicator of NSLP-free eligibility; enrollment in Medicaid returned an indicator of free or reduced price eligibility according to whether Medicaid income was below or above 133 percent of the FPL. The source of information (the program(s) the child was enrolled in) was not revealed to protect the confidentiality of Medicaid eligibility. The system also returned a reference number that could be used by State officials to look up program eligibility information if needed for an audit.

When school districts submitted a query, results were displayed on two screens. The first screen presented a list of possible matches, with hyperlinks to details on each possible match. The detail screen presented all of the identifiers that could be used for the search (as listed above), plus address and the first month that the child appeared in the data (between July and September). As a security feature, only the last four digits of the parent/guardian SSN were displayed. Users were instructed to review possible matches, select the best fit, and print the detail screen as documentation of direct verification.

The State DV-M coordinator matched the verification samples with the direct verification database for two districts. These were large districts for which a batch match was more efficient than individual queries.<sup>31</sup>

### **Oregon: District-Level Look-Ups with Statewide Medicaid Data**

Oregon’s implementation of DV-M reflected a hurried approach resulting from the State’s late recruitment into the study. As noted in Chapter 2, Oregon conducted direct verification in SY2005–06 with the State Food Stamp Agency (SFSA) manually verifying information submitted by school districts. That method did not provide districts with results in a timely manner, and staffing changes at the SFSA precluded its continuation. The CN Agency considered operating DV-M for a few districts in SY2006–07, with the CN Agency taking over the role of the SFSA and looking up verification samples in a Medicaid database. Recruitment into the pilot study necessitated a larger scale approach.

The Oregon CN Agency implemented DV-M by obtaining a statewide file of children enrolled in Medicaid from the State Medicaid Agency, and providing the file to the school districts participating in the study. The file included both Title XIX and SCHIP; these programs enroll children in families

---

<sup>30</sup> July through September data were loaded in the system and available on October 6. October data were added in November.

<sup>31</sup> The verification sample sizes for these districts were approximately 185 and 245 applications.

with income up to 185 percent of Federal poverty guidelines. The CN Agency used its secure e-mail system to distribute the data in text (ASCII) format. (This email system was used to distribute data for direct certification before 2006, when those data were made available on a secure website.)

The school districts used a text editor or Excel<sup>®</sup> to sort and search the Medicaid data. The data file included: child name, date of birth, FS/TANF case number, parent/guardian name, and address. Districts reported that they worked with the NSLP applications on their desk while searching in Excel<sup>®</sup> on their computer. One district reported toggling back and forth on the screen between an Excel<sup>®</sup> search of Medicaid data and the student database, to check parent information. While districts could have matched the Medicaid data to their student records, none indicated doing so, and the State Child Nutrition staff did not think this was done.

Unlike in Indiana, the school districts in Oregon had to perform a second step for direct verification: once they found a child's record in the Medicaid data, they had to determine whether the child was eligible for free or reduced-price meals. The file included Medicaid monthly income and family size; school districts compared these data to NSLP guidelines.

### **Tennessee: District-Level Look-Ups with Medicaid Data**

Tennessee implemented DV-M, and made it available to all school districts in the State, by leveraging its pre-existing system of district-level matching for direct certification and DV-FS. Under the pre-existing system, the Child Nutrition Agency receives monthly files of all FS/TANF children, divides the data into county files, and posts the files to its secure website so that school districts can download the data for their district.<sup>32</sup> School districts can use these data for direct certification and DV-FS.

To implement direct verification with Medicaid, the Child Nutrition Agency obtained a file of all Medicaid-only children enrolled in September (children enrolled in Medicaid and not receiving FS or TANF). This file was divided into separate files for each county and posted to the CN Agency's secure website for download by school districts. The income-eligibility limit for Medicaid is 130 percent of poverty for children age 1–5, and 100 percent of poverty for children age 6 to 19. Thus, information about Medicaid enrollment is sufficient to directly verify children for free meals in Tennessee.

At the school district level, the process for obtaining Medicaid data was similar to obtaining FS/TANF data. An authorized user logged into the secure website, selected the direct verification option, and downloaded the data for their county. (To obtain data for DV-FS, users selected the direct certification option.) The DV-M data files were in Excel<sup>®</sup> format and contained the following elements: county code, child SSN, child name, Medicaid case number, date of birth, parent/guardian name, address, Medicaid income, and number of family members enrolled. Users could view data for other counties if needed.

According to the State, and the school districts participating in discussions for the study, most school districts opened the Medicaid data files using Excel<sup>®</sup>, and manually searched for children listed on NSLP applications selected for verification. Some districts searched by SSN; but to do so, they had

---

<sup>32</sup> Most school districts are county-based, although some counties have two or more districts within their boundaries.

to access information from the student information system because student SSN is not collected on NSLP applications.

One of the largest districts participating in the study attempted to match the Medicaid file to its student records, as it does for direct certification. However, this district determined that about 300 children in the Medicaid file lacked SSNs, and could not be matched. Therefore, the district abandoned the match method and searched the Excel<sup>®</sup> file for students listed on applications. Another school district reported successful matching of its Medicaid file to its student records, using student SSN as the key identifier. This match allowed the district to provide a file of Medicaid children in each school to the person doing verification for that school.

Once sampled children were identified in the Medicaid data, school district personnel used the family income in the Medicaid file and the household size on the NSLP application to determine whether the children were verified for free or reduced-price meals. Although the Medicaid Agency provided a family size variable, it only counted family members enrolled in Medicaid and thus understated the family size.<sup>33</sup>

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

Washington implemented DV-M as a pilot test and made it available only to the school districts selected for the study. The CN Agency obtained a file of Medicaid-only children enrolled in September (children enrolled in Title XIX or SCHIP and not in FS or TANF), and matched this file to its statewide student database. The State then provided each selected school district with Medicaid data for children enrolled in that district.<sup>34</sup> Data files were distributed by e-mail.

Washington provides monthly district-level files of FS/TANF data to all school districts via its secure website. DV-M was not integrated with DV-FS because DV-M was not implemented statewide and it was easier to limit access to Medicaid data by keeping the systems separate.

The State matched Medicaid data with student records using the same matching algorithms used for direct certification: name and date of birth, with duplicates resolved with gender and address information. Matched data were put in separate Excel<sup>®</sup> files corresponding to each district (based on the school district identifier on the student record). The files contained the following data elements: student name, date of birth, gender, State student ID number, district student ID number, address, school code and name, Medicaid ID number, and indicator of free/RP eligibility.<sup>35</sup> The State used income and family size as determined by Medicaid to determine each child's income as a percentage of the poverty level and set the free/RP indicator. Medicaid/SCHIP eligibility extends to 250 percent of Federal poverty guidelines, so some Medicaid children were ineligible for free/RP meals. The data files distributed to districts excluded Medicaid children who were missing information on Medicaid

---

<sup>33</sup> As noted above, Medicaid enrollment is sufficient to directly verify children for free meals in Tennessee. This fact got lost in the hurried atmosphere during implementation planning as States sought guidance from FNS about differences in NSLP and Medicaid eligibility.

<sup>34</sup> The CN director reported that the State-level match is essential for accurately distributing data to Washington districts because school district boundaries do not coincide with county boundaries.

<sup>35</sup> A parent SSN was available in the Medicaid data, but the SEA did not to share this with school districts because State policy prohibits schools from collecting parent SSNs.

income and family size because NSLP eligibility category could not be assigned. The files included children determined over income for free/RP meals on the basis of Medicaid information, but districts were instructed not to use these data.

The selected school districts used a variety of approaches to look up their verification samples in the Medicaid data. Most districts reported that they sorted the Medicaid data in Excel<sup>®</sup>, and browsed or searched the Excel<sup>®</sup> file while working with hardcopies of the NSLP applications. The largest districts opened both the Medicaid list and their verification sample in Excel<sup>®</sup>, sorted both lists by name, and manually compared the two.<sup>36</sup> Once an NSLP applicant was identified in the Medicaid data, the district used the free/RP indicator to complete verification. The CN director was not aware of any district that matched the Medicaid data with its verification sample using a computer program.

### **Summary of Differences In States' Approaches to Direct Verification**

The following are the key similarities and differences among the four States' approaches to implementing DV-M.

**Scope of implementation.** DV-M was available to all school districts in Indiana and Tennessee, and to only the districts selected for the evaluation in Oregon and Washington.

**Integration with DV-FS.** DV-M was integrated with DV-FS in Indiana, and districts searched one system for direct verification. DV-M was implemented separately from DV-FS in the other States, and districts needed to search two systems to maximize the number of applications directly verified.

**Scope of data and means of access.** Oregon provided school districts with the complete statewide list of children enrolled in Medicaid. Tennessee provided districts with Medicaid data for their county. Washington provided districts with Medicaid data for children determined to be enrolled in the district (based on a State match of Medicaid data to student records). Indiana's system allowed only case-by-case queries so that districts could not easily "browse the Medicaid data."

**Use of data matching.** Washington was the only State to perform a State-level match between all student records and all Medicaid records. Indiana's system performed a real-time match each time an applicant's information was entered; as a result, school districts only saw Medicaid data for children in their verification samples. Oregon and Tennessee did not match at the State level. District-level matching of Medicaid data to student records or verification samples appeared to be rare.

**Identifying information.** Indiana and Tennessee enabled school districts to use unique numeric identifiers for direct verification of Medicaid children: parent/guardian SSN in Indiana and child SSN in Tennessee.<sup>37</sup> In Oregon and Washington, school districts relied on student name and date of birth to find sampled students in the Medicaid data; name and date of birth appeared to be the primary identifiers used in Indiana as well. Washington was the only State that enabled school districts to use student ID numbers for direct verification, but districts reported using these numbers only for confirmation of matches, not for matching.

---

<sup>36</sup> The three largest districts in the State participated in the study. Their verification sample sizes were 139, 156, and 223 applications.

<sup>37</sup> Both Indiana and Oregon allowed use of FS/TANF case numbers, but these were useful only for the limited number of NSLP categorical applications sampled for verification.

In all States except Oregon, search methods required information not collected on the NSLP application: student SSN, student date of birth, and student ID are not on the USDA prototype NSLP application. Oregon modified its NSLP application in preparation for direct verification to collect students' dates of birth. In all other States, information not on the application had to be obtained prior to searching the direct verification data.<sup>38</sup>

**Search method.** Only Indiana required school districts to use a specific method to search for sampled students in the Medicaid data. Other States left this choice up to the school districts. Some districts printed out their Medicaid lists, while others searched them by computer, often using Excel<sup>®</sup>.

**Disclosure of Medicaid income information.** Oregon and Tennessee included Medicaid income and family size in data files provided to districts, and districts were responsible for determining the NSLP eligibility category verified by this information. Indiana and Washington processed the Medicaid data, determined the verified NSLP category, and disclosed only the NSLP eligibility category to districts. Furthermore, Indiana did not disclose that a child is enrolled in Medicaid. Indiana integrated DV-M and DV-FS, and disclosed the NSLP eligibility category to districts without disclosing the source of that determination.

## Planning for Direct Verification

### The Origins of Direct Verification with Medicaid

In 2004 and 2005, several factors led the States of Indiana, Oregon, Tennessee, and Washington to begin planning for direct verification with Medicaid:

- Congress authorized direct verification with Medicaid in 2004, as part of the reauthorization of the NSLP. FNS highlighted this new option in memoranda to the States and in conference presentations.
- Reauthorization required the State Child Nutrition and Food Stamp Agencies to establish agreements to cooperate for direct certification and direct verification with FS data. The discussions on these agreements provided an opportunity for considering the potential use of Medicaid data for direct verification.
- Other data exchanges between the Medicaid Agency and the schools were under discussion or in progress. Indiana's Medicaid Agency had shared its data with several school districts for outreach, and was interested in statewide matching for this purpose and as a basis for the Medicaid Administrative Claiming (MAC) program, a means of reimbursing school districts for Medicaid-related services.<sup>39</sup> In Washington, the SEA and

---

<sup>38</sup> Student date of birth is available in most school food service information systems via their link with the larger district information system. Therefore, a computer-generated list of students in the verification sample might contain this data item. But the NSLP applications alone provided insufficient information for direct verification.

<sup>39</sup> The MAC program provides Medicaid reimbursement to school districts for school-based Medicaid administrative services. Reimbursement is based in part on the percentage of Medicaid-eligible students per school district. This percentage may be determined by computer matching of individual student records with Medicaid records.

Medicaid Agency had developed a data match of student and Medicaid data for the MAC program. Washington had also explored the idea of direct certification with Medicaid.

- Interagency task forces for State Nutrition Action Plans, hunger prevention, and other issues promoted communication between State Child Nutrition and Medicaid officials.
- In June 2005 FNS contacted all State Child Nutrition directors to solicit volunteers for the Direct Verification Pilot.
- In September 2005, FNS issued a call for proposals from States for grants to implement direct certification, direct verification, and related improvements to the certification and verification processes. This opportunity stimulated discussion of direct verification in Oregon and Tennessee. FNS awarded a grant to Tennessee (independently of recruiting for the pilot).

As noted earlier, Arizona initially agreed to participate in the direct verification pilot, but later withdrew from the evaluation. Arizona, nevertheless, continued to plan for direct verification with Medicaid. South Carolina volunteered for the study but was unable to implement DV-M in 2006. South Carolina continued planning for direct verification with Medicaid and intends to implement in 2007.

Two of the five States (Oregon and Tennessee) tested direct verification with Medicaid prior to the pilot study. As described earlier, Oregon's implementation of direct verification in 2005 included FS, TANF, and Medicaid data. The State determined that this process was not viable, and decided in December 2005 to develop a new system for 2006. Thus, planning for direct verification was underway before Oregon joined the evaluation.

Tennessee tested direct verification with Medicaid at the local level in 2004, shortly after the legislation authorized it. School districts requested Medicaid information for sampled children from the local human services office. This experiment was not successful, so the State determined that a State-level solution was needed. Planning for direct verification with Medicaid continued in 2005, and the State applied for and received an FNS grant to enhance direct certification and direct verification.

Indiana and Washington had not tested direct verification with Medicaid when they joined the pilot study, but both States had implemented web-based systems for direct certification and DV-FS. As a result, they had both a base of experience and a potential platform for DV-M.

### **The Planning Process**

Between the fall of 2005 and the summer of 2006, State planning for DV-M addressed three main questions:

1. What were the data needs for DV-M, and could the State Medicaid Agency provide the needed data?
2. What were the possible ways to conduct DV-M, and which was most feasible?
3. What were the requirements of the applicable laws and regulations for the NSLP, the Medicaid program, and student records? How would the system for DV-M meet these requirements?

In each State, the Child Nutrition staff took the lead in gathering information, developing ideas, and discussing options with Medicaid policy and technical staff. The pace and timing of these discussions varied:

- In Indiana, the planning process was largely dormant from the fall of 2005 until May 2006 while the State awaited more detailed instructions from FNS; the State moved rapidly to prepare for DV-M once the plans for the evaluation became clear.
- Oregon developed a plan, during winter and spring of 2006, for State Child Nutrition staff to look up children sampled for verification in a statewide Medicaid file, which the Medicaid Agency agreed to provide. The State envisioned doing these look-ups for a limited number of school districts. (They ultimately changed plans.)
- Tennessee and Washington made substantial progress during the winter and spring of 2006; both States had designed their approaches and secured commitments from the Medicaid Agency by late spring. Washington began receiving Medicaid files for testing in April 2006.

### **Issues and Challenges: Medicaid Eligibility Data Requirements and Availability**

One of the basic challenges of the planning process was that some Medicaid representatives were not familiar with NSLP certification and verification procedures. NSLP uses self-declaration of income, verifies a sample of applications (within a single six-week period), and defines the assistance unit as the household. In contrast, the Medicaid program verifies all applications on an on-going basis and defines the assistance unit according to family relationships. Understanding these differences was a focus of discussion in some States.

During the planning phase, there were two areas of uncertainty (among some of the States) about the Medicaid data needed for DV-M:

1. Whether net income and family size used for Medicaid eligibility determination could be used to verify NSLP eligibility, which is based on gross income and household size.
2. How to interpret FNS instructions to use the most recent information available where “‘Most recently available’ is information reflecting program participation or income before the 180-day period ending on the date of application for free or reduced price meals.”<sup>40</sup> (The word “before” was an error; the intention was to use the most recently available data *within* the “180-day period....”)

