From Farm to FIM

March 2026

The Economic Impact of Local Food is Medicine

The Rockefeller Foundation

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Foreword from The Rockefeller Foundation

In communities across America, families are grappling with diet-related disease while farmers work to keep their operations afloat. These realities may seem disconnected, but they are consequences of a food system that could do more for everyday Americans.

Three years ago, The Rockefeller Foundation published True Cost of Food: Measuring What Matters to Transform the U.S. Food System. That report revealed a sobering truth: while Americans spend approximately $1.1 trillion annually on food, the real cost of our food system is at least $3.2 trillion per year when we account for impacts on human health, the environment, and livelihoods. These hidden burdens fall disproportionately on communities of color and low-income families, who are more likely to suffer from diet-related diseases.

Three years later, these challenges have intensified. Nearly half of Americans now live with a diet-related chronic disease. At the same time, small and mid-sized farmers—who make up more than 90 percent of U.S. farms—face mounting financial pressure, consolidation, climate volatility, and fragile

supply chains. Rural communities that depend on agriculture are struggling to stay economically viable, even as healthcare costs tied to poor nutrition continue to rise.

Yet this moment also presents an extraordinary opportunity.

Food is Medicine (FIM) is gaining momentum as a common-sense approach to treating diet-related disease through better access to healthy food. By providing people with options like fresh groceries, medically tailored meals, personalized nutrition guidance, and ongoing support, FIM programs are scalable tools that help people heal and build healthier habits.

These programs work. FIM interventions improve health outcomes, reduce hospitalizations, and lower healthcare spending. The public supports these programs, and nearly 4 in 5 people believe they should be covered by health insurance.

States across the country are already taking policy action to advance FIM. Today, more than half of U.S. states have pursued some form of policy change to expand or explore FIM, signaling growing bipartisan momentum. As FIM grows into what could become a $50 billion market, we face a critical window of opportunity.

How states design these programs will determine whether FIM delivers benefits beyond improved health. When states intentionally prioritize locally-based providers and locally-sourced food, FIM can do more than treat disease—it can strengthen local economies. Directing healthcare dollars toward small and mid-sized farmers and regional food businesses helps those dollars circulate locally, supports rural communities, builds needed infrastructure, and can encourage more resilient and regenerative production practices.

This approach builds on work already underway. For years, The Rockefeller Foundation has worked to harness the power of large food and nutrition markets—through initiatives such as Good Food Purchasing and Regenerative School Meals—to strengthen local food systems while advancing health, equity, and sustainability.

This report quantifies the scale of the economic opportunity embedded in FIM and outlines the actions needed to ensure that as this market grows, it benefits not just patients, but also farmers, workers, and entire states. If we align healthcare spending with food system transformation, we can do even more than treat disease. We can also build a food system that nourishes people, sustains farmers, regenerates land, and strengthens communities.

Noah Cohen-Cline
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Executive Summary

Food is Medicine (FIM) programs represent a significant and largely untapped economic opportunity for states.

In addition to improving health outcomes and reducing healthcare costs, well-designed FIM programs can strengthen local food systems, support farmers and food businesses, and drive economic growth. When states intentionally prioritize local food sourcing and locally based FIM providers, healthcare spending can be leveraged to deliver broad economic benefits.

Diet-related chronic diseases affect nearly half of Americans and cost the U.S. more than $1.1 trillion dollars annually.[i] At the same time, many of the 1.7 million small and mid-sized family farms in the US face persistent financial pressure, with an average of 28,000 farms going out of business each year.[ii] Addressing these parallel challenges requires stronger alignment between our food, health, and economic systems. While FIM programs—which provide healthy foods to patients with diet-related chronic diseases—have demonstrated health benefits in clinical trials, their potential to strengthen local food systems and generate economic growth has been less studied. This report quantifies the economic benefits to states from local FIM interventions.

When programs prioritize locally based FIM providers[1] and food sourced from in-state and regional producers ("local FIM"), it supports local farms and food businesses, creates jobs, and strengthens state economies. This presents a new opportunity for policymakers to keep healthcare dollars circulating locally while also advancing rural development goals.

1 The term "FIM provider" refers to an organization that delivers Food is Medicine benefits such as Medically Tailored Meals or Produce Prescriptions directly to patients, under a healthcare contract or other source of funding.

