EXECUTIVE SUMMARY

MAXIMIZING THE IMPACT OF NUTRITION INTERVENTIONS WITH LOCAL FOOD PROCUREMENT

Envisioning a Food is Medicine marketplace that integrates America's local producers to build thriving local economies and food systems

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The United States is facing a diet-related health crisis with profound public health and economic implications. Poor nutrition is contributing to soaring rates of preventable chronic diseases—nearly half of U.S. adults have hypertension,[1] over 40% are living with obesity,[2] and diabetes rates continue to rise.[3] These health conditions take a heavy toll, contributing to over $1.1 trillion in annual costs of medical expenses and lost productivity in the United States.[4] In response, healthcare leaders are increasingly turning to Food is Medicine (FIM)—an evidence-based set of interventions such as medically tailored meals and produce prescriptions—that connect patients with the food they need to treat or manage their diet-related medical conditions.

This report explores how states can amplify the positive health outcomes and cost savings of Food is Medicine interventions by integrating them with food purchasing strategies that are aligned with local values, such as preferences for local foods or community-based providers. It examines how public procurement policies—especially within Medicaid—can be leveraged not only to deliver nutritionally appropriate food to patients, but also to revitalize local economies, support small and regional food producers, and build resilient food systems. As state governments begin to finance Food is Medicine programs with federal and state funding, they must navigate existing procurement frameworks, and in doing so, have the opportunity to embed social, economic, and food systems priorities into the delivery of healthcare.

After detailing existing state procurement preferences for locally-produced foods, this report provides an in-depth look at the legal and practical mechanisms within Medicaid Food is Medicine interventions that states can use to align food procurement with their broader policy goals. During the past decade, policymakers have developed several options that allow for coverage of nutrition interventions within U.S. health insurance systems.[5] Among these, the Medicaid program, the United States' public health insurance program serving individuals with low incomes, has seen particularly robust development of innovative Food is Medicine policies.[6] From 1115 demonstration waivers to managed care contract requirements, states are beginning to use their flexibility under Medicaid to support local food systems while improving patient care. The report serves as a strategic resource for policymakers, community-based Food is Medicine providers, and food system advocates seeking to create integrated programs that maximize healthcare investments by sourcing food in ways that nourish both people and places.

Linking Health and Food Systems Goals Through Procurement Policy

While many stakeholders are eager to develop holistic policy responses that link healthcare and food systems' goals, they often wonder what is possible and where to start. This report responds to this need by providing a detailed discussion and examples of various policy options, which are briefly summarized here.

How States are Integrating Local Food Systems and Community-Based Providers into Healthcare Delivery

States are increasingly incorporating local food sourcing and preferences for community providers into their Food is Medicine initiatives. The examples below illustrate a range of strategies across Medicaid policy levers.

- **Embed local food priorities in Medicaid policies** as Hawai'i did in its 1115 demonstration waiver application when it identified its intent to source Food is Medicine interventions that support "the purchase of locally grown food" and strengthen the state's "intrinsic food system."[7] In Oklahoma, the legislature directed the state Medicaid agency to seek federal approval for Food is Medicine coverage under Medicaid—explicitly instructing health agencies and contractors to "prioritize the inclusion of community-based organizations and local growers" in delivering nutrition interventions, when feasible.[8]

- **Use implementation guidance to elevate local food and community-based organizations** as Michigan did in its Lieu of Services and Settings policy guidance that prioritizes local engagement by requiring that Food is Medicine providers demonstrate community ties and mandating that at least 30% of services be locally-based and rooted in the state's food economy.[9] Though Massachusetts's and New York's implementation guidance does not mention local food systems, both states offer examples of guidance that prioritizes community-based providers. Massachusetts's Flexible Services Program guidance encouraged partnerships that "leverage existing community-based expertise and capacity."[10] In its guidance to the lead entities coordinating health related social needs services, like Food is Medicine interventions, New York articulated its intent that services be provided primarily by community-based non-profit organizations and only in the absence of such providers may services be provided by for-profit entities.[11] Such guidance provides potential models for states to build upon in order to more specifically prioritize local producers.

- **Require alignment with local values in Medicaid contracting** as Ohio did when it mandated that Medicaid Managed Care plans partner with community-based organizations to increase access to nutritious foods and reinvest a percentage of their annual profits back into the community.[12]

- **Align reimbursement rates with true costs of local food** and consider using fee schedules to promote state values around food sourcing and quality. To support providers and account for regional cost differences, Massachusetts reimburses covered nutrition interventions at up to 125% of expected costs (accommodating for regional differences and fluctuations in costs over time), with rates designed to reflect the higher cost of living in the state relative to others.[13] When setting rates for Food is Medicine programs, states can expand on Massachusetts's

approach by using fee schedules to encourage local and sustainable food sourcing. For example, higher reimbursement rates for locally produced, organic or regenerative foods can incentivize providers and demonstrate the state's support for local producers, economies, and food systems.