The participating States were, at the time, relying on the reauthorization legislation and two policy memoranda (issued by FNS in November 2004 and September 2005).<sup>41</sup> None of these documents addressed the differences in definitions of income and family size between the programs; and the instruction regarding “most recently available” information was interpreted differently by different States. Neither of these issues affected planning in Oregon.

---

<sup>40</sup> “Direct Verification - Reauthorization 2004: Implementation Memo–SP 19,” September 21, 2005.

<sup>41</sup> Ibid and “Effect of Current Verification Activity on SY2005-06 Verification Requirements–Reauthorization 2004. Implementation Memo SP-9,” November 19, 2004.

The States were generally aware that Medicaid used different definitions of family size and income for eligibility determinations, and that these differences might affect determination of NSLP eligibility status for Medicaid children. For Medicaid, the relevant family group (also known as the budget unit) for a child usually comprises the adults responsible for that child's medical care, by marriage or by birth, and the other children for whom these adults are also responsible. In some situations, the child is in a separate "family" of one, such as when the child is categorically eligible due to receipt of Supplemental Security Income (SSI). The Washington CN Agency sought clarification from FNS in July 2006 on how to determine NSLP eligibility status when the family as defined by Medicaid was not the household as defined by the NSLP. The other States assumed they would use the Medicaid income and family size data, although Indiana was concerned that FNS might not accept this approach. Tennessee ultimately used Medicaid income data combined with the family size as indicated on the NSLP application, because the Medicaid family size was not in the data provided for DV-M. Tennessee sought and received FNS' permission to use this approach, although it did not adhere to FNS' policy.

Initial State interpretations of the "most recent available data" varied. Tennessee (correctly) understood this to mean the most recent available snapshot of the Medicaid caseload (e.g., the September caseload). Washington initially thought it meant Medicaid records for children who enrolled in Medicaid no earlier than 180 days before the application date (e.g., children with Medicaid certification dates, or re-approval dates, within the past 180 days). Indiana initially understood this to mean children enrolled in Medicaid at any time from 180 days prior to the application and up through the verification date.<sup>42</sup>

These two issues were resolved when FNS issued a clarifying memorandum on August 31, 2006. (The FNS memorandum is included in Appendix A.) To facilitate planning for DV-M, FNS provided a draft of this memorandum to the participating States in mid-August.

In most States, the Medicaid Agency quickly confirmed that it had the necessary identifiers, income data, and family size. A potential barrier emerged in Washington, however: the Medicaid database had income and family size data only for children approved during the current month (these data items are not retained after eligibility determination). Thus, only a small fraction of Medicaid records had sufficient information to verify NSLP eligibility. The Medicaid Agency modified its system to retain this information on all newly enrolled children and on all records subject to mass eligibility changes. These changes were made in April 2006, so there were relatively few records without income and family size by September, when data were used for DV-M.<sup>43</sup>

### **Issues and Challenges: Methods for Direct Verification**

The four States spent different amounts of time and discussion deciding on a method for conducting DV-M. Indiana and Washington decided early in the planning process to use the same web-based

---

<sup>42</sup> Indiana's interpretation to use data through the verification date was based on FNS guidance in "Verification of Income Eligibility – Reauthorization 2004 Implementation Memo SP-5" (August 25, 2004): "Effective July 1, 2004, school officials verifying income eligibility for free and reduced price meals must allow households to provide documentation of income for any point in time between the month prior to application and the time the household is required to provide income documentation."

<sup>43</sup> The State could not provide an estimate of the number of records missing income and family size. The contractor will attempt to address this question in the revised draft.

query process for DV-M as for DV-FS. Oregon also decided on its planned approach with relatively little deliberation about alternatives. Both Washington and Oregon, however, had to modify their plans prior to implementation.

In Tennessee, the question of how to implement DV-M required a great deal of discussion. It was clear that a computerized process was needed, after the initial experiment with local-level contacts. The Child Nutrition and student information system officials discussed the feasibility of a state-level match between the student database or verification samples and the Medicaid data. They determined this was not feasible because some districts did not participate in the student records upload process, and because of concerns about how to make results available to local food service personnel. After much deliberation, State staff realized the most feasible solution was to follow the existing process for direct certification and send the Medicaid data to the school districts to be searched or matched. Before this insight, some staff had concerns that DV-M was not feasible, but they were committed to finding a solution.

## **Establishing Agreements for Sharing Data**

The State CN agencies needed to establish agreements with the State Medicaid agencies for three purposes:

- To define the authority for State and local officials to use Medicaid data for direct verification;
- To provide assurances regarding the protection of confidential data; and
- To specify the format of Medicaid data files.

In general, the States built on their existing agreements for direct certification and DV-FS. In all four States, the FS/TANF agency is also the Medicaid Agency.<sup>44</sup> Thus, the agencies had already established a data-sharing relationship, which is more difficult than expanding an existing relationship.

A key constraint for all of the States was the time required to work out data-sharing agreements. These processes require interactions among program, legal, and technical staffs of different agencies, all of whom have other ongoing responsibilities and internal approval processes for contracts. Time-frames of several months to a year are common for negotiating such agreements. The States had less than a year from the time they committed to participate in the evaluation to the time that Medicaid data had to be available to school districts for direct verification. Thus, there was the potential for the data-sharing agreement process to cause delays in the implementation of DV-M.

The type of agreement between the CN Agency and the Medicaid Agency varied among the States, as did the challenges of establishing agreements and complying with rules regarding access to Medicaid data.

---

<sup>44</sup> Medicaid eligibility data systems are integrated with Food Stamp eligibility systems in most States (36 of 45 States responding to the 2005 Survey of State Medicaid Agencies, reported in Cole and Logan, 2007). Because of this integration, it may be possible for NSLP access to Medicaid data to be obtained by amending existing data sharing agreements developed for NSLP direct certification.

- In Indiana, there were two parts to the process: securing approval for the system modifications to provide the data, and negotiating the agreement to share the data. The challenges of this process delayed the release of Medicaid data, creating uncertainty about whether and when direct verification would be available to school districts.
- Oregon proceeded under their existing agreements for direct certification and direct verification. The Medicaid Agency determined that this agreement, together with the authorization under the 2004 reauthorization legislation, was sufficient.
- A modification to add Medicaid to the FS/TANF data-sharing agreement was needed in Tennessee, but the process was “simple” according to State officials. Tennessee also had a separate data security agreement, rather than having data security as part of the direct certification agreement. This agreement did not have to be amended because it addressed how data were handled, not what data were shared. The Medicaid Agency had already reviewed the security of the SEA website used for distributing data to districts, so this was not a concern.
- In Washington, the CN Agency and the Medicaid Agency modified their agreement to update the provisions on data security. The Medicaid Agency had adopted new requirements for its data sharing partners. There were no substantive issues, but it took time to work out agreement on the language.

In all four States, the Medicaid Agency chose to provide family size and income data to the CN Agency, rather than construct an indicator of NSLP free/RP eligibility. Medicaid agencies did not want the responsibility of determining a child’s NSLP eligibility category. In addition, the extra programming would increase the effort for the Medicaid Agency, which was a consideration in Tennessee.

The State Medicaid Agencies differed in their view of whether CN agencies could share eligibility data with school districts, based on their interpretations of Medicaid rules and their policies on data security. Oregon and Tennessee Medicaid agencies allowed the sharing of income and family size data with school districts. On the other hand, Indiana and Washington Medicaid agencies did not allow income and family size to be shared with districts, and the CN Agency provided only an NSLP eligibility indicator to school districts.

Indiana’s Medicaid Agency had the strictest interpretation regarding the sharing of eligibility data: it would not allow the direct verification system to identify children as Medicaid recipients. The agency’s view was that Medicaid eligibility status is part of protected health information (PHI) protected from disclosure by the Health Insurance Portability and Accountability Act (HIPAA).<sup>45</sup> As a result, the CN Agency had to redesign its direct verification interface so that it would provide school districts only two types of eligibility information: the child’s NSLP category (free, reduced-price, or not verified) and the reference number for audit trail purposes (as previously described).

---

<sup>45</sup> HIPAA defines PHI as individually identifiable health information maintained or transmitted by electronic media or any other form or medium. PHI includes demographic information and information that relates to the health condition of the individual, or provision of health care to the individual. PHI may be shared under a trading partner agreement where the duties and responsibilities of each party to the agreement are specified (USDHHS, HIPAA Administrative Simplification, Regulation Text).

Both the substantive issues and the process in Indiana contributed to delays in making Medicaid data available to the CN Agency for testing and implementation of direct verification. One lesson learned from the process was that direct discussions were needed between attorneys for the two agencies. The usual process was for program staff to serve as liaisons, each program staff speaking separately with its attorneys. Another challenge to the process in Indiana was that planning for both direct verification and for matching for MAC was under way, and the agencies were attempting to include both initiatives in the same agreement. Thus, discussions on MAC became a source of delay in working out the terms for sharing Medicaid data for direct verification. Lastly, the process of working out data sharing plans and agreements slowed down when communications with FNS stopped (in the winter and spring of 2006), and thus it was especially challenging to complete the process in time for the planned release of data by October 1.

In Indiana, the CN Agency went through a formal process of obtaining approval for modifications to the Medicaid system to make data available for direct verification. The Medicaid Agency had a supervisory board that approved and prioritized all requests for changes to the agency's eligibility data system for FS, TANF, and Medicaid. The CN Agency worked through its primary contact at the Medicaid Agency to obtain this approval, which was necessary before programming on the Medicaid system could start. The time to complete this approval process contributed to the time pressures for the programming and testing for the DV-M system.

Restrictions on access to student data under FERPA did not pose a problem for DV-M implementation, because SEAs and school districts retained custody of student data.<sup>46</sup> However, State officials in Indiana determined that the contractor's request for student records for the evaluation of DV-M was barred by FERPA. This FERPA restriction indirectly affected Indiana's progress toward implementation because it created confusion among some State officials who thought that DV-M itself was somehow barred by FERPA.

## **State-Level Implementation: Preparing and Providing Data to School Districts**

DV-M implementation involved the following tasks at the State level:

- Programming and preparing Medicaid data (by the State Medicaid and CN agencies)
- Preparing school districts for DV-M
- "Going live" and providing support to school districts.

Except for Tennessee, the States found it challenging to complete these tasks in the time available, after designing their systems and completing arrangements to obtain Medicaid data. All four States wanted to make data available before the official start of the verification cycle on October 1, but only Tennessee was able to do this (making data available on September 19). The other three States made their Medicaid data available between the 6<sup>th</sup> and the 10<sup>th</sup> of October.<sup>47</sup> Start-up delays in Indiana

---

<sup>46</sup> FERPA would be a concern if school districts released student records to the Medicaid Agency for verification, because FERPA prohibits disclosure of student records without parents' consent except for specified educational uses.

<sup>47</sup> Timing of direct verification is critical, because school districts have to meet the November 15 deadline for all verification activities, and so they need to send verification letters as soon as possible.

and Washington were due to delays in negotiating data-sharing agreements. In Oregon, staffing constraints forced both a change in approach and a delay in implementation.

During the summer of 2006, the States communicated their plans to school districts at their annual child nutrition training meetings and through e-mails. Washington met school districts in a break-out session at its annual training meeting. Tennessee held two web conferences to train school districts on the DV-M process after the system became available.

The States also contacted the school districts selected for the evaluation study and encouraged them to participate. In some States, there were numerous reluctant districts, and recruiting for the evaluation took a substantial amount of time for the CN Agency's liaison.

The DV-M systems became available in late September or early October. The States provided telephone support when school districts had questions. The CN director or task leader for direct verification provided most of this telephone support in Indiana, Oregon, and Washington. In Tennessee, the regional CN staff provided support by telephone and hands-on, and the State set up a training room at its office where school district staff could come for help. Establishment of the training lab was funded by an FNS grant through the FY06 Direct Certification and Verification Grant Program.<sup>48</sup>

Each of the States had its own challenges in the implementation process. These challenges and their implications for the success of DV-M are discussed below.

### **Indiana: Time Constraints, Data Problems, and Their Consequences**

Indiana experienced two main challenges during system implementation. First, they changed system design in several ways during the summer of 2006, in the months leading up to implementation.

- The Medicaid Agency required changes to conceal information on which children were enrolled in Medicaid.
- The CN Agency's information technology director required a change to conceal all but the last four digits of SSNs in the screens.
- The CN Agency did not finalize the design until after receiving policy guidance from FNS regarding the meaning of "most recent available data" and use of Medicaid income and family size data.

Second, the CN Agency did not receive Medicaid data until late September, leaving little time to examine the data before loading it in the DV-M system. This delay occurred because the Medicaid Agency could not program the data extracts until the formal approval process was completed (as described above). In addition, the programming was time-consuming because of the age of the

---

<sup>48</sup> FNS awarded \$3.7 million to nine States. In most States, awards provided funding for the State Nutrition Programs and the State Food Stamp or Medicaid agency. Tennessee received \$60,000 for modifications to its student management system, establishment of a training lab, provision of direct certification training for RCCIs and private schools, and sponsorship of interagency meetings and training sessions for direct verification.

eligibility system and staffing constraints of the system maintenance contractor. The CN Agency was able, however, to make its own programming changes while waiting for the Medicaid files.

The Indiana system went “live” with a critical problem that was not discovered until after most school districts had used the DV-M system: the file provided by the Medicaid Agency was incomplete. This was discovered when the CN Agency provided assistance to a large school district and found a surprisingly small number of children directly verified. Using extant data from analyses of the Medicaid program, the CN Agency determined that a substantial number of Medicaid children had been excluded from the file provided for direct verification. The missing children were primarily non-FS/TANF children. The CN Agency obtained a corrected Medicaid file and determined that approximately 200,000 Medicaid children had been left out of the original file, representing 37 percent of the correct total. For the district that the CN Agency was helping, the corrected file yielded 140 matches, versus 13 matches with the incomplete file. Thus, school districts using the incomplete file missed at least 37 percent of the potential direct verification matches, and probably much more, because the matches against the missing data would have resulted in DV-M matches, whereas the Medicaid data that were provided largely duplicated FS/TANF data.

The time constraints experienced by Indiana were important for two other reasons. First, the CN Agency was uncertain until late September that it could implement DV-M in time for school districts to use it. As a result, the CN Agency had very limited communications with school districts about the system prior to announcing when it was available. There was not enough time to set up a conference call, let alone a meeting, to train the school districts. Second, the data were not available until October 6, several days after many school districts usually mailed verification notices to households. The implications of these problems for school districts are discussed in the section on district-level implementation.

### **Oregon: Staffing Constraints and Changes in Approach**

Oregon’s planned approach – State-level look-ups—required only a simple data extract from Medicaid and no programming at the CN Agency. The process of getting the Medicaid Agency to agree to share the data was also straightforward, thanks in part to the Medicaid Agency’s strong interest in improving service to children. As a result, there was no problem with the availability of Medicaid data when they were needed.

The CN Agency had to change its approach, however, because its staff did not have the time to do the look-ups due to unanticipated program duties. The agency considered using its web-based system for direct certification and DV-FS, but it lacked the time and programming staff needed to do this for 2006. A State-level match with student records was infeasible for the same reasons.

For these reasons, the CN Agency sent the entire file of Medicaid-only children to the selected school districts. The Medicaid file contained address information, but there was no way to use this information to create separate, smaller files for each school district. (District boundaries in Oregon rarely align with county boundaries. This was one of the reasons that Oregon chose State-level matching for direct certification.)

The CN Agency made this decision in late September and sent the file and brief instructions to the selected school districts on October 10. As discussed in the section on district-level implementation,

both the timing of data availability and file size posed problems for the districts, and these problems affected the usefulness of DV-M.

### **Tennessee: Data Issues and Adaptation**

Tennessee was the first of the States to complete development of the DV-M system and obtain usable Medicaid data. The CN Agency continued to benefit from the strong cooperation of the Medicaid Agency during implementation. With adequate time and resources, the CN Agency was able to “go live” on September 19 and provide interactive training via web conferences.

There were, however, two issues that affected the use of the Medicaid data. First, the Medicaid file did not have the correct Medicaid family size and could not be used to determine NSLP eligibility. Second, a small percentage of records in the Medicaid data were flagged as not valid for use in direct verification. The Medicaid file contained a measure of family size that was equal to the count of family members enrolled in Medicaid. This count could not be used to determine Medicaid income as a percent of the poverty level. As a result, school districts used household size from the NSLP application, together with Medicaid income to determine NSLP eligibility.