With targeted guidelines that localize FIM according to each state's capacity, states can achieve measurable economic gains.

$45B+
in annual GDP growth nationwide

316,000
new jobs supported by FIM supply chains

$5.6B
in annual revenue for small and mid-sized family farms

Expanding FIM Generates Large Economic Gains

FIM programs have proven results and high public interest, yet as an emerging policy innovation current enrollment is limited. Serving the 43 million Americans who could benefit from FIM[2] would significantly improve health outcomes and support farmers and food businesses by contributing $50.2 billion in demand for healthy food.

With targeted guidelines that localize FIM according to each state's capacity, states can achieve measurable economic gains:

- $45 billion+ in annual GDP growth nationwide through localized FIM programs
- 316,000 new jobs supported by local FIM supply chains
- $5.6 billion in annual revenue for small and mid-sized family farms, along with greater market stability and opportunities for investment

Local FIM strengthens farms, improves health, and boosts state economies—all with the same dollar.

Local FIM Helps Build Strong, Durable Local Food Systems

Beyond quantifiable gains, local FIM can deliver long-term benefits that strengthen communities and food systems. Local food sourcing can stabilize struggling farms and protect farmland from conversion. Shorter supply chains grounded in local and regional relationships enhance resilience to economic shocks, as highlighted during the COVID-19 pandemic. Reliable demand and long-term contracts make it easier for producers to invest in growth and to adopt regenerative and climate-resilient practices.

Maximizing FIM's Economic Impact Requires Intentional Program Design

Efforts to localize school food, SNAP expenditures, and other food and nutrition interventions have achieved notable success—but are often limited by the challenge of re-designing long-standing and entrenched sourcing and distribution systems.

States that want to capture the full economic value of FIM must make deliberate policy choices, including:

- Embedding local FIM provider and local sourcing preferences into FIM policies[3]
- Providing incentives or adequate reimbursement for local FIM interventions
- Investing in food system infrastructure and capacity-building for local and community-based FIM providers

By aligning health, agriculture, and economic development priorities in FIM program design, states can multiply the economic impact of FIM, delivering healthier communities, stronger local economies, and more resilient food systems.

2 We use individuals with a diet-related chronic disease and income at or below 185% of the Federal Poverty Line, to estimate the population that can clinically benefit from FIM and face economic barriers to healthy food.
3 States are increasingly exploring pathways to provide FIM as a medically covered benefit, most commonly through 1115 Medicaid waivers and Medicaid In Lieu of Services (ILOS) plans.

The economic case for localizing Food is Medicine


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©Community Servings

The case for local Food is Medicine (FIM) programs is underscored by two connected challenges: rising rates of diet-related disease and a struggling agricultural sector.

Nearly half of adults live with at least one diet-related condition, and one in seven Americans experienced food insecurity in 2024.[iii] At the same time, American agriculture is under increasing financial strain—especially the 90% of farms that are small and mid-sized. Variable farm income, changing climate patterns, farm labor shortages, fragile supply chains, and decades of consolidation have contributed to the disappearance of 28,000 farms annually in recent years.[iv]

FIM is emerging as a powerful healthcare intervention that can improve health while lowering healthcare costs. FIM programs, including medically tailored meals (MTM), medically tailored groceries (MTG), and produce prescriptions (PRx), improve disease management and reduce hospitalizations of patients with chronic diseases. At full scale, MTMs alone could save an estimated $23.7 billion in healthcare spending each year, while avoiding 2.6 million hospitalizations.[v]

As FIM scales through public and private insurers and health systems, it creates new demand for healthy food. This presents states with a significant economic opportunity: a new market that can be designed to channel healthcare dollars into resilient local food systems, increase farm revenues, and expand state economic growth.

