



DEPARTMENT OF TRANSITIONAL ASSISTANCE

USDA – FNS Healthy Incentives Pilot (HIP) April 2010

Background

Over the past several years, the Department of Transitional Assistance (DTA) has made significant progress in increasing participation and access to the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps). Currently, more than 737,000 individuals – or one in 9 residents of Massachusetts – now receive SNAP benefits. The total number of households on SNAP has increased by more than 275% since the beginning of FY02 while total Department staffing levels decreased by nearly 35% in that same time period.

Massachusetts's rank has risen from 49th to 16th in the country in the participant access index for SNAP. The participant access index (PAI) is the measure used by the United States Department of Agriculture (USDA) to determine the rate of SNAP participation among people who are eligible for the program.

In September 2009, USDA recognized Massachusetts for the sixth consecutive year with a SNAP High Performance Bonus Award for its exceptional performance in “application processing timeliness” (highest percentage of timely processed SNAP applications). As a result of our performance and our efforts to increase access to SNAP through first-in-the-nation waivers and streamlined business procedures, USDA views Massachusetts as a leader in the administration of the program.

In addition to providing critical nutrition benefits for thousands of Massachusetts households, SNAP is an effective economic stimulant: DTA issues nearly \$100 million in SNAP benefits each month. This represents \$2.4 billion per year in local production, sales, and jobs for the Commonwealth, since each dollar in SNAP benefits generates an equivalent of almost \$2 in economic activity for the state. This direct connection between SNAP and local commerce provides a unique opportunity for collaboration with food retailers. DTA believes the SNAP Healthy Incentives Pilot (HIP) provides an excellent opportunity for this partnership.

What is HIP?

On December 18, 2009, the USDA Food and Nutrition Service (FNS) released a Request for Application (RFA) for a SNAP Healthy Incentives Pilot (HIP). One state agency will be granted up to \$6.3 million to carry out a Congressional mandate to test the effects of providing a financial incentive to encourage participating SNAP households to utilize their benefits for the purchase of fruits and vegetables. One of our most pressing health challenges across the US is poor diet and inactivity. Over 17 percent of children are overweight and over 66 percent of adults are overweight or obese. Low-income individuals and families are particularly at-risk. FNS recognizes the need to explore new approaches that encourage low-income households to improve their health through the consumption of fruits and vegetables, whole grains, and other healthful foods. HIP offers the opportunity to study one such approach.

Why should DTA pursue HIP?

HIP has a direct correlation to DTA's mission to assist low-income individuals and families to meet their basic needs, increase their incomes, and improve their quality of life. Many of our current initiatives already seek to improve health and nutrition, including:

- **Our collaboration with the Department of Agricultural Resources (DAR) to expand EBT access at farmers' markets:** DTA and DAR are working together to educate farmers' market proprietors





DEPARTMENT OF TRANSITIONAL ASSISTANCE

USDA – FNS Healthy Incentives Pilot (HIP) April 2010

about the importance of SNAP to the health and stability of low-income individuals and families, and the financial benefit of accepting SNAP payments through Electronic Benefits Transfer (EBT). Twenty-three farmers' markets have applied for grants to purchase or lease EBT machines. If approved, they will be able to accept SNAP benefits at their markets during the 2010 season.

- **The formation of a Hunger and Nutrition Advisory Group, convened by DTA, DAR, and the Department of Public Health (DPH):** The Commissioners from DTA, DAR and DPH have established an informal advisory group of stakeholders to generate ideas, develop recommendations, and implement plans to do business differently and build on best practices. This group will assist the agencies to establish new partnerships and expand existing collaborations to ensure that we are able to meet our shared goals of fighting hunger, increasing wellness and improving nutrition.
- **Revisiting our nutrition education programs:** DTA is in the process of evaluating its SNAP Education programs to better target resources to populations not currently being reached. Changes may include developing a social marketing campaign, creating an interactive website, and leveraging existing resources.

HIP is an excellent opportunity for DTA, its partner agencies, and its stakeholders to further unite toward the common goal of improved nutrition for residents of the Commonwealth. The Department is committed to continuing to working across agencies to do business differently. If Massachusetts is selected, HIP will also foster civic engagement and jobs creation – two of Governor Patrick's top priorities.

On January 29, 2010, DTA submitted a Letter of Intent to apply for HIP.

Specifics on HIP

The HIP Grantee is the SNAP state agency that will be selected competitively based on the merits of its application to operate the pilot. The HIP Grantee has overall responsibility for pilot planning, implementation and operations in cooperation with the local SNAP offices, retailers, the EBT contractor serving that site, and other partners. The two key partners that determine the feasibility of this pilot are food retailers and ACS (DTA's EBT service provider).

The RFA requires the pilot site to be a locality with mainstream SNAP operations currently serving a SNAP caseload of 35,000 to 60,000 households. DTA proposes Hampden County as the HIP site. Not only does Hampden County offer the required range of SNAP participants: it also contains two of the lowest-income cities in the Commonwealth (Holyoke and Springfield), as well as urban, suburban, and rural communities. These characteristics will allow DTA to test the impact of grocery incentives in all types of areas, rather than in a single city. Hampden County also has an outstanding network of nonprofits and retailers who will likely be receptive to supporting HIP. Three DTA offices are located in Hampden County.