The CN Agency discussed the “family size” problem with FNS and sought permission to use the NSLP measure of household size, rather than the Medicaid measure specified in the policy on direct verification. This discussion occurred around the time that FNS was finalizing the policy, and FNS had considered this alternate approach. To allow the evaluation to proceed in Tennessee, FNS approved the State’s request. As a result, school districts had to refer to the NSLP application as well as the Medicaid data when determining whether children were verified for free or reduced-price meals.

### **Washington: Data Issues and Change in Approach**

The major data issue in Washington—the limited data on income in Medicaid files—was addressed in the spring of 2006, while planning was still under way. By the summer, the CN Agency focused on two sets of issues that affected the programming of the DV-M system. First, the CN Agency sought clarification from FNS on how Medicaid data should be used in direct verification, so that the agency could program the logic for indicating the NSLP eligibility status of children. The timing of the FNS policy—coming in late August—meant that the State had just a month to complete programming and testing of the data match and other system components, in order to make the data available by the desired date of October 1.

Second, the CN Agency changed its approach to making Medicaid data available. The agency had done programming and testing for a secure web-based system to look up students matched with Medicaid data. This user interface was based on the operational web-based system for looking up FS/TANF data for direct certification and direct verification. Because of the limited number of districts in the evaluation and the limited time for programming and testing, the CN Agency set aside these plans and chose instead to send each district the Medicaid data for children enrolled in that district. The CN Agency extracted these data from its statewide match, formatted them in Excel<sup>®</sup> to facilitate sorting, and sent them by e-mail to the district officials authorized to access the secure web-based system. These officials had already received training on confidentiality and signed agreements to protect NSLP application data.

As a result of these challenges, school districts received the Medicaid data on October 6, later than the State had planned. This timing left little time for school districts to use the data before sending verification letters, particularly if the districts wanted to spend time reviewing the data and instructions. In addition, the State and the districts had to rely on the written instructions and district-initiated requests for help. Some districts in Washington (and other States) turned to the evaluation contractor for help, in part because they had recently responded to the first data collection request.

## District-Level Implementation: Success and Challenges

For DV-M to serve its purpose at the school district level, several conditions were desirable:

- **Timeliness**—Medicaid data should be available on or before October 1, when school districts begin the verification process.
- **Completeness**—Medicaid data should include all records for NSLP-eligible children enrolled in Medicaid, with sufficient identifying information to link to NSLP applications, and data to determine the correct NSLP eligibility category.
- **Successful recruitment**—District participation depends on State CN Agencies making the case for DV-M and convincing school districts to try it.
- **Interactive training and ongoing communication**—School districts can benefit from training and ongoing communication to prepare and motivate district verification staff.
- **Ease of use**—School districts are more likely to use systems that are easy, resulting in greater effectiveness.
- **Integration with DV-FS**—Integration is desirable so that districts can easily use all data available for direct verification.
- **Facilitating district-level matching**—Districts with large verification samples will find individual look-ups time-consuming, and can benefit from a file matching process.

As shown in Exhibit 4-2, nearly all of these conditions were present in Tennessee, and most were present in Washington. In contrast, the conditions were less favorable in Indiana and Oregon.

### Exhibit 4-2

#### Presence of Conditions for Effective DV-M at the Local Level, by State

Condition	Indiana	Oregon	Tennessee	Washington
Timely Medicaid data (before Oct. 1)			◆	
Complete Medicaid data			◆	◆
Successful recruitment			◆	◆
Interactive training and ongoing communication			◆	
Easy to use	◆		◆	◆
Integrated with DV-FS	◆			
Allows query and district-level matching	a	◆	◆	◆

<sup>a</sup> District-level matching with verification samples was not a built-in feature, but the State CN Agency made matching available on a limited basis.

As discussed later in this section, the most important conditions for effective DV-M were timeliness and completeness of data, and successful recruitment. Direct verification was more useful if it could be done before school districts wanted to send verification letters to households. Lack of success in recruitment undercut the potential of DV-M. Use of incomplete data led to fewer applications being directly verified, and to less satisfaction with the process on the part of school districts. (These impact measures are presented in Chapter 5.)

The conditions for success were determined by State-level planning and implementation. It is important to note, however, that these conditions did not by themselves assure that substantial numbers of applications would be directly verified with Medicaid data. The effectiveness of DV-M also depended on the extent of and overlaps between NSLP verification samples and Medicaid enrollees. The sections below discuss school districts' perspectives on the implementation.

### ***Indiana: A Strong Design with Implementation Challenges***

For the typical school district, Indiana's DV-M process was the easiest to use. The greatest problems with implementation in Indiana were that it was implemented late, and the data were incomplete. (Districts were unaware of the data problems at the time.) District experiences were characterized by the following conditions:

- DV-M was easy to use because it did not require any downloading or manipulation of data files.
- Districts could search the Medicaid data using multiple search criteria, and only one search was needed due to the integration of DV-M and DV-FS into a single system.
- The delay in receiving data led some districts to abandon DV-M altogether, while others used DV-M only for nonrespondents to the household verification letters. Although the State extended the end of the verification period from November 15 to December 1, this decision was announced after the critical date of October 1.
- One limitation of Indiana's approach was that it did not provide large districts an easy way to match their verification samples with the Medicaid data. The State addressed this limitation by doing this match for the two largest districts.
- Indiana districts did not receive interactive training from the State, but the design of the system made it very easy for school district personnel to learn; the procedures were the same as the individual look-ups for direct certification and DV-FS.

### ***Oregon: A Streamlined But Limited System***

The simplicity of Oregon's approach made it easy to implement at the State level. School districts, however, experienced the following limitations:

- Medicaid data were received in early October, after school districts had started verification.
- School districts received little information about how DV-M would work before they started the verification process.
- From a technical perspective, the process was the least user-friendly. School districts had to download the entire statewide Medicaid file, and the format was not suited for use by school food service personnel.

### ***Tennessee: Most Conditions for Successful Implementation***

Among the four States, Tennessee provided the most conditions for successful implementation of DV-M at the local level:

- Medicaid data and training were provided in the third week of September, allowing time to complete DV-M and send household notification on schedule.
- Training by teleconference allowed school districts to ask questions, emphasized key information, and encouraged use of DV-M.
- School districts received data for all Medicaid-only children in their county, and could get data for other counties if needed.
- The interface for browsing and downloading Medicaid data was easy to use and familiar.
- School districts could match their Medicaid data with their student enrollment data or their verification samples, although missing SSNs limited the usefulness of district-level matching for one district.
- The lack of data on Medicaid household size was a potential problem, but the State and FNS worked out the solution of using the household size from the NSLP application.

### ***Washington: Mix of Favorable Conditions and Limitations***

In Washington, most of the conditions for favorable implementation at the local level were present.

- Districts received data for Medicaid-only children enrolled in their district, with State student ID numbers to facilitate matching, and an indicator of F/RP eligibility.
- The file format (Excel<sup>®</sup>) was easy to use and the size of the file was manageable, although some problems occurred with the delivery of files to the district staff responsible for verification.
- Districts could match the DV-M data with their verification samples, and the presence of the State student ID made this easier.
- The main limitation of DV-M as implemented in Washington was the timing of the data release. As in Indiana and Oregon, DV-M would have been more useful if the data had been available in late September.

## **Challenges of Direct Verification with Medicaid for School Districts**

### ***Timeliness***

The most common problem for school districts was that direct verification data were not available on or before October 1 when they would have been most useful. Delayed availability of Medicaid data had several consequences:

- DV-M was conducted under greater time pressures than if the data had been timely.
- The potential for saving time through DV-M was substantially less if verification letters were already sent. Districts therefore had less incentive to try this new procedure.

- Use of direct verification was more complicated, because districts had to process household information if it was received.
- DV-M was often used only for households that did not respond to verification.
- If DV-M occurred after the district terminated a household's benefits for non-response, it was unclear whether or how the district could use the DV-M results to restore benefits. One district noted that its software would not allow the reinstatement of benefits without a new application.

Several districts indicated that the ideal timing was to get current Medicaid information one to two weeks before October 1. This would provide sufficient time to review and prepare the data, conduct direct verification, and then send letters to the households that were not directly verified.

### ***Identifiers Available for Matching***

School districts in Tennessee and Indiana used SSNs for DV-M. In Tennessee, student records had SSNs, so this was the primary identifier for looking up children in the Medicaid data. Student name was used to confirm matches on SSN and to look up children not matched by SSN. In Indiana, the parent or guardian's SSN from the NSLP application was sometimes used to locate a child's record in the Medicaid data, but this identifier was not widely used. In theory, parent/guardian SSN could be a very useful identifier, because it is a unique number collected by both the NSLP and Medicaid. In practice, the school districts met several obstacles to using this identifier.

- Parents or guardians do not always provide a SSN on the NSLP application, and they are not required to have one.
- School districts cannot verify parent/guardian SSNs on NSLP applications, so they are subject to misreporting.
- The SSN on the NSLP application may be for a different person than the head of the Medicaid assistance unit, so the SSNs will not match.

Oregon, Tennessee, and Washington did not provide parent/guardian SSN in the Medicaid files for direct verification. In Tennessee, the student SSN and Medicaid case number were considered sufficient. Washington's CN Agency received the SSN for the head of the assistance unit but did not share it with school districts because of the agency's policy on SSNs.

Some districts used address (rather than date of birth) in combination with name as the primary identifiers for searching; others used address as an identifier when other information did not produce a match, or when a name and date of birth produced more than one match. Address information was not available to search in Indiana, and some school districts suggested this would have been helpful. Some districts commented that Medicaid address information was not useful because it could be different in the Medicaid file for valid reasons. (e.g., mobility of households, and mobility of children between households).

While the States structured the Medicaid data for verification, the school districts used their own systems for organizing NSLP application data and student records, and for searching the Medicaid data. In all but Indiana, the school districts had the challenge of simultaneously accessing NSLP applications, student data, and Medicaid data. Various combinations of paper and electronic records

were used (e.g., paper NSLP application and electronic Medicaid data, or printouts of verification sample and Medicaid data, or toggling between screens of NSLP and Medicaid data).

Having to check income and family size against NSLP eligibility levels was not a significant problem for the school districts in Oregon and Tennessee. (This check was done at the State level in Indiana and Washington.) Checking income might slow down direct verification, or inconsistency in income between NSLP and Medicaid data could create confusion. School districts reported, however, that checking the income eligibility level was easier than processing applications or household verification information. In the Medicaid data, there was only one income total for the family and it was always a monthly figure. Thus the district did not have to add up individual income and convert from weekly or biweekly pay.

### ***Adapting DV-M to School-Based Verification***

Direct verification was typically a centralized, district-level process. Among the 15 school districts participating in the forums, however, 2 had school-based processes. (Both were in Tennessee.) Districts gave two reasons for using school-based verification. First, they processed applications at the school level, so the data were available there. Second, they did not have sufficient district-level staff available to conduct verification.

Where school-based verification was used, Medicaid data had to be distributed to the schools. One Tennessee district reported matching Medicaid data with student enrollment data and then with the database of free/reduced-price applicants, in order to create a Medicaid list for each school to use in verification. The other district with school-level direct verification provided the full Medicaid list to each school.

### ***Training and Technical Assistance Needs of School Districts***

Some school districts were able to conduct direct verification with only written instructions. Others needed more help, as evident from their questions (to the State and to the study's toll-free help line) and their comments on data collection forms. A number of sources of confusion were evident.

Perhaps the most basic issue was confusion about the nature and purpose of direct verification with Medicaid. Several districts questioned why they would use Medicaid data since it could not be used for direct certification, or because they already conducted direct certification with FS/TANF data. The concept of using Medicaid or FS/TANF data to verify income-based applications was also hard for some school district personnel to grasp, since they associate FS/TANF data with categorical applications. Thus, the lack of understanding about direct verification in some States affected the rate of participation among school districts.

School districts were also confused about when to use direct certification, DV-M and DV-FS. For example, one district in the evaluation used the direct certification system (FS/TANF data) for direct verification, rather than the direct verification system (FS/TANF and Medicaid data). Another district mistakenly used the direct verification system for direct certification, until the CN Agency became aware and corrected this misunderstanding.

In Oregon, as previously discussed, there was a particularly important gap in school districts' understanding of direct verification procedures. The State's instructions recommended using a text editor to search the file but did not emphasize that if a district used Excel<sup>®</sup>, it would not be searching

the complete file and would miss some matches. The two school districts that participated in the forum for the study used Excel<sup>®</sup>, and both were dissatisfied with the number of matches.

A common theme in discussions with school districts was the value of an interactive training experience—in-person or by teleconference. Tennessee districts (which had this opportunity) valued the opportunity to ask questions in the State-sponsored Web conferences. Some districts in other States took the initiative to seek information from the State (and occasionally from the evaluation contractor), but most appeared to rely on their written instructions. On the other hand, some district staff were unwilling to spend extra time on training for a task that was supposed to save them time.

### ***Desired Changes in Direct Verification***

School food service directors and NSLP application coordinators expressed the desire to see several improvements and enhancements in DV-M:

- District officials in Indiana, Oregon, and Washington wanted to have access to Medicaid data by the third week of September, so they would have sufficient time for DV-M before sending verification letters
- While most officials appeared to be satisfied using look-ups for DV-M, several expressed a preference for a batch matching system, where they would upload their verification samples and download results. These officials felt that dealing with the large volume of Medicaid data was burdensome relative to the small number of applications in their verification samples.
- In Oregon, one official suggested a match between the Medicaid file and the statewide student information system, as in direct certification. This would enable districts to use state student ID numbers in queries for DV-M.
- Some officials were disappointed that they could not use DV-M to change students' status from reduced-price to free. This would be an advantage from their perspective, but it would exceed the authorized use of Medicaid information. School districts can, however, follow up with RP households that appear to be free-eligible and encourage them to reapply.
- Finally, several officials expressed the wish for a change in the law that would allow use of Medicaid information for direct certification. They viewed this as a way to increase NSLP participation and help families, and to reduce application processing and other administrative burdens.

## **Summary of DV-M Implementation**

At the most basic level, all four States succeeded: they provided data for DV-M, and school districts used the information to verify applications without contacting households. The States and school districts demonstrated that DV-M is technically and operationally feasible. This success built on past experience with direct certification and with DV-FS. The efforts of State CN, Education and Medicaid officials made DV-M possible, as did the efforts of the participating school districts.

The experiences with DV-M in these States highlighted several ways to ensure success:

- Starting preparations and establishing policies early enough to plan, obtain data, test systems for DV-M, and provide notice and instruction to school districts
- Having a good working relationship between the CN Agency and the Medicaid Agency, to facilitate data-sharing and cooperation among technical staff
- Building on existing systems for direct certification, both to conserve technical resources and to facilitate training
- Providing Medicaid data through a simple user interface or in a format that is easy for school districts to manipulate
- Making enough identifiers available to facilitate matching, while avoiding “data overload” for school districts
- Providing multiple channels of training and technical assistance to school districts, while minimizing the time needed to learn to use DV-M
- Obtaining feedback from school districts to improve DV-M.

Several ongoing challenges also emerged. A key challenge is that State Medicaid Agencies differ widely in their interpretation of Medicaid privacy rules and their willingness to entrust eligibility data to State CN and school district officials. Reaching agreement on access to these data was the greatest challenge in Indiana, and the process affected both the timing and the effectiveness of DV-M. The lack of an agreement with the Medicaid Agency precluded DV-M in South Carolina, as discussed in Chapter 1. On the other hand, Indiana demonstrated a solution that meets the Medicaid Agency’s relatively stringent position on the privacy of Medicaid data, while also meeting the needs of school districts for a robust DV-M system. Washington also demonstrated a system that provides the eligibility information needed by school districts, while keeping detailed information on income within secure State computer systems. Clarification of Federal standards in this area, with sensitivity to both recipients’ and school districts interests, would help other States.

Another important challenge is timing: there is a narrow window for providing Medicaid data when school districts can best use it. DV-M needs to take place on or before October 1, when school districts need to send out verification letters. Even a few days’ delay can affect the usefulness of DV-M.

Finding NSLP applicants in Medicaid data is yet another important challenge for DV-M. In most school districts, DV-M relies on the imperfect method of searching by name, using date of birth and other identifiers to confirm matches. Student date of birth and SSN, however, are not collected on NSLP applications and must be obtained from other student records. Use of parent/guardian SSNs from NSLP applications has some potential to aid matching, but this approach poses privacy issues, as well as practical issues about the reliability of the data.

In communicating with school districts about DV-M, a key challenge is dealing with the potential confusion between direct verification and direct certification. The terms are similar and the processes are similar. Training can help address this problem, as can the design of the process. For example, a State can prevent DV-M from being used at the wrong time by making the website available only during the verification period.