In this report, **"Local Food is Medicine"** refers to two related but distinct forms of localization:

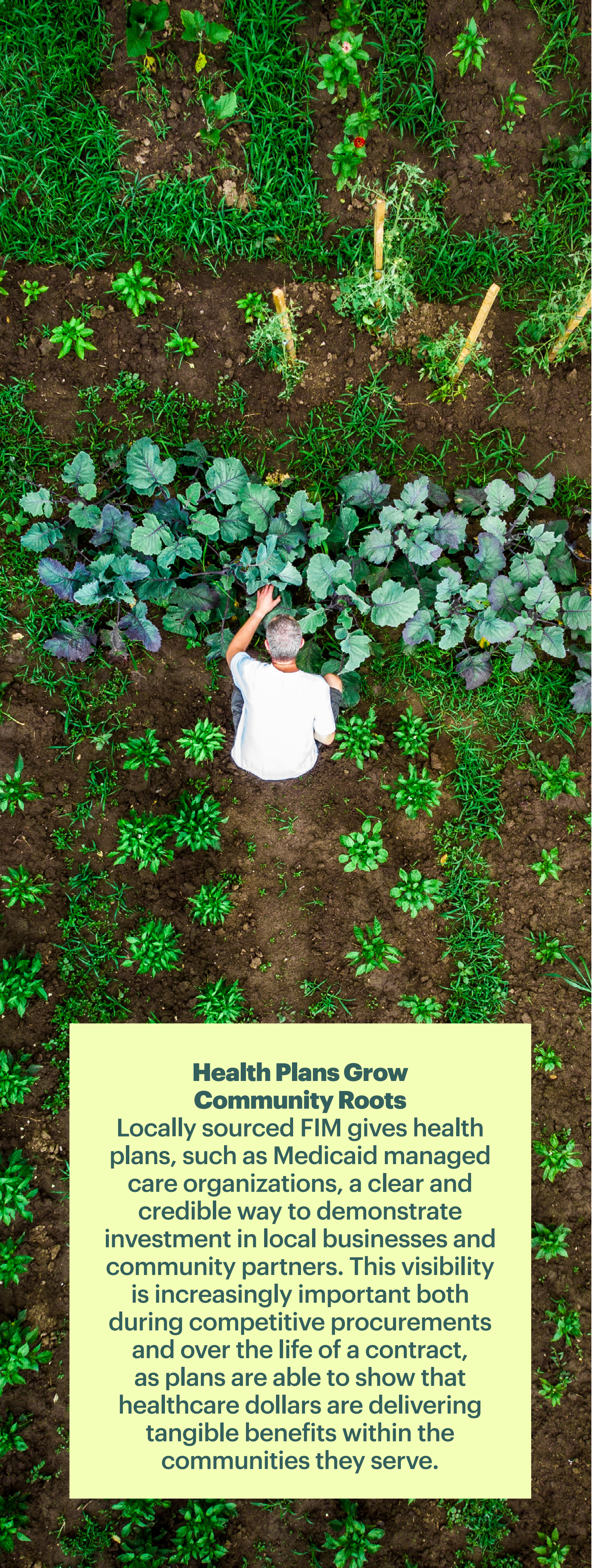
1

Efforts to contract with locally based FIM providers to prepare and distribute medically tailored meals, medically tailored groceries, and produce prescriptions to patients

2

Efforts to source food from local farmers

Both of these pathways have strong economic effects, and each can be explicitly prioritized in FIM program design.



Local FIM programs can revitalize food systems and rural economies

When FIM is scaled with a focus on local sourcing and implementation, it can create steady and reliable demand for healthy food grown within each state. For small and mid-sized farms, this steady demand makes it easier to crop plan, earn more dependable income, and (through FIM providers) supply to large markets like hospitals and health plans.

For states, channeling healthcare dollars back into local food systems helps those dollars circulate locally, supporting farmers, food businesses, and the infrastructure needed to build strong and resilient local economies.

The economic gains the FIM market can support include:

- Increased farmer revenues
- Job creation and GDP growth across agricultural and non-agricultural sectors
- Stronger rural economies supported by resilient supply chains, conserved farmland, and regenerative farming practices

When FIM programs are covered by public or private insurance, they channel healthcare dollars into the provision of healthy foods, measurably improving health outcomes for patients with chronic disease and saving healthcare costs in the long-term. When healthcare spending on FIM programs is directed locally, these programs extend beyond a healthcare intervention: they become a long-term economic development strategy that strengthens farms, communities, and state economies.

Health Plans Grow Community Roots

Locally sourced FIM gives health plans, such as Medicaid managed care organizations, a clear and credible way to demonstrate investment in local businesses and community partners. This visibility is increasingly important both during competitive procurements and over the life of a contract, as plans are able to show that healthcare dollars are delivering tangible benefits within the communities they serve.