- **Invest in local Food is Medicine infrastructure** as California and Oregon are doing with their 1115 demonstration infrastructure funding which can be used for cold storage, making it easier to source, store, and distribute fresh, local food.[14]

Recommendations for State Policymakers and Food is Medicine Providers

As Food is Medicine interventions scale, state and community partners have a powerful opportunity to advance these types of policy strategies that align nutrition services with local food systems goals. Drawing from state policy examples and on-the-ground experience, the report also provides actionable recommendations that offer a roadmap for improving public health, strengthening local economies, and enhancing food system sustainability through state Food is Medicine policy development.

What Should State Policymakers Do?

- **Map and Mobilize Existing Assets:** Inventory state-level infrastructure, like food hubs, community-based organizations with food sourcing capacity, and grant programs that can serve as platforms for expanded local procurement within Food is Medicine interventions, and help matchmake to connect Food is Medicine providers with these resources. Understanding existing assets also helps identify resource gaps which may need targeted funding and support.

- **Audit and Align Procurement Policies:** Understand any relevant state-level procurement preferences—such as local sourcing mandates or supplier diversity requirements—to see if these apply to Food is Medicine programs in your state, or use them where possible to guide policy design and vendor selection within Food is Medicine programs. Connect Food is Medicine initiatives with state sustainability efforts, economic development, and health equity for broader impact and buy-in.

- **Leverage Medicaid Flexibilities:** Regardless of which Medicaid coverage pathway or pathways your state uses to provide coverage for Food is Medicine interventions, at each stage of the process consider which of the policy levers described above can be used to support the sourcing of nutrition services consistent with community and local food system priorities.

- **Form Cross-Sector Collaborations to Set Food Systems Priorities:** State Medicaid agencies should partner with state departments of agriculture, local producers, community-based organizations that provide nutrition supports, healthcare providers, plans, and advocates to define shared goals and build partnerships that that incorporate local food system needs and values. Such collaborations can also be useful in identifying additional strategies to support

local food sourcing, such as the need for flexible payment arrangements (e.g., advance payments), technical assistance, or dedicated funding to support local food procurement.

What Can Food is Medicine Providers Do?

- **Infuse Local Values into Food Sourcing:** Embed organizational and community values into program procurement practices and menu development. Organizations that are working to address nutrition insecurity can reinvest wealth into their communities by sourcing locally, strengthening local economic conditions. Prioritizing organic and regeneratively grown products can support community or state goals around sustainable agricultural and public health by reducing exposure to environmental chemicals, such as pesticides, herbicides, and insecticides.

- **Strengthen Ties with Local Producers:** Build direct purchasing relationships with farmers and regional suppliers to keep food dollars circulating locally and support regional food system resilience. Have conversations with regional producers to understand their capabilities and needs to collaborate with Food is Medicine programs. Help producers plan ahead by discussing your program's anticipated product needs for the following year, and consider forward contracts that specify the types and quantities of products to be purchased and agreed-upon prices.

- **Utilize Food Hubs and Aggregators:** Work with food hubs that source, aggregate, and distribute foods aligned with state or local values to meet the nutrition and operational needs of your programs. Food hubs can help reduce administrative and logistical burdens by aggregating products from smaller producers to meet demand and by providing transportation, storage, and packaging services.

- **Measure and Communicate Impact:** Track contributions to the local food economy—through job creation, farm viability, and environmental benefits—and quantify the multiplier effect of local food purchases.

- **Tell the Story of Community Impact:** Share how institutional partnerships, bulk purchasing, and stable markets improve farmer sustainability, diversify crops, and expand healthy food access.

- **Build Coalitions and Collective Power:** Join or convene local coalitions to strengthen advocacy, shape Medicaid Food is Medicine procurement goals and requirements, and expand access to nutrition interventions grounded in community values.

- **Engage in Policy Development:** Submit public comments and meet with state Medicaid agency representatives to advocate for prioritizing community-based organizations, small farms, and regional food suppliers in program design. Engage with state legislators to ensure that legislation related to Food is Medicine services requires Medicaid agencies to use funding in ways that advance local economies and food systems.

Unlocking the Full Potential of Food is Medicine

Integrating local food procurement into Food is Medicine programs offers an opportunity to address multiple policy priorities—improving health outcomes, strengthening local economies, and building more resilient food systems. As this report outlines, states can leverage existing Medicaid flexibilities, procurement preferences, and program structures to align healthcare spending with local food systems goals.

By partnering with community-based organizations and regional producers, states can design Food is Medicine initiatives that are both clinically effective and locally responsive. Targeted investments in infrastructure and cross-sector collaboration can maximize the impact of nutrition interventions while generating measurable economic and social returns.

Scaling these approaches will require sustained policy leadership, technical capacity, and stakeholder engagement—but the opportunity is clear: Food is Medicine programs that center local sourcing can deliver improved health outcomes while creating place-based benefits.

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ENDNOTES

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