# Chapter 5

## Direct Verification Results

This chapter presents preliminary results of the effectiveness of DV-M based on the first year of implementation in Indiana, Oregon, Tennessee, and Washington. The following outcomes were measured by the study:

- District participation—Did school districts use direct verification with Medicaid data?
- DV-M effectiveness—What percentage of applications sampled for verification were directly verified with Medicaid data?
- Perceptions of the process—Was DV-M useful? Was it easy? Will school districts use it again next year?
- Time and cost of verification—How much time did staff spend on direct verification and on household verification? What were the costs?

As noted in Chapter 1, these results must be considered preliminary for three reasons. First, first-year results generally underestimate long-run effectiveness. Second, Indiana, Oregon, and Washington were unable to “go live” on October 1, and some districts did not use DV-M because the systems were not ready. Third, Indiana and Oregon had specific data problems that resulted in local agencies attempting to verify NSLP applications with incomplete Medicaid data.

### District Participation in DV-M

Direct verification is an option for school districts. Indiana and Tennessee made DV-M available to all districts in the State, while Oregon and Washington offered DV-M only to districts selected for the study. In all States, participation is measured only among districts selected for the study.

The selected districts were contacted by the State CN Agencies, and some States worked hard to gain district participation. Thus, participation observed for the pilot study might overstate long-run participation. However, as discussed earlier, there was significant nonresponse—districts declined to participate in both DV-M and the study for several reasons. They did not want to use a new process, or there was uncertainty about the timing of data availability and they did not want to delay verification, or they did not want to comply with the added burden of completing data collection requests for the evaluation. Thus, estimates of participation in the first year are likely to underestimate long run participation rates.

The percentages of districts using DV-M in each State are shown in Exhibit 5-1. Two sets of estimates are presented: the percent of districts using DV-M among all districts selected for the study, and among respondents. Nonrespondents are assumed to be nonparticipants in DV-M.<sup>49</sup> All percentages are weighted as described in Appendix B.

---

<sup>49</sup> This assumption was verified with 58 percent of nonrespondents.

---

**Exhibit 5-1****District Participation in DV-M**

---

	IN		OR		TN		WA	
	Number	Weighted Percent						
Total districts selected for the study	37	100.0%	34	100.0%	17	100.0%	33	100.0%
Respondents to the study	23	49.1%	24	65.0%	17	100.0%	21	63.3%
Percent of districts using DV-M								
Among all selected districts	18	26.9%	15	41.4%	17	100.0%	19	43.7%
Among respondents <sup>a</sup>	18	52.3%	15	63.3%	17	100.0%	19	67.5%

---

<sup>a</sup> This estimate is based on sampling weights that have been adjusted for nonresponse

---

Among all districts selected for the study, rates of participation were 27 percent in Indiana, 41 percent in Oregon, 44 percent in Washington, and 100 percent in Tennessee. These results reflect a high rate of nonresponse in Indiana, where delays in implementation prevented the CN Agency from following up with the twelve districts that refused to participate after the initial recruitment contact. Oregon and Washington also had nonrespondents due to uncertainty about the timing of implementation, or the added burden of completing data collection forms for the evaluation. (These reasons were given to the CN Agency during recruitment contacts.)

Among respondents, rates of DV-M participation were 52 percent in Indiana, 63 percent in Oregon, 68 percent in Washington, and 100 percent in Tennessee. Respondents who reported they did not use DV-M (on the *Direct Verification Report*) were asked why they did not use it.<sup>50</sup> Reasons given by nonparticipating respondents in Indiana and Washington indicated misunderstandings about the implementation. In Indiana, districts reported that they did not have access to DV-M; they did not understand that access to the DV-M function on the SEA website had to be enabled by the district person maintaining website authorizations.<sup>51</sup> In Washington, one district reported that it never received the data, and another reported that it did not use DV-M because only income applications were sampled for verification. Districts in Oregon indicated that the Medicaid file was too large, or that their verification sample was small (implying that DV-M was not worth the effort).

All of the selected districts in Tennessee participated in DV-M, and there were no nonrespondents to the study's requests for information. Tennessee had the smallest sample, which made it easier to recruit all districts and ensure their participation. Tennessee also had the smoothest implementation, with DV-M data available in mid-September.

---

<sup>50</sup> Some districts reported that they did not use DV-M and their reason was that "none of the applications were on the Medicaid list." These responses were re-coded to indicate use of DV-M if the district reported hours for direct verification on the Time and Cost Report.

<sup>51</sup> Three of four Indiana districts reporting a lack of access to DV-M conducted DV-FS with the direct certification system, indicating motivation to use direct verification.

## DV-M Effectiveness

The primary measure of DV-M effectiveness is the percentage of applications in verification samples that are directly verified with Medicaid data. Each of the four States operated a system that provided a measure of the marginal impact of Medicaid data—in other words, these estimates measure the percentage of applications directly verified with Medicaid that would not be directly verified with FS/TANF. (Recall from the system descriptions in Chapter 4: Oregon, Tennessee, and Washington provided districts with data files containing Medicaid-only children, defined as children enrolled in Medicaid and not in FS/TANF. Indiana integrated DV-FS and DV-M, districts did not know which program provided the verification, but the system provided a reference ID for each directly verified application and the contractor mapped these to the source data.<sup>52</sup>)

Two sets of estimates are shown in Exhibit 5-2. The top panel shows the percentage of applications directly verified with Medicaid among all districts selected for the study; the bottom panel shows the percentage of applications directly verified with Medicaid among districts using DV-M. The first set of estimates incorporates the impact of district nonparticipation; the second set provides an indication of the effectiveness of DV-M if all districts participate (assuming that participants are representative of all districts).

***Estimates of DV-M effectiveness in Indiana and Oregon are not valid due to the data problems experienced in those States.*** As discussed earlier, the Indiana Medicaid file was missing 37 percent of children enrolled in Medicaid. The Oregon data file was so large that districts using Excel<sup>®</sup> to search the file unknowingly accessed only half of the data (due to Excel<sup>®</sup> limitations on the number of records). Estimates for these States are shown in Exhibit 5-2 but are not discussed because there is no way of knowing how these estimates relate to the true effectiveness of DV-M in the absence of these problems. DV-M in Indiana and Oregon was clearly flawed in its first year; it is not possible to determine, based on first-year experience, how effective DV-M will be in those States after data problems are resolved.

All districts in Tennessee participated in DV-M and directly verified 9.6 percent of all applications sampled for verification. DV-M was more effective for verifying free-approved applications (14.1 percent), than for reduced-price approved-applications (2.9 percent). The greater effectiveness in directly verifying NSLP-free applications is consistent with the Medicaid income eligibility levels in Tennessee (130 percent of poverty for children under age 6, and 100 percent of poverty for children age 6 to 18—see Exhibit 2-4). All Medicaid children in Tennessee have family income consistent with NSLP-free eligibility. Nonetheless, direct verification of NSLP-RP applications may occur if a change in household circumstances results in different incomes reported to NSLP and Medicaid, or if Medicaid countable income and family size differ from NSLP countable income and family size.

---

<sup>52</sup> One implication of Indiana's integrated system is that districts perceived the system to be more effective than is reported here because they directly verified a total number of applications (by DV-FS and DV-M) that is greater than the DV-M number.

---

**Exhibit 5-2****Direct Verification with Medicaid (DV-M)—Effectiveness in the First Year of Implementation**

---

Percent of Applications Directly Verified with Medicaid	IN	OR	TN	WA
<i>Among all districts</i>				
All applications	2.5 (0.39)	2.0 (0.30)	9.6 (1.33)	10.7 (0.99)
Free applications	3.0 (0.51)	3.3 (0.51)	14.1 (1.28)	10.5 (1.31)
Reduced price applications	1.4 (0.53)	0.5 (0.20)	2.9 (0.75)	11.9 (1.78)
Sample size of applications <sup>a</sup>	2,186	1,384	2,124	1,646
<i>Among districts using DV-M</i>				
All applications	4.1 (0.64)	2.7 (0.41)	9.6 (1.33)	18.0 (1.80)
Free applications	5.1 (0.88)	4.6 (0.71)	14.1 (1.28)	17.5 (2.34)
Reduced price applications	2.1 (0.81)	0.7 (0.27)	2.9 (0.75)	19.5 (3.34)
Sample size of applications <sup>a</sup>	1,400	999	2,124	1,263

<sup>a</sup> Sample size is the total number of applications in verification samples of selected districts. SY2005 VSR data are used for nonrespondents, but these data will be replaced in the final draft when SY2006 VSR data are available.

*Note:* Standard errors of estimates are shown in parentheses.

---

The two sets of estimates of DV-M effectiveness for Washington differ substantially. Among all districts selected for the study, 10.9 percent of all applications were directly verified with Medicaid data. Among districts that used DV-M, 18.0 percent of applications were directly verified. The first estimate incorporates the impact of district nonparticipation in DV-M, which lowered DV-M effectiveness by 40 percent. The percentage of applications directly verified in Washington was approximately the same for NSLP-free and NSLP-RP. This is consistent with the Medicaid income eligibility level, for children age 1 to 18, of 200 percent of the Federal poverty level.

**Role of DV-FS**

Direct verification in Oregon, Tennessee, and Washington might be more effective overall if these States integrate DV-FS and DV-M. Only Indiana operated an integrated system. Districts in Washington did not use DV-FS. Districts in Oregon and Tennessee had the option to use both DV-FS and DV-M, but they had to search two systems (or data files) for each application in their verification

sample.<sup>53</sup> Districts in Oregon and Tennessee reported the number of students directly verified with FS/TANF data, but were not asked if they used the DV-FS system.

Exhibit 5-3 shows the distribution of districts with directly verified applications, by the types of directly verified applications: DV-M only, DV-FS only, or both. Washington districts had only DV-M applications. Most districts in Indiana and Oregon (64 percent and 58 percent) had only DV-FS applications, and this is at least partly a reflection of the Medicaid data problems in those States. Districts in Oregon may have been motivated to use DV-FS instead of DV-M if they had problems using the Medicaid data file. In Tennessee, where DV-M worked well, 52 percent of Tennessee districts had only DV-M applications. It is not possible to know whether these districts used DV-FS, but it is possible that these districts did not use DV-FS and might have directly verified more applications if DV-FS and DV-M were integrated.

**Exhibit 5-3**

**Distribution of Districts with Any Directly Verified Students, by Types of Direct Verifications**

	IN	OR	TN	WA
DV-M only	1.3%	21.7%	52.4%	100.0%
DV-FS only	63.7	57.5	11.9	0.0
Both	35.0	20.8	35.7	0.0
Total	100.0	100.0	100.0	100.0

**District Perceptions of DV-M**

School districts selected for the study were asked three questions about their experience with DV-M: How useful was it (on a scale of 1 to 5)? How difficult was it (on a scale of 1 to 5)? And would you use it again next year (yes, no, or maybe)? These questions were closed-ended, but each question was followed with an open-ended question of the form: What are the main reasons for your response?

District perceptions of DV-M are expected to be closely related to DV-M effectiveness. For example, if DV-M is considered difficult, districts may have abandoned their attempts to use it and the process will be found ineffective. If DV-M is effective, districts are expected to find it useful, and to want to use it again.

Exhibit 5-4 presents districts’ perceptions of DV-M. The difficulty and usefulness of DV-M was reported on a scale of 1 to 5, and responses were grouped as “1 or 2” and “4 or 5” with 3 being indifferent.

**Was DV-M Difficult?**

In all States, a majority of districts found DV-M easy or very easy. Only in Tennessee, however, was there an overwhelming consensus that DV-M was easy (91 percent of districts), followed by Indiana where 77 percent of districts found DV-M easy. Washington ranks behind Indiana on the “easiness”

<sup>53</sup> Districts in Washington could use the direct certification system for DV-FS, but information about this capability has not been disseminated and the CN Agency reported that DV-FS was not used.

scale only because 10 percent of districts were indifferent (both States had 22 percent of districts reporting DV-M as difficult). The highest percentage of districts reported DV-M was difficult in Oregon (37 percent), where districts received a large file containing Medicaid records for all children in the State.

## Exhibit 5-4

### Direct Verification with Medicaid—Districts’ Perceptions of the Process

	IN	OR	TN	WA
How difficult was DV-M? <sup>a</sup>				
Easy or very easy	77.8%	56.3%	91.1%	67.3%
Difficult or very difficult	22.2%	36.8%	0.0%	22.6%
Indifferent or no response	0.0%	7.0%	8.9%	10.1%
Total <sup>b</sup>	100.0%	100.0%	100.0%	100.0%
How useful was DV-M to your school district? <sup>a</sup>				
Useful or very useful	24.7%	37.0%	35.2%	61.6%
Not useful	70.4%	47.7%	39.2%	27.2%
Indifferent or no response	5.0%	15.4%	25.6%	11.1%
Total <sup>b</sup>	100.0%	100.0%	100.0%	100.0%
Will you use DV-M next year?				
Yes	51.5%	49.8%	69.8%	84.1%
No	35.0%	28.3%	0.0%	0.0%
Not sure	13.6%	21.9%	30.2%	15.9%
Total <sup>b</sup>	100.0%	100.0%	100.0%	100.0%
Number of participating districts	23	24	17	21

<sup>a</sup> Respondents were asked to rate usefulness and difficulty on a scale of 1 to 5. Responses are grouped as “1 or 2” and “4 or 5,” with “3” being indifferent. Responses are weighted by sample weights.

<sup>b</sup> Responses may not sum to a total of 100% due to rounding.

The open-ended comments provide some insight into these ratings. Districts in Indiana indicated that they found DV-M difficult either because they could not access it (and did not use it), or they found it time-consuming. Districts in Oregon found DV-M difficult either because it was “too much information” and too hard to search, or because they did not verify anyone. Districts in Washington found DV-M difficult either because the data were late or because of “too much information” (i.e., they thought too many data fields were provided and not useful). Nearly all districts in Tennessee reported that DV-M was not difficult, but a few commented that the instructions were a little confusing.

### Was DV-M Useful?

Districts in Washington were most likely to report that DV-M was useful (61 percent), followed by Oregon and Tennessee (37 and 35 percent) and Indiana (24 percent). Responses from Washington districts are consistent with DV-M effectiveness in that State, where respondents directly verified 18

percent of applications sampled for verification. Washington respondents indicated that: “it was very beneficial not to have to contact households and collect documents,” “its nice to have a source for instant approval,” and “good idea, though no results for district.”

Respondents in Tennessee directly verified 10 percent of applications, but only 35 percent of districts found DV-M useful or very useful. Districts not finding it useful indicated: “seemed to be extra work and few verified,” “due to the number of applications we had to verify, there were too few students on the Medicaid list,” “only 1 match,” “only 5 matches.” These responses reflect high expectations for the process. Those that found DV-M useful indicated: “parents are slow to respond, so any that can be verified without their response is helpful,” “using the Medicaid list quickly verified 4 out of 24.”

Respondents in Indiana and Oregon directly verified 4 percent of applications or fewer. Nonetheless, some districts in these States found DV-M useful (25 percent in Indiana and 37 percent in Oregon). Positive comments from Indiana districts focused on the system’s ease of use, while negative comments focused on the small number of applications verified. Positive comments from Oregon districts came from districts that successfully used the Medicaid file, while negative comments came from districts unable to use the file (“too much information,” “huge file”) and from districts finding few or none of their students on the list.

### **Will Districts Use DV-M Next Year?**

One of the dangers of implementing new systems in hurried circumstances is that, if all does not go well, users will not want to use the system again. This is a potential concern for Indiana and Oregon, where only about half of respondents indicated they will use DV-M again next year; 70 percent of districts in Tennessee will use it again, and 84 percent in Washington will use it again.

In Tennessee and Washington, where DV-M was successfully implemented, no districts reported they would not use it again. Districts in Indiana reported they would not use DV-M because they considered it ineffective or unnecessary. Districts in Oregon reported they would not use it because it was too time-consuming.

In all four States, some districts were not sure if they will use DV-M again. Many respondents said, “it’s not my decision” or “I will if available”; two districts in Oregon said they are not sure, but will use DV-M if the file format is different.

While DV-M was hindered in Indiana and Oregon due to data problems, some districts nonetheless said they would use it again. In Indiana, some said they would use it because it was easy to use, or they expect it to work better next year. One Oregon district responded that they would use it because “even finding one student is better than none”; another district reported that “as with direct certification, we expect the process to get better each year.”