The untapped economic engine inside Food is Medicine

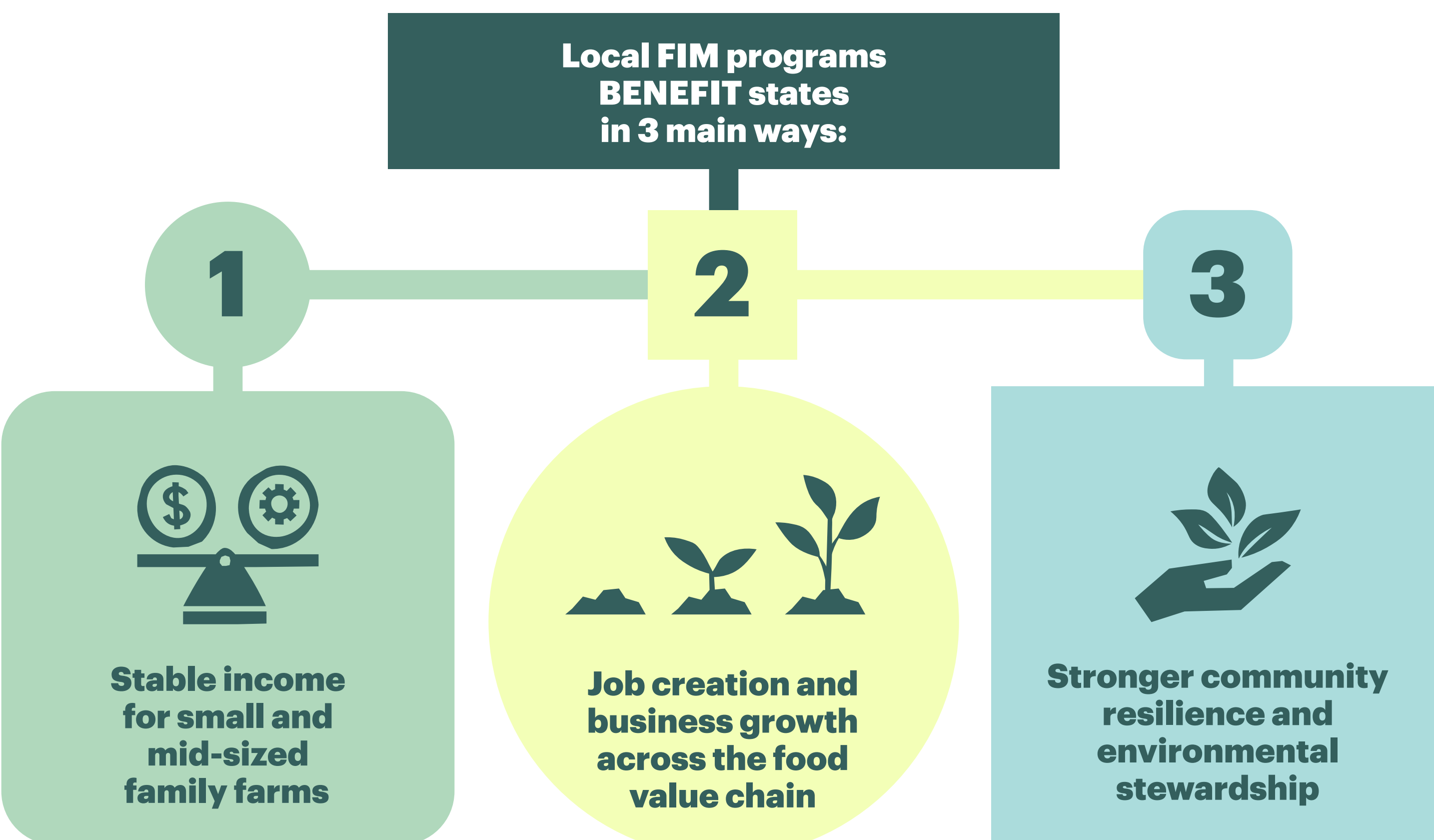
While recognized as a cost-effective and high-potential tool to improve health, FIM interventions remain a nascent policy innovation and largely operate as small-scale or pilot programs.