Requirements of the Proposal

In addition to a pilot site that meets USDA's specifications, DTA's proposal must include:





DEPARTMENT OF TRANSITIONAL ASSISTANCE

Healthy Incentives Pilot Request for Application March 2010

- **Community Partners:** The importance of support from community partners cannot be over-emphasized. The application must clearly indicate the commitment of DTA and its partners to work closely with the independent evaluation team to support study objectives and methods. DTA must sign an agreement to these conditions as part of the proposal.
 - Retailers must typically sell the targeted fruits and vegetables and should include supermarket chains, independent retail grocers, convenience stores, and at least one farmers' market.
- **EBT Systems:** DTA must also indicate the cooperation and capability of local SNAP offices, retailers, and the EBT contractor to support the pilot and carry out pilot-specific responsibilities.
- **Administrative:** DTA must show its ability and commitment to oversee and manage the technical aspects of the pilot; appoint or hire a Pilot Director; meet HIP systems functionality and requirements; submit a detailed budget for HIP; pass a SNAP integrity reference check; and more.

Proposals must be received by FNS on or before May 21, 2010, and will be scored based on:

- Pilot design and implementation (50 points)
- Staffing plan (15 points)
- Management plan (25 points)
- Budget (20 points).

The development of a competitive proposal will require an all-hands-on-deck approach from both DTA staff members and interested partners.

Incentives

If DTA is selected as the HIP grantee, a random sample of 7,500 SNAP households in Hampden County will be selected as HIP participants. Of these, 1,500 will serve as the experimental group. Of the households in the pilot site area not participating in HIP, 1,500 will be selected to serve as the control group. The participating SNAP households will receive an incentive of additional SNAP dollars when they purchase HIP-targeted fruits and vegetables using their SNAP benefits.

Fruits and vegetables targeted for HIP are those allowed by federal regulations for the WIC program. Most fruits and vegetables are allowed, and can be fresh, canned, frozen, or dried. Mature legumes and juices are not allowed, and fruits and vegetables must not have any added sugars, fats, oils, or salt. White potatoes are excluded, but yams and sweet potatoes are allowed.

Each participant will receive an incentive in the amount of 30% of the cost of the fruits and vegetables purchased. The incentive will be calculated and instantly applied to the HIP participant's SNAP benefit account. Information on the incentive earned and account balance will be provided on the store receipt.

The incentives must be calculated every time the HIP participant purchases the targeted fruits and vegetables. Stores then have to post and reconcile the total earned incentives of the month (with ACS) and show the incentives earned on the receipts. Total earned incentives can't exceed the monthly cap





DEPARTMENT OF TRANSITIONAL ASSISTANCE

Healthy Incentives Pilot Request for Application March 2010

(which will be set by FNS). In short, the incentives must be calculated and applied instantly, and are equal to 30% of the purchase of allowable fruits/vegetables, not to exceed the monthly cap.

EBT System

HIP will utilize the existing EBT system currently in place for SNAP: its debit cards, point-of-sale terminals, receipts and vendor data system. The system will need to accommodate the unique accounting needs of HIP at the point-of-purchase, which differs from regular SNAP transactions. Thus, temporary changes are needed to EBT system programming, accounting and reporting for the duration of the pilot.

Education to Consumers

DTA will provide information to HIP participants about the Pilot including, but not limited to, which foods trigger the incentive (target foods), how to transact purchases at the grocery store, and the amount of incentive benefits they can earn. For purposes of this application, as directly stated in the RFA, states should assume that no new SNAP nutrition promotions or educational activities will be approved for the pilot site once a project site is selected. In order to achieve results that demonstrate the direct impact of the Pilot, USDA has requested that no additional nutrition education be provided in conjunction with HIP. However, the Department will coordinate this effort with our revamped nutrition education program so that we are maximizing our efforts to increase healthy eating among SNAP participants.

Interested?

DTA seeks interested parties to partner with us on this exciting initiative. We are forming a HIP Advisory Committee to offer guidance as the proposal is developed. For more information, please contact Stephanie Brown, Assistant Commissioner for Policy, Programs and External Relations, at 617-348-5640 or email Stephanie.a.brown@state.ma.us.

Important Dates to Remember:

- *January 29, 2010:* Letter of Intent (LoI) to Apply and Written Questions Due to FNS
- *February, 2010:* FNS Conference Call with all States Submitting LoI
- *May 21, 2010:* Application Due to FNS
- *August 2010:* Award Announced
- *August 2010:* Cooperative Agreements in Place and Funds Available
- *August 2010:* Orientation Conference at FNS Headquarters
- *August 2010 – November 2011:* Planning, Testing, Training
- *December 2011 – February 2013:* Operation Phase of Pilot (15 months)
- *March 2013 – April 2013:* HIP Operations Close Out
- *May 2013 – June 2013:* Close Out Conference with FNS including Formal Presentation for FNS at FNS Headquarters.