### **Time and Cost of Verification**

The conventional method of verifying NSLP applications is household verification, by which school districts obtain documentation of income or categorical eligibility from households. Districts typically send verification notices to households soon after the verification sample is selected. The household notice includes a due date for response. Districts are required to follow up with households not responding to verification requests.

One of the potential benefits of direct verification is reduced burden for districts. When an NSLP application is directly verified, the household does not need to be contacted. Districts may save significant time and effort, depending on the responsiveness of households in the district and the protocol for following up with nonrespondents.

Cole and Logan (2007) interviewed school districts and found anecdotal evidence of significant variation in the level of effort for follow up with nonrespondents. Some of the variation was due to differences in household responsiveness, but protocols for follow-up also varied. One district reported only two contacts with households: an initial letter and one telephone follow-up. Another district reported, on average, four contacts to obtain a household response: (a) send initial letter, (b) if letter is returned, send it home with student, (c) send second letter, if no response by due date, (d) telephone follow-up if no response to letters. A third district reported a protocol of up to three telephone follow-ups per family. Districts also reported that follow-up with nonrespondents was only part of the burden of household verification. Many households respond with incomplete documents, requiring telephone follow-up to complete the file.

School districts selected for the Direct Verification Pilot Study were asked to report the time and cost of verification activities, separately for direct verification and household verification. Districts completed a worksheet listing all staff members who worked on verification, the number of hours spent on verification, and workers' wages or salaries.

The time and cost data collected for this study provide approximate measures. Most districts completed the worksheet after the conclusion of verification and did not track their time as it was expended. Furthermore, the sample for the study was not designed to obtain reliable State-level estimates of the time and cost of verification. Therefore, we present estimates of verification costs based on the pooled sample of responding districts in all four States, weighted only by the size of districts' verification samples. Sampling weights are not used and estimates cannot be generalized to a larger population of districts. Finally, the direct verification time and cost estimates reflect the first year of implementation, when districts would be expected to spend more time learning about how to conduct this process and preparing for it.

Exhibit 5-5 shows the average time and cost of direct verification, household verification, and total (all verification activities combined). The cost of direct verification is measured per application in the verification sample because, when direct verification is used, every application is searched in the Medicaid and/or FS/TANF databases. Total verification costs are also measured per application in the verification sample, but the cost of household verification is measured per application not directly verified because households are not contacted when an application is directly verified.

Exhibit 5-5 shows the average cost of verification for all districts responding to the study in all four States (column 2), and for three subsets of districts (columns 3-5):

- Districts that used direct verification and directly verified applications,
- Districts that used direct verification but did not directly verify any applications, and
- Districts that did not use direct verification (either DV-M or DV-FS).

**Exhibit 5-5****Time and Cost of Verification<sup>a</sup>**

	All Districts	Direct verification used, # directly verified > 0	Direct verification used, # directly verified = 0	Direct verification not used
Number of districts	79	56	15	8
Average number of applications sampled for verification	69	82	46	20
<b>Time spent on verification</b>				
Direct verification: minutes per application in sample	6 minutes	6 minutes	4 minutes	NA
Household verification: minutes per application not directly verified	81 minutes	88 minutes	39 minutes	53 minutes
Total time for verification: minutes per application in sample	77 minutes <sup>b</sup>	83 minutes <sup>b</sup>	42 minutes	53 minutes
<b>Cost of verification</b>				
Direct verification cost per application in sample	\$1.70	\$1.71	\$1.62	NA
Household verification cost per application not directly verified	\$18.59	\$19.31	\$14.54	\$15.29
Total verification cost per application in sample	\$18.00 <sup>b</sup>	\$18.39 <sup>b</sup>	\$15.98	\$15.29

<sup>a</sup> Districts from four States are pooled and weighted by the size of their verification samples. Sampling weights are not used, and estimates cannot be generalized outside the sample.

<sup>b</sup> Total cost per application does not equal the sum of direct verification cost per application and household verification cost per application, because directly verified applications are not counted when computing the household verification cost per application.

The analysis of time and cost data leads to four conclusions. First, even in the first year of implementation, direct verification required a minimal level of effort. For all districts (column 2), the average effort was only 6 minutes per application (at a salary cost of \$1.70), compared with an average effort of 78 minutes per household verification (at a salary cost of \$18.59).<sup>54</sup>

Second, direct verification reduced total verification costs for the group of 56 school districts with directly verified applications. Among these districts (column 3), the average cost per application of household verification was \$19.31 (88 minutes), but the overall verification cost per application was \$18.39 (83 minutes).

<sup>54</sup> Cost estimates include only the salary or wage cost of time reported as spent on the activity. Additional costs include payroll taxes, fringe benefits, and overhead (supervision, facilities, equipment, communications, supplies etc.). Inclusion of these additional costs would magnify the dollar values of estimates.

Third, direct verification added to the total cost of verification for the group of 15 school districts with no directly verified applications. Among these districts (column 4), the average cost per application of household verification was \$14.54 (39 minutes), and the overall verification cost per application was \$15.98 (42 minutes). Thus, the effort spent on direct verification did not produce savings in household verification costs. In contrast, for the group of eight school districts that did not attempt direct verification (column 5), there was no impact on the overall verification cost per application (\$15.29).

Fourth, districts with large verification samples appear to experience economies of scale, as evident from a comparison of weighted and unweighted averages.<sup>55</sup> The estimate of 6 minutes per application for direct verification includes the amount of time required to review instructions and obtain data files. Preparation time was not measured separately but probably is independent of the size of the verification sample. Districts with larger verification samples were more likely to use direct verification and to have directly verified applications.

Finally, use of direct verification is a district-level decision. School districts have more to gain from direct verification if they have above-average costs for household verification. The decision to use direct verification may depend on both current verification costs, and expected rates of direct verification. The eight districts that did not use direct verification (column 5) had lower than average costs per application for household verification. These districts may have less trouble getting households to respond to verification requests. This finding is, however, based on a small number of districts, and there is no way to tell if the difference is significant.

The effort for direct verification, however, was small enough that it saved time with a modest rate of direct verification. For example, a district with a sample of 15 applications would expect to spend 90 minutes on direct verification (at the average of 6 minutes apiece). Therefore if the district saves 90 minutes in household verification time for the applications that are directly verified, direct verification pays for itself. Districts responding to the study reported an average of 81 minutes per household verification and a median of 35 minutes, suggesting that direct verification will pay for itself with 2 to 3 directly verified applications.

---

<sup>55</sup> The unweighted average time per application for direct verification was 7.0 minutes, and the weighted average was 5.7 minutes. Each district's weight is the number of applications in its verification sample. In contrast, estimates of time for household verification do not suggest economies of scale: the unweighted estimate is 75 minutes compared with a weighted estimate of 81 minutes.

# Chapter 6

## Conclusions

Direct verification provides a means for the NSLP to verify eligibility for free and reduced-price school meals using information collected and verified by other means-tested programs. Authorized programs include FS, TANF, FDPIR, Medicaid, and SCHIP. Direct verification has many potential benefits: improving program integrity, eliminating the burden of responding to verification requests (for some households), reducing the workload for school district staff, and reducing the number of students terminated from NSLP due to non-response to verification requests.

This study examined the implementation and effectiveness of direct verification using data from State Medicaid Agencies (DV-M). Five States participated in the pilot test of DV-M. Four of the five States implemented DV-M, although two States experienced data problems that substantially limited the effectiveness of DV-M in the first year. This chapter summarizes first-year findings and provides recommendations, both for DV-M implementation and for the second year of the study.

### DV-M Implementation

This study sought to examine the following implementation issues:

- Is it feasible to use Medicaid information to directly verify NSLP eligibility?
- What are the challenges for implementation, and how does this vary by State?
- What types of systems will work in practice?
- What are the problems and prospects of using Medicaid information to conduct direct verification on a national basis?

#### Is DV-M Feasible?

The States participating in this study demonstrated that DV-M is feasible. State Medicaid Agencies were cooperative in providing data, sometimes modifying their systems to make DV-M possible. State CN Agencies were able to build on their experience with direct certification and direct verification with FS/TANF (DV-FS) to distribute Medicaid data to school districts. CN personnel in 69 school districts successfully used the Medicaid data for direct verification.

#### What are the Primary Challenges for Implementation?

For successful implementation of DV-M, several conditions are desirable:

- **Timeliness**—Medicaid data should be available on or before October 1, when school districts begin the verification process.
- **Completeness**—Medicaid data should include all records for NSLP-eligible children enrolled in Medicaid, with sufficient identifying information to link to NSLP applications, and data to determine the correct NSLP eligibility category.

- **Successful recruitment**—District participation depends on State CN Agencies making the case for DV-M and convincing school districts to try it.
- **Interactive training and ongoing communication**—School districts can benefit from training and ongoing communication to prepare and motivate district verification staff.
- **Ease of use**—School districts are more likely to use systems that are easy, resulting in greater effectiveness.
- **Integration with DV-FS**—Integration is desirable so that districts can easily use all data available for direct verification.
- **Facilitating district-level matching**—Districts with large verification samples will find individual look-ups time-consuming, and can benefit from a file matching process.

Nearly all of these conditions were present in Tennessee, and most were present in Washington. In contrast, the conditions were less favorable in Indiana and Oregon.

The two main challenges in the first year of implementation were the time frame and the need for guidance. Although planning for DV-M started a year in advance, there were less than six months from the start of the study—when the States received the clear signal to proceed—until implementation. This time frame challenged four of the five States. South Carolina did not implement DV-M in the first year, because the State CN Agency was unable to establish agreements for data sharing within the time available. Three of the four implementing States were unable to implement DV-M by October 1, when districts needed to begin the verification process. The tight schedule also limited the States’ efforts to recruit and train school districts for the pilot. Implementation was easier in States where the CN Agency had a strong ongoing relationship with persons in the Medicaid Agency; but even in those circumstances, the Medicaid agencies needed time to make system changes necessary for data sharing.

There was a need for guidance on policy and procedures at the State and local levels. All of the States approached DV-M implementation with questions about how to interpret the regulations. Two issues required clarification: (a) the reference period for Medicaid data used for direct verification, and (b) the use of data on income and family size as determined by Medicaid (which differ from NSLP definitions of countable income and household size). The States reported that a significant amount of time was devoted to these issues during initial planning meetings. FNS issued clarifying guidance on August 31, 2006, and these issues should not affect the pace of implementation in other States. Similarly, school districts needed clear and ongoing communication from the State, to assure that DV-M operates effectively and properly, and to avoid the potential for confusion between direct certification, DV-FS, and DV-M.

### **What Types of Systems Work for DV-M?**

Each of the implementing States used a different system for DV-M. Indiana implemented a web-based query system. The three other States distributed data files to districts, but each had a different approach to assuring that districts had access to data for their students. Each State built on methods and systems developed for NSLP direct certification.

A key characteristic of NSLP verification is the relatively small size of verification samples. Most school districts verify a three-percent sample of all NSLP applications, selected first from among

error-prone applications. The median size of verification samples in the States participating in this study ranged from 6 to 34.

The small size of verification samples allows flexibility in the implementation of DV-M: both individual queries and batch processes can be feasible. Most districts can search on an application-by-application basis for direct verification information. This is the method used by nearly all districts in this study. For large districts, a batch process for DV-M may be more efficient, although this approach was used only for two Indiana districts. A few large districts in Tennessee indicated that they would like to match the entire Medicaid data file to their verification sample, and will investigate this method next year. Indiana intends to implement a “file match” capability on its website next year, so that large districts may upload a data file containing their verification sample for matching to Medicaid data.

### **What are the Problems and Prospects for National Implementation?**

While DV-M is feasible, it appears premature to draw conclusions for national implementation based on successful implementation by two States. Evidence of DV-M effectiveness is limited (as discussed below), and two important questions have not been answered. First, is DV-M accurate? Second, can DV-M be integrated with DV-FS, and if not, which system provides the most direct verifications?

Actual DV-M results from a sample of school districts will understate the potential rates of DV-M if the process misses some children enrolled in Medicaid (false negatives). On the other hand, actual results will overstate the percentage of students correctly verified with Medicaid data to the extent that students are incorrectly matched (false positives). As described in Chapter 4, direct verification usually involves a manual look-up process, and it requires information not available on NSLP applications (either date of birth or student SSN). Thus, there is the potential for error in matching records from NSLP applications, other student records, and Medicaid data. The accuracy of the process has not been examined.<sup>56</sup>

The integration of DV-M and DV-FS allows school districts to maximize the number of applications they can verify without household contacts. Indiana was the only State to integrate DV-M and DV-FS. It was not possible, however, to determine how much was gained with this integration or how much DV-M and DV-FS each contributed to verification results, because of problems with Indiana Medicaid data. All other participating States implemented DV-M separately from DV-FS, and there was evidence that districts did not use both systems. The integration of DV-M and DV-FS should be addressed during the second year of the study.

A key challenge for wider implementation of DV-M is that State Medicaid Agencies differ widely in their interpretation of Medicaid privacy rules and their willingness to entrust eligibility data to school district officials. Indiana demonstrated that integration of DV-M and DV-FS provides a way to use Medicaid data without revealing students’ Medicaid eligibility. Clarification of Federal standards in this area, with sensitivity to both recipients’ and school districts’ interests, would help other States.

---

<sup>56</sup> Examination of DV-M accuracy requires access to student records. As of this writing, the contractor is prohibited access to student records under FERPA regulations.

Finding NSLP applicants in Medicaid data is yet another important ongoing challenge for DV-M. In most school districts, DV-M must rely on the imperfect method of searching by name and other identifiers. Most school districts use student date of birth or SSN to search Medicaid data; however, these identifiers are not on the NSLP application. Oregon modified the NSLP application in preparation for DV-M, and collected student date of birth. Indiana expressed an interest in adding date of birth to the application next year. Federal guidance in this area would help other States.

## **Effectiveness of Direct Verification**

The primary measure of DV-M effectiveness is the percentage of verification samples that are directly verified with Medicaid data. Unfortunately, this study provides valid evidence of effectiveness from only two States.

In the two States unaffected by data problems, the study estimated that 10 to 11 percent of all applications sampled for verification could be directly verified with Medicaid data. In Tennessee, all districts selected for participation in the study used DV-M. In Washington, DV-M was used by two-thirds of districts selected for the study; however, if used by all districts, 18 percent of applications in Washington would be directly verified. DV-M was more effective in Washington—among participating districts—than in Tennessee because the Medicaid income eligibility level is higher in Washington (200 percent of the Federal poverty level, compared with 100 percent of the poverty level).

The participating school districts generally had positive views of DV-M, but their ratings also reflected its limitations as implemented in the first year. The majority of participating school districts in each State viewed DV-M as easy or very easy. In three States, more than half of districts were likely to use it again in 2007. On the other hand, only Washington had a majority of school districts (62 percent) rating DV-M as useful or very useful, while “not useful” was the most common view in the other three States. In Indiana and Oregon, implementation problems evidently influenced this rating, while in Tennessee the comments suggested that lower than anticipated rates of effectiveness were the main influence.

## **Summary and Implications for the Future of the Study**

This study revealed several key ingredients for successful DV-M implementation: good working relationships between State agencies, ability to leverage existing direct certification or DV-FS systems, clear communication with school districts, accurate and timely Medicaid data, and a DV-M system that is easy to use. The pilot study also highlighted the need for adequate time to plan and implement DV-M.

In the two States where there were no significant implementation problems, about 10 to 11 percent of applications sampled were directly verified with Medicaid data. This rate of effectiveness depends on the percentage of districts using DV-M, the overlap between NSLP verification samples and Medicaid enrollees, and the proportion of potential “hits” or matches that are actually made. States can influence the first and third factors through their approach to DV-M—both the design of the system and the way it is implemented.

The overlap of NSLP verifications samples and Medicaid enrollees—i.e., the potential “hit rate”—results from Medicaid eligibility levels and participation rates, the effectiveness of direct certification for children receiving both FS/TANF and Medicaid, and the characteristics of NSLP applicants. Future analyses for this study may provide insights into these factors. FNS is currently working to resolve issues raised by FERPA and make it possible for the contractor to match student records, NSLP application samples, and Medicaid records. Such a matching process would allow the estimation of benchmark rates of DV-M, and analysis of the accuracy of DV-M as carried out by school districts.

The data from the first year did not provide a firm basis to determine the cost-effectiveness of DV-M. Cost data for DV-M and household verification were collected from participating districts, but these data are not generalizable for two reasons.<sup>57</sup> First, given the implementation problems, only the results from Tennessee truly represent DV-M as planned. Second, the cost of DV-M in the first year is not representative of what it will cost once school districts are familiar with the process. (Both of these problems can be addressed by repeating the cost data collection in 2007, assuming that this implementation is smoother.) Nonetheless, the data suggest that direct verification required a minimal level of effort—on average, 6 minutes per application. And districts with directly verified applications experienced an overall cost savings.