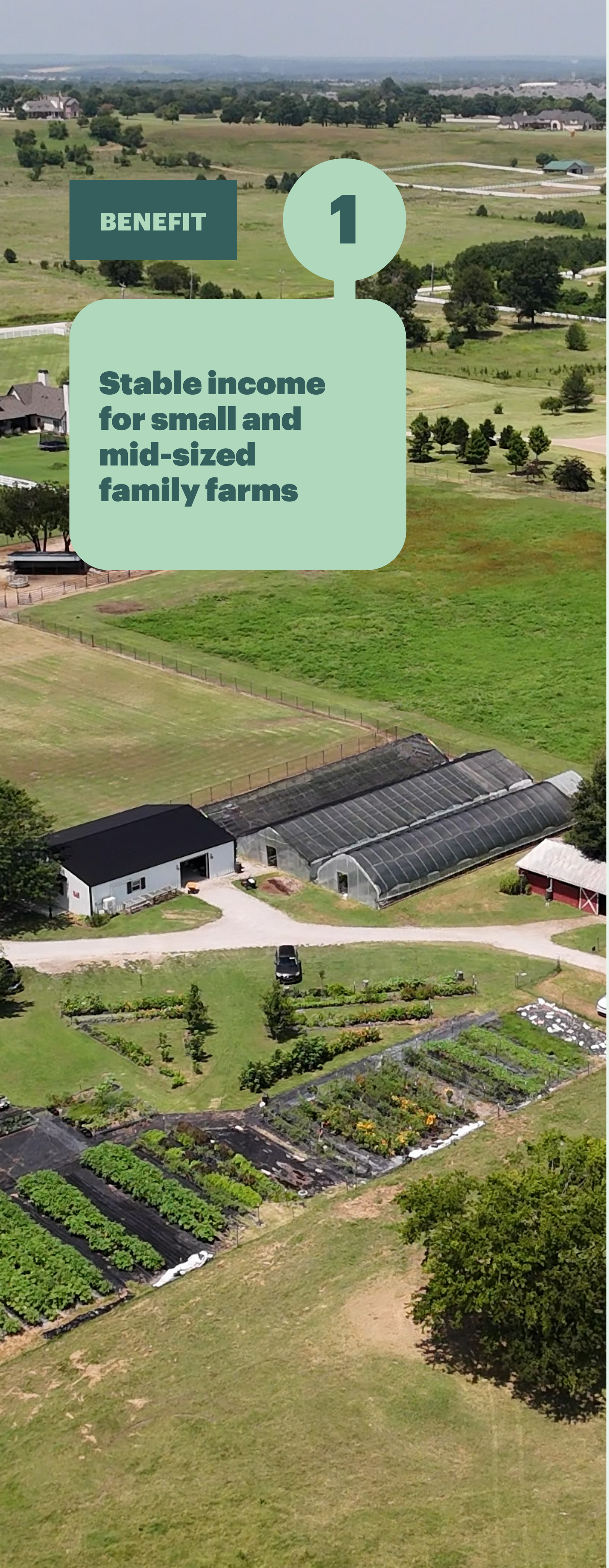
Several states have used demonstrations and similar flexibilities to provide coverage of FIM in their Medicaid programs but are still working toward scale. Today, FIM interventions reach only an estimated 1 to 3 percent of Medicaid and Medicare patients.[vi] **Scaling to meet the needs of all 43 million Americans who have a diet-related chronic disease and struggle to afford a healthy diet would increase the annual demand for healthy food by up to $50.2 billion.**

When states design FIM programs with local economic priorities, they create an economic engine that generates gains for farmers and rural and state economies, in addition to social and environmental ripple effects.

NOTE ON METHODOLOGY

The analysis in this report relies on assumptions and modeling approaches grounded in the best available data and literature and informed by expert advisors. It assumes that all patients with a diet-related chronic disease and an economic barrier to healthy food access could enroll in FIM programs covered by health insurance, and applies conservative assumptions about each state's capacity to produce, prepare, and distribute local food. The model does not project macroeconomic or policy changes affecting labor markets, input costs, or agricultural and health policy. It estimates the potential gross economic effects of local FIM and does not account for substitution or displacement effects in other markets. Findings should therefore be interpreted as directional estimates rather than precise forecasts, and we welcome further refinement of the approach. A full description of the methodology and analytical model is available on The Rockefeller Foundation website.