Finally, the experience points to both the value of evaluation and its potential impacts on operations. On the one hand, the evaluation staff were able to facilitate communications among officials at the Federal, State and local levels during the planning and implementation of DV-M. On the other hand, data requests for the study added to the workload for these officials, and in some cases created confusion when not well-coordinated with other communications. Because most States linked participation in the study with access to DV-M, some school districts declined to participate in both. In the long run, the data collected by the evaluation will, we hope, contribute to wider and more effective use of DV-M.

---

<sup>57</sup> The cost analysis results will be presented in a revised draft of this report.



## References

Cole, Nancy and Chris Logan (2007), *Data Matching in the National School Lunch Program: 2005. Volume 1: Final Report*. Nutrition Assistance Program Report Series, No. CN-06-DM, Project Officer, Jenny Laster Genser. USDA, Food and Nutrition Service, Alexandria, VA: February 2007.

Cole, Nancy and Chris Logan (2006), *Data Matching in the National School Lunch Program: 2005. Volume 2: State Case Studies*. Nutrition Assistance Program Report Series, No. CN-06-DM, Project Officer, Jenny Laster Genser. USDA, Food and Nutrition Service, Alexandria, VA: November 2006.

Neuberger, Zoe (2004). *Reducing Paperwork and Connecting Low-Income Children With School Meals: Opportunities under The New Child Nutrition Reauthorization Law*. Center on Budget and Policy Priorities, Washington, DC: November 2004.



**Appendix A**  
**FNS Policy Memo SP-32-2006, Clarification of Direct**  
**Verification**





United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

DATE: August 31, 2006

MEMO CODE: SP-32-2006

SUBJECT: Clarification of Direct Verification

TO: Special Nutrition Programs  
All Regions

State Agencies  
Child Nutrition Programs  
All States

Section 9(b)(3)(F) of the Richard B. Russell National School Lunch Act (NSLA) permits local educational agencies (LEAs) to “directly” verify approved households’ applications which are selected for verification. This is accomplished by obtaining and using income and program participation information from a public agency administering the Food Stamp Program (FSP), the Food Distribution Program on Indian Reservations (FDPIR), the Temporary Assistance for Needy Families program (TANF), the State Medicaid program or similar income-tested programs determined by the Secretary. The purpose of this memorandum is to clarify State agency procedures for direct verification, especially concerning the use of Medicaid data.

Children who are members of households participating in the FSP, FDPIR and TANF are categorically eligible; children who are participating in the State Medicaid program are not. Medicaid data may only be used for verification purposes and not certification. Also please note that in this memorandum “**eligible child(ren)**” means children certified for free or reduced price school meals whose household application has been selected for verification.

## PROCEDURES APPLICABLE TO ALL PROGRAMS

### Information Used for Direct Verification

The NSLA specifies that the information used for direct verification must be the most recent information available which is defined as no older than 180 days prior to the date of the free and reduced price application. To be consistent with policy established for “regular” verification, we are extending the policy from the August 25, 2004 memorandum, *Verification of Income Eligibility—Reauthorization 2004 Implementation* (SP-5), to direct verification. Under this procedure, direct verification efforts may use information from any point in time between the month prior to application and the time the State agency conducts direct verification.

In other words, for direct verification, State agencies may use:

- the latest available information for one month (within the 180-day requirement); OR
- information for all months from the month prior to application through the month direct verification is conducted.

#### Names submitted

State agencies conducting direct verification should only submit the names of the eligible children and not names of other members of the household, such as parents, grandparents or non-school age siblings. For the purposes of direct verification, when the data indicates that one eligible child is participating in the FSP, FDPIR, TANF, or Medicaid, all eligible children in that child's household are verified. If none of the children's participation is confirmed by the direct verification source, regular verification procedures must be followed.

#### **FOR MEDICAID**

##### Medicaid Limits at or below 133% of the Federal Poverty Line

In States with income limits of 133% or less of the Federal poverty line, Medicaid participation is the only information needed to verify free or reduced price eligibility.

##### Medicaid Limits above 133% of the Federal Poverty Line

In States with Medicaid limits that exceed 133% of the Federal poverty line, direct verification information must include either the percentage of the Federal poverty line upon which the applicant's Medicaid participation is based, or Medicaid income and Medicaid household size in order to determine that the applicant is either at or below 133% of the Federal poverty line, or is between 133% and 185% of the Federal poverty line.

Verification for children approved for free meals is complete if Medicaid data indicates that the percentage is at or below 133% of the Federal poverty line.

Verification for children approved for reduced price meals is complete if Medicaid data indicates that the percentage is at or below 185% of the Federal poverty line.

As mentioned above:

- Medicaid information may only be used for direct verification, not for certification; and
- if no child's participation in the Medicaid program is confirmed through direct verification, regular verification procedures must be followed.

Page 3

Use of State Children's Health Insurance Program (SCHIP) for Direct Verification

Because of the similar eligibility requirements, SCHIP information may also be used for direct verification. The procedures outlined above for Medicaid also apply to SCHIP.

Please contact your Regional office if you have any questions.

A handwritten signature in black ink, appearing to read "Robert M. Eadie". The signature is written in a cursive style with a large initial "R".

FOR  
STANLEY C. GARNETT  
Director  
Child Nutrition Division



# Appendix B

## Sampling Plan and Estimation

The evaluation required a sample of school districts in each of the five participating States. This appendix reviews the outcome measures that formed the basis of the sample-size calculations, describes the sampling approach, summarizes some key characteristics of each State’s sampling frame, documents the actual samples, and describes the calculation of State-level estimates.

### Outcome Measures

The evaluation was designed to examine a total of six outcome measures—three measures in each of two categories:

1. The percentage of applications (in the verification samples) that are directly verified with Medicaid data:
  - Among all applications
  - Among applications for NSLP-free
  - Among applications for NSLP-RP
2. The error rate in matching for direct verification, as a percentage of applications:
  - Overall (counting false positives and false negatives)
  - False positives (i.e., students listed on the application were not enrolled in Medicaid, but the application was verified)
  - False negatives (i.e., the application was eligible for DV-M but was not verified)

The use of applications as the basis for these percentages reflects FNS guidance that the eligibility of all children listed on the application is verified when Medicaid data verifies the eligibility of one child on the application.<sup>58</sup>

An important consideration for the sample-size calculations was that the three error rates have different denominators. For the overall error rate, the denominator is all applications in the verification sample. For the false-positive rate, however, the denominator consists of “true negatives,” applications for students who were not in the Medicaid database; they are the ones for whom a false positive is possible. Similarly, the denominator for the false-negative rate consists of “true positives,” applications for students who were in the Medicaid database. To achieve a specified level of precision for the false-positive rate or the false-negative rate, the sample size corresponds to the number of applications counted in the respective denominator. Thus, the overall sample needed to be large enough to yield the required denominators.

The precision required for a statewide estimate is a 95% confidence interval (CI) whose half-width is .03 (i.e., 3 percentage points—all the outcome measures in the study are proportions). This requirement applies to the overall match rate and the overall error rate. The other four outcome measures are reasonably interpreted as subgroup estimates, for which the required precision is a 95%

---

<sup>58</sup> FNS memorandum SP-32-2006, “Clarification of Direct Verification,” August 31, 2006.

CI whose half-width is .05. The actual sample sizes depended on the values that we assumed for the underlying percentages (the worst-case assumption of 50% is unnecessarily conservative). For example, when the overall match rate is 22%, the required size of a simple random sample is 733 applications; and when the overall error rate is 15%, the required size of a simple random sample is 545 applications. As discussed below, the sample design for the evaluation did not use simple random sampling. Thus, the actual sample sizes for these outcome measures were larger than 733 and 545, respectively.

Within the framework of the sample design, the sample size for each State corresponded to the largest of the sample sizes for the six measures.

## Sampling Approach

The basic approach to sampling for a State involved designating a few school districts with the largest numbers of applications as self-representing. These districts were automatically in the sample. After designating self-representing districts, a sample of the remaining districts was selected with probability proportional to size (PPS). All selected districts were requested to provide copies of all NSLP applications in their SY2006–07 verification sample to the evaluation contractor.<sup>59</sup>

An appropriate measure of size is the number of applications subject to verification in SY2005–06. In the available data for the five States, however, the reported number of applications subject to verification did not appear to be as reliable as the reported size of the verification sample.<sup>60</sup> Thus, we imputed the number of applications from the size of the verification sample, dividing by .03 if the district used focused sampling or random sampling and using the reported size if the district verified all applications. (We discovered, however, that the information on the type of sampling was not always accurate. Thus, if the imputed number of applications exceeded the district’s enrollment, we assumed that the district verified all applications.) The resulting imputed number of applications was the measure of size.

For sampling schemes other than simple random sampling, it is customary to express the impact of the design on the precision of the resulting estimates in terms of the *design effect* (Deff), which equals the ratio of the estimate’s variance in the actual sample to the variance it would have in a simple random sample (SRS) of the same size. When, as often, Deff is greater than 1, one can interpret it as the ratio by which the sample size in the actual design must be increased to get the same variance as a simple random sample of the initial size. The observations in a simple random sample are independent and equally weighted, so the Deff reflects departures from independence and equal weighting among the observations in the actual sample. In the sampling approach for the evaluation, departures from independence come from clustering of the applications within districts’ verification samples. (That is, outcomes tend to be more similar for two observations in the same district than for observations chosen randomly in the State.) The actual value of this “intracluster correlation” is

---

<sup>59</sup> Copies of applications were requested so that the contractor could independently determine DV-M status and evaluate the accuracy of DV-M. This analysis was not completed for the first year report due to FERPA restrictions on access to student records needed for the analyses (see Chapter 3).

<sup>60</sup> The SY2005–06 VSR data showed large variation in the ratio of applications sampled for verification to total applications. State CN staff indicated that verification sample sizes are more reliable because they are subject to edit checks (e.g., the counts of types of applications sampled must sum to the total).

usually not known when a sampling plan is developed, so it is customary to assign a plausible value to it. For the present PPS sampling scheme, the design effect comprises two factors:

$$\text{Deff} = 1.2[1 + \rho_1(\bar{n} - 1)]$$

In a fairly common notation,  $\bar{n}$  denotes the average number of applications in the districts' verification samples, and  $\rho_1$  is the intracluster correlation for applications. The factor of 1.2 allows for variability in the final sampling weights. In our calculations we used  $\rho_1 = .01$ .

In the design effects for the overall match rate and the three error rates, the appropriate value of  $\bar{n}$  came from the State's entire verification sample in the non-self-representing districts. (For the false-positive rate and the false-negative rate, we also enlarged the sample size to reflect the estimated proportions of true negatives and true positives, respectively.) In the design effects for the match rates among applications for NSLP-free and applications for NSLP-RP, we used the values of  $\bar{n}$  for those specific types of applications (in the non-self-representing districts).

To estimate the number of districts that we needed to sample with PPS in a State, we first determined the largest SRS sample size among the six measures. The actual design is a stratified sample in which each self-representing district constitutes a separate stratum (within which we treat the district's verification sample as a simple random sample of applications) and the remaining districts (eligible for sampling by PPS) constitute a stratum. In this design the stratified estimate of a proportion is a weighted average in which the estimate from each stratum is weighted by that stratum's proportion of the imputed number of applications in the sampling frame. The objective is to choose the sample size for the PPS stratum so that the variance of the stratified estimate equals the variance of a corresponding estimate from a simple random sample with the required SRS sample size. Thus, we calculated the contributions to the variance from the self-representing districts, determined the contribution from the PPS stratum, and then solved for the SRS sample size associated with the PPS stratum. We then multiplied that SRS sample size by the Deff for the measure that produced the largest initial SRS sample size, to obtain the number of applications to be sampled from the PPS stratum. Finally, we divided that number of applications by the average number of applications in verification samples ( $\bar{n}$ ) in the PPS stratum, to estimate the number of districts that we would need to select from that stratum.

To select the sample of districts in the PPS stratum for a State, we sorted all the districts in that stratum into decreasing order according to the measure of size. We then used systematic sampling with a random start to ensure that the sample would contain districts throughout the range of size. If the total number of applications in those districts' verification samples was at least as large as the target sample size of applications, we accepted that sample of districts. If the total was not large enough, we increased the number of districts to be selected, and redrew the sample.

## Characteristics of the States' Sampling Frames

For each of the five states, Exhibit B-1 lists the total number of districts, the number of districts that we designated as self-representing, and the average numbers of applications per verification sample—overall and for NSLP-free and NSLP-RP. Exhibit B-2 shows the estimated proportion of NSLP-approved students enrolled in Medicaid (the overall match rate). These characteristics varied substantially among the States, and the sampling plans respond to that variation.

## Components of Sampling Calculations

As described above, we calculated a target sample size for each of the six outcome measures and then developed a sample design for the State that should yield a sample equal to the largest target sample size. Exhibit B-3 shows the sample sizes under simple random sampling, which served as the starting point for the calculations.

Using Indiana as an illustration, Exhibit B-4 shows the calculations that lead from the largest SRS sample size to the sample size for the PPS stratum (which incorporates the design effect). Underlying the calculations is the formula for the variance of the stratified estimate of a proportion (assuming, as seems reasonable in this evaluation, that the underlying proportion,  $p$ , is the same in all strata):

$$\text{var}(\hat{p}_{\text{st}}) = \sum_{h=1}^H W_h^2 \frac{p(1-p)}{n_h},$$

where  $W_h$  is the weight of stratum  $h$  and  $n_h$  is the corresponding SRS sample size. The target value of  $\text{var}(\hat{p}_{\text{st}})$  is the variance of an estimate based on a simple random sample of size  $n$  (the largest SRS sample size):  $p(1-p)/n$ .

Exhibit B-5 shows the sample size (number of applications) for the PPS stratum in each State, along with an estimate of the number of districts required. It also includes the information on the self-representing component of the design: the number of districts and the total number of applications in those districts' verification samples.

## Samples of Districts

Exhibits B-6a through B-6e list the districts that made up the sample for each State, along with the expected total number of applications in those districts' verification samples and the total imputed number of applications for the State as a whole.

## State-Level Estimates

The sampling plan for each state was based on a stratified sampling design. Thus, the process of calculating a state-level estimate (e.g., of the percentage of all applications that were directly verified with Medicaid data) begins by calculating a stratum-level estimate for each stratum and then combines those estimates, using the stratum weight  $W_h$ , which equals the proportion of the state's imputed number of applications in SY2005–06 belonging to stratum  $h$ . Thus, if  $\hat{p}_h$  is the estimated percentage in stratum  $h$  and  $\hat{p}_{\text{st}}$  is the stratified estimate,

$$\hat{P}_{\text{st}} = \sum_{h=1}^H W_h \hat{p}_h.$$

In order to give the standard error of  $\hat{p}_{\text{st}}$ , it is necessary also to calculate the estimated variance:

$$\text{var}(\hat{p}_{\text{st}}) = \sum_{h=1}^H W_h^2 \text{var}(\hat{p}_h).$$

The procedure for estimating  $\text{var}(\hat{p}_h)$  depends on the stratum. For a stratum corresponding to a self-representing district,  $\hat{p}_h$  is based on a simple random sample of applications, so the estimate is

$$\text{var}(\hat{p}_h) = \hat{p}_h(1 - \hat{p}_h) / n_h,$$

where  $n_h$  is the number of applications in that sample (the district's verification sample). For the PPS stratum, the estimate of  $\text{var}(\hat{p}_h)$  took into account the sampling of districts and the clustering of applications within those districts. We used SUDAAN for these calculations, as we next describe.

When we designed the study, we expected to analyze data from the individual applications in each district's verification sample. We planned to assign sampling weights to those applications, reflecting the district's selection probability (in the PPS stratum) and the applications' selection probability within the district. We were able to calculate the selection probabilities of the districts from the sampling design. Although we did not have data from the individual applications, we did have the number of applications in the district's verification sample and the number that were directly verified (along with the breakdown of each of those numbers into NSLP-free applications and NSLP-RP applications). That information enabled us to create and weight synthetic verification samples, which we used as input for SUDAAN. The output from SUDAAN was the estimate of  $\text{var}(\hat{p}_h)$  for the PPS stratum. More specifically, if  $M_i$  denotes the measure of size for district  $i$  (i.e., that district's imputed number of applications in SY2005–06),  $M$  is the sum of the  $M_i$  for the districts in the PPS stratum, and  $a$  is the number of districts selected from the PPS stratum, then the selection probability for district  $i$  is  $aM_i / M$ . Further, if  $n_i$  denotes the number of applications in the verification sample and  $N_i$  denotes the total number of applications in district  $i$ , then the selection probability for an individual application within district  $i$  is  $n_i / N_i$ , and the selection probability of that application within the PPS stratum is  $(aM_i / M)(n_i / N_i)$ . When we were calculating the estimates, we did not know the  $N_i$ , but we were able to use the fact that each district was required to verify a 3% sample of its applications, and so we replaced  $n_i / N_i$  with 0.03.<sup>61</sup> The sampling weight for each application in the verification sample of district  $i$  is the reciprocal of its sampling probability:  $M / (0.03aM_i)$ . The synthetic samples, to which we assigned these sampling weights, consisted of  $n_i$  records, identified as belonging to district  $i$ , of which the appropriate number indicated that they had been directly verified and the remainder indicated that they had not been directly verified. (To support estimation of the percentages of direct verification for NSLP-free and NSLP-RP applications, the proper numbers of the directly verified and not directly verified records also indicated that they were NSLP-free and NSLP-RP.)

In three of the four states that implemented direct verification, some of the districts in the sample did not respond. For those states, we produced two estimates of the percentages of direct verification. The first estimate set  $\hat{p}_h$  to 0 for each nonresponding self-representing district. For each nonresponding district in the PPS stratum, the synthetic sample used the size of the district's SY2005–06 verification sample as  $n_i$ , and each record indicated that it had not been directly verified. The second estimate eliminated the nonresponding districts from the sample and made corresponding

<sup>61</sup> Beginning in SY2006–07, districts were not allowed to verify all application or to otherwise exceed the 3 percent sample (FNS Policy Memorandum SP-27-2006, "Verification Sample Sizes," July 26, 2006).

modifications in the sampling frame. If the nonresponding district was self-representing, we removed its imputed number of applications in SY2005–06 from the state total. In the PPS stratum, we used the sample proportion of the  $M_i$  associated with the nonresponding districts to reduce that stratum's total imputed number of applications in SY2005–06. From the resulting numbers and totals of SY2005–06 applications, we calculated new values of  $W_h$  (whose sum equaled 1, as required). The rest of the estimation procedure was the same as that described above for the situation in which all districts responded.

---

**Exhibit B-1****Characteristics of the Sampling Frame**

---

	IN	OR	SC	TN	WA
All public school districts	301	174	82	135	274
Self-representing districts	4	5	4	4	3
Average number of applications in verification sample, all public school districts	73.8	56.5	154.5	268.8	64.3
<i>Characteristics of non-self-representing districts<sup>a</sup></i>					
Average number of applications in verification sample	51.3	25.0	72.8	49.1	47.2
Average number of NSLP-free applications in verifications sample	23.0	12.5	46.3	24.2	25.4
Average number of NSLP-RP applications in verification sample	16.5	10.5	20.4	19.0	20.3

---

<sup>a</sup> Averages are weighted averages from the non-self-representing districts; weights are proportional to the imputed number of applications.

---

---

**Exhibit B-2****External Estimates of Outcome Measures Used for Sample Size Calculations**

---

	IN	OR	SC	TN	WA
Overall match rate <sup>a</sup>	0.176	0.181	0.453	0.340	0.600
Match error rates <sup>b</sup>	Not State-specific				
Overall	.15				
False positive rate	.10				
False negative rate	.15				

---

<sup>a</sup> The match rate is estimated as the percent of households with children approved for NSLP with household income in error-prone ranges, who are also enrolled in Medicaid, based on data from the Current Population Survey, March 2005.

<sup>b</sup> Based on a match of WIC records of enrolled children to the Food Stamp records, using a single monthly extract of data from one State. Match errors are measured by comparison of deterministic and probabilistic match results, with probabilistic being the “gold standard.” False positives are WIC children matched to FSP deterministically but not probabilistically, with the denominator equal to “true negatives” (i.e., number of WIC children not matched probabilistically). False negatives are those not matched deterministically, but matched probabilistically, with the denominator equal to “true positives” (i.e., all matched probabilistically). NOTE: match error rates have different denominators and do not add up.

---

---

**Exhibit B-3****Sample Sizes of Applications under Simple Random Sampling for the Six Outcome Measures**

---

	IN	OR	SC	TN	WA
<b>Match Rates</b>					
Overall match rate	619 (p=.176)	633 (p=.181)	1058 (p=.453)	958 (p=.340)	1025 (p=.600)
NSLP-free match rate	278 (p=.237)	362 (p=.378)	381 (p=.550)	384 (p=.515)	239 (p=.808)
NSLP-RP match rate	167 (p=.123)	126 (p=.090)	370 (p=.401)	249 (p=.202)	377 (p=.428)
<b>Error Rates</b>					
Overall error rate	545	545	545	545	545
False-positive rate <sup>a</sup>	168	169	253	210	346
False-negative rate <sup>b</sup>	1114	1084	433	577	327
<b>Largest SRS sample size</b>	1114	839 <sup>c</sup>	1058	958	1025

---

<sup>a</sup> The entry equals 139 divided by the complement of the proportion of students in the Medicaid database.

<sup>b</sup> The entry equals 196 divided by the proportion of students in the Medicaid database.

<sup>c</sup> The initial largest SRS sample size, 1084, led to a sample size of 1077 applications and an estimated 40 districts. Because that number of districts seemed unreasonably large, we reduced it to 30, corresponding to an SRS sample size of 839 for the false-negative rate, which will yield a 95% confidence interval whose half-width is .0568 (instead of .05).

---

---

**Exhibit B-4****Calculation of Target Sample Size of Applications Sampled for Verification in the PPS Stratum, Illustrated for Indiana**

---

Largest sample size	1114		
Relative variance of SRS estimate	.000897815		
	<b>Stratum Weight</b>	<b>Applications</b>	<b>Contribution to Variance</b>
Self-representing district #1	.04144	244	.000007037
Self-representing district #2	.03702	218	.000006287
Self-representing district #3	.03158	186	.000005363
Self-representing district #4	.03125	184	.000005307
PPS	.85871	1522 <sup>a</sup>	.000873822
Total	1.00000	2354	.000897815

---

<sup>a</sup> The target number of applications in the PPS stratum equals the SRS sample size (844, calculated from the contribution to variance) multiplied by the design effect (1.80).

---

---

**Exhibit B-5****Target Sample Size of Applications Sampled for Verification in the PPS Stratum**

---

	IN	OR <sup>b</sup>	SC	TN	WA
Self-representing school districts	4	5	4	4	3
Number of districts required in the PPS stratum	33	29	18	13	30
Total districts	37	34	22	17	33
Applications in self-representing districts	832	648	1330	1814	534
Applications in PPS stratum	1526	740	1470	699	1458
Total applications	2358	1388	2800	2513	1992

---

<sup>a</sup> For Indiana, South Carolina, and Tennessee, the entry equals the appropriate design effect times the SRS sample size for the PPS stratum, calculated from the largest SRS sample size in Exhibit B-3 and the contributions of the self-representing strata to the variance of the stratified estimate.

<sup>b</sup> The initial largest SRS sample size, 1084 (Exhibit B-3), led to a sample size of 1077 applications and an estimated 40 districts. Because that number of districts seemed unreasonably large, we reduced it to 30, corresponding to an SRS sample size of 839 for the false-negative rate, which will yield a 95% confidence interval whose half-width is .0568 (instead of .05).

---

**Exhibit B-6a****Public School Districts Selected in Indiana**

Name of District	Number of Applications in Verification Sample	Students in Applications in Verification Sample
<i>Self-representing Districts</i>		
1 Fort Wayne Community School	244	471
2 School City of Hammond	218	340
3 Anderson Community School Corp	186	301
4 Elkhart Community Schools	184	256
<i>Districts Selected from PPS Stratum</i>		
5 Evansville-Vanderburgh Schools Gary Community School Corp, Food Service Department	137	310
6 Vigo County School Corp	130	239
7 East Allen County Schools	125	231
8 MSD of Warren Township	106	192
9 Tippecanoe School Corporation	100	172
10 North Lawrence Community Schools	93	128
11 Penn-Harris-Madison School Corp	83	151
12 MSD of Wayne Township	73	127
13 MSD of Pike Twp	71	106
14 Michigan City Area Schools	58	88
15 Merrillville Community School Corp	56	95
16 MSD of Martinsville	48	100
17 Jennings County School Corp Warsaw Community Schools, Food Services Department	41	82
18 La Porte Community School Corp	37	64
19 Greenwood Community School Corp	34	52
20 Linton-Stockton School Corp	34	57
21 DeKalb Co Central United Schools	33	46
22 Clark-Pleasant Community Schools	29	52
23 Monroe Co Community School Corp	27	57
24 Wa-Nee Community Schools	25	45
25 Center Grove Community School Corporation	24	39
26 Beech Grove City Schools	22	40
27 Porter Township Schools	20	43
28 Hamilton Heights School Corp	19	31
29 Avon Community School Corporation	17	30
30 Oak Hill United School Corp	16	24
31 Switzerland County School Corp	15	24
32 Attica Consolidated School Corp	12	20
33 North Spencer County School Corp	11	14
34 Batesville Community School Corp	10	26
35 Lanesville Community School Corp	8	17
36	7	12
37	5	8
Total for districts in sample	2358	4090
Total for districts in State	9533	16000

---

**Exhibit B-6b****Public School Districts Selected in Oregon**

Name of District	Number of Applications in Verification Sample	Students in Applications in Verification Sample
<i>Self-representing Districts</i>		
1 Portland School District	210	336
2 Salem/Keizer SD 24	134	240
3 North Clackamas SD 12	118	175
4 Hillsboro SD 1J	109	217
5 David Douglas SD 40	77	113
<i>Districts Selected from PPS Stratum</i>		
6 Medford SD 549	57	89
7 Springfield SD 19	54	94
8 Gresham-Barlow SD 10J	50	78
9 Reynolds SD 7	50	82
10 Klamath Falls City SD	46	59
11 Klamath Co SD	42	64
12 Three Rivers SD	41	74
13 Beaverton SD 48J	39	70
14 Roseburg SD 4	37	66
15 Forest Grove SD 15	34	63
16 Grants Pass SD	33	56
17 Parkrose SD 3	32	50
18 Oregon City SD 62	30	46
19 Central SD 13J	24	45
20 Lebanon Community SD 9	23	42
21 Bethel SD 52	21	35
22 Gladstone SD 115	18	29
23 Estacada SD	16	27
24 Ashland SD 5	14	21
25 Molalla River SD 35	14	25
26 Morrow Co SD	13	31
27 St. Helens SD 502	12	25
28 Junction City SD 69	10	15
29 Astoria SD	8	14
30 Vernonia SD 47J	7	17
31 Warrenton-Hammond SD 30	6	9
32 Banks SD	4	6
33 Culver SD	3	3
34 Imbler SD 11	2	2
Total for districts in sample	1388	2318
Total for districts in State	2463	4232

---

---

**Exhibit B-6c****Public School Districts Selected in South Carolina**

---

Name of District	Number of Applications in Verification Sample	Students in Applications in Verification Sample
<i>Self-representing Districts</i>		
1 Richland 1	504	808
2 Greenville County	344	580
3 Charleston County	256	352
4 Horry County	226	334
<i>Districts Selected from PPS Stratum</i>		
5 Berkley	165	262
6 Hampton 1	153	287
7 Aiken	144	233
8 Beaufort County	126	202
9 Kershaw County	110	223
10 Richland 2	106	173
11 Georgetown County	85	143
12 Pickens	82	120
13 Spartanburg 3	74	129
14 Dorchester 2	72	122
15 Greenwood 50	65	99
16 Cherokee County	58	89
17 Lexington 2	57	73
18 Marlboro	51	70
19 Florence 1	47	47
20 Sumter 2	31	59
21 Darlington County	27	41
22 Lexington 4	17	27
Total for districts in sample	2800	4473
Total for districts in State	4945	7840

---

---

**Exhibit B-6d****Public School Districts Selected in Tennessee**

Name of district	Number of Applications in Verification Sample	Students in Applications in Verification Sample
<i>Self-representing Districts</i>		
1 Memphis City	864	1174
2 Metro Davidson County	408	631
3 Hamillton	310	454
4 Sumner County	232	437
<i>Districts Selected from PPS Stratum</i>		
5 Clarksville-Montgomery County	136	269
6 Shelby County	125	221
7 Murfreesboro City	80	121
8 Sevier County	78	138
9 Monroe County	59	92
10 Maury County	57	95
11 Cumberland County	41	65
12 Bedford County	34	53
13 Campbell County	26	33
14 Loudon County	25	41
15 Maryville City	18	28
16 Fayette County	12	16
17 Oneida Special School District	8	13
Total for districts in sample	2513	3881
Total for districts in State	4907	7911

---

---

**Exhibit B-6e****Public School Districts Selected in Washington**

---

Name of District	Number of Applications in Verification Sample	Students in Applications in Verification Sample
<i>Self-representing Districts</i>		
1 Seattle School District	212	347
2 Spokane School District	171	293
3 Tacoma School District	151	261
<i>Districts Selected from PPS Stratum</i>		
4 Pasco School District	129	234
5 Highline School District	128	210
6 Vancouver School District	109	179
7 Yakima School District	104	161
8 Clover Park School District	102	179
9 Evergreen School District-Clark	88	165
10 Everett School District	79	143
11 Sedro-Woolley School District	77	135
12 Edmonds School District	76	123
13 Bethel School District	73	131
14 Sunnyside School District	62	119
15 Marysville School District	56	101
16 Bellevue School District	52	96
17 Mukilteo School District	46	85
18 Lake Washington School District	40	60
19 Grandview School District	36	83
20 University Place School District	30	54
21 Walla Walla School District	24	47
22 Eastmont School District	22	38
23 Wenatchee School District	19	34
24 West Valley School District-Yakima	17	29
25 White River School District	17	28
26 Arlington Public Schools	16	34
27 Snohomish School District	14	26
28 Enumclaw School District	12	23
29 Eatonville School District	10	26
30 Nine Mile Falls School District	7	12
31 Port Townsend School District	6	9
32 Ridgefield School District	4	8
33 Prescott School District	3	3
Total for districts in sample	1992	3476
Total for districts in State	4172	7568

---

# **Appendix C**

## **State Agency Topic Guides**



# Direct Verification Evaluation Study

## State Medicaid Agency Topics—Fall 2006

These interviews will obtain the views and opinions of State Medicaid Agency officials about Direct Verification with Medicaid (DV-M). We are interested in your experience with implementation, and your views on the feasibility of DV-M, both in your State and nationwide. State Medicaid Agency respondents will include the primary contact for DV-M in each State and staff members who were involved with the provision of Medicaid data for DV-M. The basic questions to be answered and the specific areas to be discussed are listed below.

1. **How was the State Medicaid Agency involved in the design, development and implementation of DV-M? What was the overall timeline?**

Tasks involving the State Medicaid Agency may include:

- assessing the feasibility of DV-M and planning for the demonstration
- establishing interagency agreements and specifications for data exchanges
- meeting legal requirements and protecting the privacy and rights of students and families whose data will be used in DV-M
- modifying existing data systems to capture data needed for DV-M
- programming and executing file extracts of Medicaid/SCHIP data for DV-M
- record-keeping and retention or destruction.

Information on State implementation activities has been acquired during the initial site visits and subsequent contacts. The interviews will fill in gaps in the description and the timeline.

2. **What were the challenges and lessons of implementing DV-M?**

The interviews will discuss the challenges, solutions, and lessons learned in the following areas:

- availability and quality of data required (identifiers and eligibility data)
- interagency coordination
- source, technology, and effort for extracting Medicaid data
- technology and ease of data exchange/integration with State Education Agency system
- meeting legal requirements for privacy and security of confidential information
- timing of direct verification requests and availability of agency resources to respond.

3. **What is the future of DV-M?**

The questions will include:

- Is DV-M worthwhile? What are the benefits from the Agency's perspective?
- Does the State Medicaid Agency plan to make data for DV-M available next year? If not, what are the reasons? What changes are planned?
- What do other States need to know before implementing DV-M?

- What capabilities do State Medicaid Agencies need so that they can share child identifiers and eligibility data for DV-M? What factors might affect the feasibility of DV-M in other States?
- Is it preferable for the State Medicaid Agency or the State Education Agency to determine eligibility for direct verification (whether Medicaid children fall within the eligibility guidelines for free/reduced-price school meals)?
- What changes at the Federal level would make DV-M more effective and efficient?