Small and mid-sized farms could earn up to $5.6 billion in new annual revenue by supplying FIM programs, creating meaningful income for 56,000 farms.[4]

Current production trends suggest that these farms could meet roughly 48 percent of FIM food sourcing. Because small and mid-sized producers often face the greatest barriers to accessing commodity markets, they stand to benefit disproportionately from FIM-related procurement. With targeted incentives and investment, such as support for aggregation, season extension, food safety certification, and working capital, these farms could supply an even larger share of FIM programs, further increasing their participation and economic impact.

In individual states, FIM programs that prioritize sourcing from local farms where possible can generate significant revenue for in-state farmers.[5]

Individual state-level impacts vary widely, from about $4.5 million in smaller markets like Alaska to over $510 million in large agricultural states like California, reflecting differences in agricultural capacity, local food systems infrastructure, and the size of eligible patient populations. For most states, this represents up to a 3 percent increase in current agricultural revenues.

This analysis assumes that local farms can supply 20%-50% of a state's FIM market, depending on local agricultural and food systems capacity in each state.[6] With additional investments, many states have the ability to expand local sourcing beyond this threshold and achieve even greater impacts.

4 USDA defines small and medium-size farms as those with annual revenue below $350,000, and annual revenue between $350,000 and $1 million, respectively. These farms make up over 90% of all farms in the US. They are critical to achieving greater local economic impact, as they are more likely to employ more people per acre, purchase inputs locally, and are better equipped for regenerative practices.

5 In our analysis we define "locally sourced food" as food produced within state borders, for consistency with preferences commonly used in state procurement policies and USDA's definition of local for its programs. In practice, local aggregators often source food regionally to provide the product diversity, consistency, and volume required while still delivering desired food systems benefits.

6 See Technical Appendix on The Rockefeller Foundation website for methodology.

The reliability of the FIM market also creates a significant opportunity.

When FIM programs are designed with multi-year funding, clear contracting practices, and consistent procurement volumes, they can provide reliable, long-term demand using dedicated healthcare dollars. This type of demand sends a stronger purchasing signal than one-time or short-term contracts, enabling farms to plan their planting and production cycles with greater confidence, invest in their business, and achieve greater profitability.

"Our local farmers are our healthcare providers; they provide the medicine."

Erin Martin, MASM
FreshRx Oklahoma

BENEFIT 2

Job creation and business growth across the food value chain

Local FIM programs can generate more than $45 billion in economic activity to their respective state economies, and more than 316,000 new jobs.

This can be realized if states prioritize local FIM providers in addition to local food sourcing. When contracts are awarded to local providers to deliver FIM services to patients, those dollars circulate through a network of in-state businesses that enable FIM provision including food aggregation and coordination, cold storage and warehousing, transportation and logistics, food processing and preparation, and last-mile food delivery to patients. Many of these services rely on place-based infrastructure and local labor, allowing a greater share of spending to remain within states.

Together, local food sourcing and local FIM delivery services represent over $21 billion in direct spending, which expands to over $45 billion in total economic activity through multiplier effects. Because local farms and businesses are more likely to source inputs, hire labor, and reinvest profits in-state, each retained dollar circulates multiple times before leaking out of the local economy. For states, this results in stronger local tax bases, increased rural and urban employment, and a more diversified economy that complements and stabilizes against globally exposed commodity markets.