**4. What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?**

The attached worksheet provides a tool (a) to identify State Medicaid personnel costs associated with DV-M in 2006, and (b) to project State Medicaid Agency costs for statewide DV-M. The worksheet lists specific task elements that may have been performed. **Please add to this list if DV-M involved tasks not listed.** A column is provided to enter staff time spent on DV-M for 2006 for each person or type of staff (by job title or category). Some of the tasks performed this year may have been one-time start-up costs, while others will likely be repeated in future years. We ask you to estimate the annual level of effort required for ongoing operations in years after implementation is stabilized statewide.

Below the worksheet for time estimates, space is provided to record pay rates and fringe benefit rates (i.e., average cost of fringe benefits as a percent of pay). This information is confidential and will be used only to compute personnel costs.

**5. Update on the data request for the study.**

For the Direct Verification Evaluation Study, Abt Associates requested two extracts of Medicaid data, containing records of children enrolled in (a) October 2005, and (b) the month(s) in 2006 that were available to LEAs for DV-M. We would like to discuss the status of this data request.

# Worksheet for Estimating State Medicaid Agency Costs for Direct Verification with Medicaid, SY2006-2007

## Part 1: Hours Spent on DV-M: actual 2006 and projected for statewide DV-M

**Instructions:** You are asked to estimate **actual** hours spent on direct verification with Medicaid (DV-M) by State Medicaid personnel in 2006 and **projected** annual hours once DV-M is implemented statewide. Possible tasks are listed to help you construct your estimates; specify other tasks if not listed. *Use the TAB key to move between form fields.*

### Tasks for implementing and operating DV-M (check all that apply):

- Planning for DV-M
- Establishing data-sharing agreements with State CN/Education Agency
- Programming and testing for data extracts (computing new variables etc.)
- Extracting and preparing Medicaid data for DV-M
- Providing technical support to State Education Agency for use of Medicaid data
- Record-keeping and file storage/destruction
- Other (please specify):

---

1. \_\_\_\_\_

---

2. \_\_\_\_\_

---

3. \_\_\_\_\_

---

Titles or types of staff members who may have worked on these tasks are listed below. For each, **please estimate** (a) the approximate hours spent on DV-M in 2006, and (b) the projected hours per year after statewide implementation. When a title/type of staff covers more than one person, provide the total hours spent by all staff. **Do not include time spent on the evaluation for FNS.**

<b>Estimates of DV-M Hours by Person/Type of Staff Member</b>		
<b>Title/Type of Staff Member</b>	<b>Approximate Hours per Year</b>	
	<b>(a) Actual for 2006</b>	<b>(b) Projected—after statewide implementation</b>
Liaison to State Child Nutrition Director		
Legal staff, privacy officer etc.		
Technology/programming staff		
Other program/policy staff		
Other staff not listed above (specify:)		
1.		
2.		
3.		

**Part B: Salary and Fringe Rate Information**

Please provide salary rates for the staff with time reported above. The rate may be annual, monthly, biweekly, or hourly. Approximate or average rates may be used. *This information is confidential and will be used only for computing personnel costs for DV-M.*

<b>Salary Rates for Medicaid Staff Involved with DV-M</b>					
		<b>Basis of Pay (check one)</b>			
<i>Title/Type of Staff Member</i>	<i>Salary/wage</i>	Annual	Monthly	Biweekly	Hourly
Liaison to State Child Nutrition Director	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal staff, privacy officer etc.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology/programming staff	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other program/policy staff	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other staff not listed above ( <i>specify:</i> )					
1.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide the agency's average fringe benefit rate (as a percent of salaries): \_\_\_\_\_%

Name of contact for question on this form: \_\_\_\_\_

Telephone number: (\_\_\_\_\_)\_\_\_\_ - \_\_\_\_\_

*Thank you for providing this information for the Direct Verification Evaluation Study.*

***Please fax both pages of the completed worksheet with a cover page or send by e-mail to:***

Direct Verification Study (c/o Chris Logan)  
 Fax: (617) 349-2665  
 Voice: (866) 638-2112 (toll-free)  
 DirectVerificationStudy@abtassoc.com

# Direct Verification Evaluation Study

## State Child Nutrition Agency Topics—Fall 2006

These interviews will obtain the views and opinions of State Child Nutrition Agency officials about Direct Verification with Medicaid (DV-M). We are interested in your experience with implementation, and your views on the effectiveness and benefits of DV-M. Respondents should include the primary contact in each State (usually the Child Nutrition Director) and staff members who assisted with design, development, and implementation. The basic questions to be answered and the specific areas to be discussed are listed below.

1. **What pre-existing data systems and procedures were used to support direct verification?**

Pre-existing systems are (a) direct certification and (b) DV with FS/TANF data (not applicable in South Carolina). This was covered during initial meetings; we will follow up as needed.

2. **How did the State design, develop and implement DV-M? What was the overall timeline?**

Implementation tasks at the State level might include:

- assessing the feasibility of DV-M and planning for implementation
- establishing interagency agreements and specifications for data exchanges
- meeting legal requirements and protecting the privacy and rights of students and families whose data will be used in DV-M
- recruiting and selecting Local Education Agencies (LEAs) to participate
- programming and executing file extracts of Medicaid/SCHIP data for DV-M
- programming and executing file extracts of student information for DV-M (only applicable when state-level matching is used)
- data matching and validation (where applicable)
- training and equipping LEA staff to conduct DV-M and use results
- record-keeping and retention or destruction.

Substantial information on State implementation activities has been acquired during the initial site visits and subsequent contacts. The interviews will fill in gaps in the description and the timeline.

3. **What are the challenges and lessons of implementing DV-M?**

The interviews will discuss the challenges, solutions, and lessons learned in the following areas:

- availability and quality of data (identifiers and eligibility data)
- interagency coordination with State Medicaid Agencies
- technology for matching and providing data to LEAs
- meeting legal requirements for privacy and security of confidential information

- impact of USDA policy decisions on direct verification (use of Medicaid income and household size, time period of Medicaid data to use, one child sufficient to verify application)
- use of state-level matching, manual look-ups or matching, or district-level matching
- State support for LEA use of DV-M
- LEA readiness (resources, systems) and motivation/perceived need
- LEA effectiveness and challenges
- impact of evaluation on LEA participation and success.

4. **How does DV-M affect other NSLP verification operations?**

The State Child Nutrition interview will complement our interviews with LEAs. We are interested in your perceptions based on feedback from LEAs and known results. The questions under this topic are:

- How did DV-M affect the LEAs' ability to complete verification within the required time?
- How did DV-M affect the level of effort and staffing for verification?
- How did DV-M affect the working environment of LEAs? Did it increase or decrease the level of stress associated with verification? How much of this impact was due to startup and learning issues?

5. **What is the future of DV-M?**

- Does the State plan to make DV-M available next year? Will it be statewide? What changes are planned?
- What is the expected timeline for DV-M next year, such as when LEAs will be notified and trained? How does this affect the timeline for the evaluation?
- Is DV-M feasible for all LEAs in the State? What are the characteristics of LEAs that have the capability and the interest to use DV-M?
- What do other States need to know before implementing DV-M?
- What changes at the Federal level would make DV-M more effective and efficient?

6. **What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?**

The attached worksheet provides a tool (a) to identify State Child Nutrition/Education Agency personnel costs associated with DV-M in 2006, and (b) to project State Agency costs for statewide DV-M. The worksheet lists specific task elements that may have been performed. **Please add to this list if DV-M involved tasks not listed.** A column is provided to enter staff time spent on DV-M for 2006 for each person or type of staff (by job title or category). Some of the tasks performed this year may have been one-time start-up costs, while others will likely be repeated in future years. We ask you to estimate the annual level of effort required for ongoing operations in years after implementation is stabilized statewide.

Below the worksheet for time estimates, space is provided to record pay rates and fringe benefit rates (i.e., average cost of fringe benefits as a percent of pay). This information is confidential and will be used only to compute personnel costs.

# Worksheet for Estimating State Child Nutrition and Education Agency Costs for Direct Verification with Medicaid, SY2006-2007

## Part 1: Hours Spent on DV-M: actual 2006 and projected for statewide DV-M

**Instructions:** You are asked to estimate **actual** hours spent on direct verification with Medicaid (DV-M) by State Child Nutrition (CN) and Education Agency (SEA) personnel in 2006 and **projected** annual hours once DV-M is implemented statewide. Possible tasks are listed to help you construct your estimates; specify other tasks if not listed.

*Use the TAB key to move between form fields.*

### Tasks for implementing and operating DV-M (check all that apply):

- Planning for DV-M
- Establishing data-sharing agreements with Medicaid
- Developing procedures for SEA/CN agency and local education agencies (LEAs)
- Programming and testing for data matches and user interface
- Acquiring, compiling, and preparing Medicaid data for DV-M
- Matching student data with Medicaid data
- Making DV-M data available to LEAs
- Providing technical and operational support to LEAs
- Record-keeping and file storage/destruction
- Analyzing results
- Other (*please specify*):

- 
1. \_\_\_\_\_

---

  2. \_\_\_\_\_

---

  3. \_\_\_\_\_

---

Titles or types of staff members who may have worked on these tasks are listed below. For each, **please estimate** (a) the approximate hours spent on DV-M in 2006, and (b) the projected hours per year after statewide implementation. When a title/type of staff covers more than one person, provide the total hours spent by all staff. **Do not include time spent on the evaluation for FNS.**

<b>Estimates of DV-M Hours by Person/Type of Staff Member</b>		
<b>Title/Type of Staff Member</b>	<b>Approximate Hours per Year</b>	
	<b>(a) Actual for 2006</b>	<b>(b) Projected—after statewide implementation</b>
State Child Nutrition Director		
Direct verification team leader		
Technology/programming staff		
Program specialists, support for LEAs etc.		
Other staff not listed above ( <i>specify</i> ):		
1.		
2.		
3.		

**Part B: Salary and Fringe Rate Information**

Please provide salary rates for the staff with time reported above. The rate may be annual, monthly, biweekly, or hourly. Approximate or average rates may be used. *This information is confidential and will be used only for computing personnel costs for DV-M.*

<b>Salary Rates for Staff Involved with DV-M</b>					
		<b>Basis of Pay (check one)</b>			
<b>Title/Type of Staff Member</b>	<b>Salary/wage</b>	Annual	Monthly	Biweekly	Hourly
State Child Nutrition Director	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct verification team leader	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology/programming staff	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Program specialists, support for LEAs etc.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other staff not listed above ( <i>specify:</i> )					
1.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide the agency's average fringe benefit rate (as a percent of salaries): \_\_\_\_\_%

Name of contact for question on this form: \_\_\_\_\_

Telephone number: (\_\_\_\_\_)\_\_\_\_ - \_\_\_\_\_

*Thank you for providing this information for the Direct Verification Evaluation Study.*

***Please fax both pages of the completed worksheet with a cover page or send by e-mail to:***

Direct Verification Study (c/o Chris Logan)  
 Fax: (617) 349-2665  
 Voice: (866) 638-2112 (toll-free)  
 DirectVerificationStudy@abtassoc.com

**Appendix D**  
**Local Agency Data Collection Forms**



## DIRECT VERIFICATION REPORT

LEA Name: \_\_\_\_\_ State: \_\_\_\_\_

Contact Person: \_\_\_\_\_

1. When did your district begin to select the SY2006-07 sample of NSLP applications for verification?

/    
 month      day

2. Was this date earlier, the same as, or later than last year?

1. Earlier     2. The same     3. Later

If not the same as last year, why?

\_\_\_\_\_

\_\_\_\_\_

3. How many school meal applications were sampled for verification?

Free, based on income:           

Free, based on FS/TANF case #:

Reduced price:                   

TOTAL:                               

4. Was the verification sample random or "focused"? (A focused sample first selects applications within \$100 of the monthly income limit.) CHECK ONE.

1. Random     2. Focused

5. Did your district use Medicaid information to verify school meals applications?

1. Yes             2. No

5b. If not, why?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Please provide the counts of students directly verified for NSLP.

	Number applications	Number students
Number of children directly verified with Food Stamp or TANF data	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Number of children approved for free meals, and directly verified with Medicaid data	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Number of children approved for RP meals, and directly verified with Medicaid data	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

7. Please provide the count of students whose household was contacted but did not respond to the verification request by November 15.

Did not respond:

Number of students



DIRECT VERIFICATION REPORT — INDIANA

LEA Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

1. When did your district begin to select the SY2006-07 sample of NSLP applications for verification?

\_\_\_\_/\_\_\_\_  
month day

2. Was this date earlier, the same as, or later than last year?

1. Earlier    2. The same    3. Later

If not the same as last year, why?

\_\_\_\_\_  
\_\_\_\_\_

3. How many school meal applications were sampled for verification?

Free, based on income:     

Free, based on FS/TANF case #:     

Reduced price:     

TOTAL:     

4. Was the verification sample random or "focused"? (A focused sample first selects applications within \$100 of the monthly income limit.) CHECK ONE.

1. Random       2. Focused

5. Did your district use direct verification for NSLP income applications?

1. Yes       2. No

5b. If not, why?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Please provide the counts of students directly verified for NSLP.

Number of students approved for free meals, and directly verified     

Number of students approved for RP meals, and directly verified     

7. Please provide the count of students whose household was contacted but did not respond to the verification request by the deadline provided.

Did not respond:        
Number of students



## VERIFICATION TIME AND COST REPORT

LEA Name: \_\_\_\_\_ State: \_\_\_\_\_ Contact Person: \_\_\_\_\_

Period covered: \_\_\_\_/\_\_\_\_/\_\_\_\_ to \_\_\_\_/\_\_\_\_/\_\_\_\_  
month day month day

**Instructions (by column number) This information will be kept confidential and used only to compute verification costs.**

- (1) List all school district (LEA) personnel who conduct or assist the verification of applications for free/reduced-price meals.
- (2) Record the total number of hours spent on direct verification by each person from the start of verification activity through completion. Direct verification includes all verification using data from the Food Stamp, TANF, or Medicaid Program without contacting the household.
- (3) Record the total number of hours spent on other verification activities by each person from the start of verification activity through completion. This includes requesting information from households, reviewing documentation from households or third-party contacts, and notification of changed/terminated benefits. DO NOT include time spent sampling applications.
- (4) List salary or wages for each person (may be hourly, weekly, biweekly, monthly, or annual).
- (5) Circle 1 if number in column 4 is hourly, 2 if weekly, 3 if biweekly, 4 if monthly, 5 if annual.
- (6) Enter the total paid hours per week for each person. Paid hours include holidays and leave when taken. If hours vary, provide the average or usual amount.
- (7) For each person, circle 1 if a regular employee and 2 if part-time, temporary, or contract worker.

(1) Title/Position	(2) Total Direct Verification Hours	(3) Total Other Verification Hours	(4) Salary/ Wage	(5) Basis Paid					(6) Total Paid Hours/ Week	(7) Status	
				Hr.	Wk.	Bi.	Mo.	Yr.		Regular	Other
1.				1	2	3	4	5		1	2
2.				1	2	3	4	5		1	2
3.				1	2	3	4	5		1	2
4.				1	2	3	4	5		1	2
5.				1	2	3	4	5		1	2
6.				1	2	3	4	5		1	2
7.				1	2	3	4	5		1	2
8.				1	2	3	4	5		1	2
9.				1	2	3	4	5		1	2
10.				1	2	3	4	5		1	2



**LIST OF STUDENTS VERIFIED WITH MEDICAID DATA**

**Instructions:** Use the TAB key to move between form fields.  
 For each student directly verified with Medicaid data, enter student's name, the eligibility category that was verified, and their address (to ensure that we match this information to the correct application).

LEA:

State:

	Student Last Name	Student First Name	Eligibility Categ	Street Address	ZIP
<i>E.g.</i>	<i>Jones</i>	<i>Mark</i>	<i>F</i>	<i>300 Main St</i>	<i>99999</i>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					



**LIST OF DIRECTLY VERIFIED STUDENTS**

**Instructions:** Use the *TAB* key to move between fields.  
 For each directly verified student, enter student’s name, eligibility category that was verified, and Reference Id provided by the Direct Verification Lookup System.

LEA:

State: Indiana

	Student Last Name	Student First Name	Eligibility Category	Reference Id
<i>E.g.</i>	<i>Jones</i>	<i>Mark</i>	<i>F</i>	<i>123456</i>
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