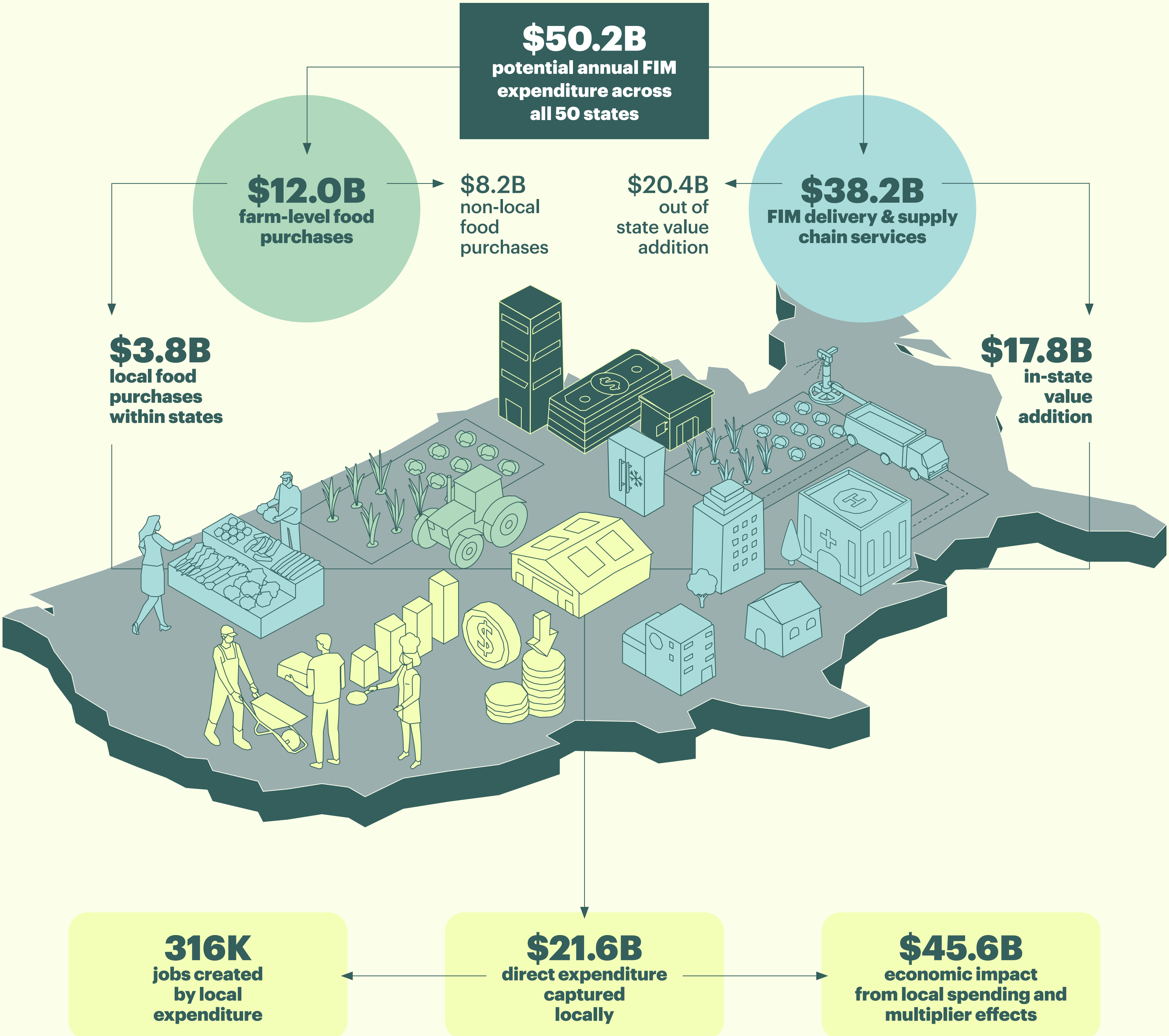
In most states, infrastructure needed to support local FIM—including commercial kitchens, food hubs, and community-based distributors—exists but requires greater investment. For example, aggregators such as 4P Foods in Virginia and Headwater Food Hub in New York already source and distribute local and regenerative food to FIM patients under healthcare contracts. Patient-facing Produce Prescription providers like FreshRx Oklahoma and Medically Tailored Meal providers like Community Servings in Massachusetts contract with local farmers and hubs to supply food for their FIM services.[7] And some national companies are deploying structures that prioritize local systems. For example, NourishedRx sources from local food hubs and small-scale producers in states where they operate while also providing technology infrastructure to support scale. ModifyHealth is an MTM company that uses local, dedicated kitchens for meal production in states where they operate.

7 More information can be found on organization-specific case studies in Appendix B.

Figure 1

Potential annual economic impact of local FIM

FIM expenditures include both food purchases and value-added services such as transportation, storage, packing, processing, and meal production. This chart illustrates how spending is distributed across these categories, the share that can be captured locally, and the resulting impacts on jobs and GDP.



Potential state-level impacts

Example state: Oklahoma

The magnitude of the potential economic benefits vary across states, largely based on size of the FIM-relevant population and capacity to source food locally. Two-pagers with descriptive characteristics and analytical findings are available for all 50 states on The Rockefeller Foundation website. **Find your state here.**

State

Oklahoma

Date of Analysis: 2026

Total population	4,095,000
FIM-eligible population[1]	737,000
Annual FIM expenditure at scale	$867,994,000

Potential expenditure in **local food system**
—
$343,928,000

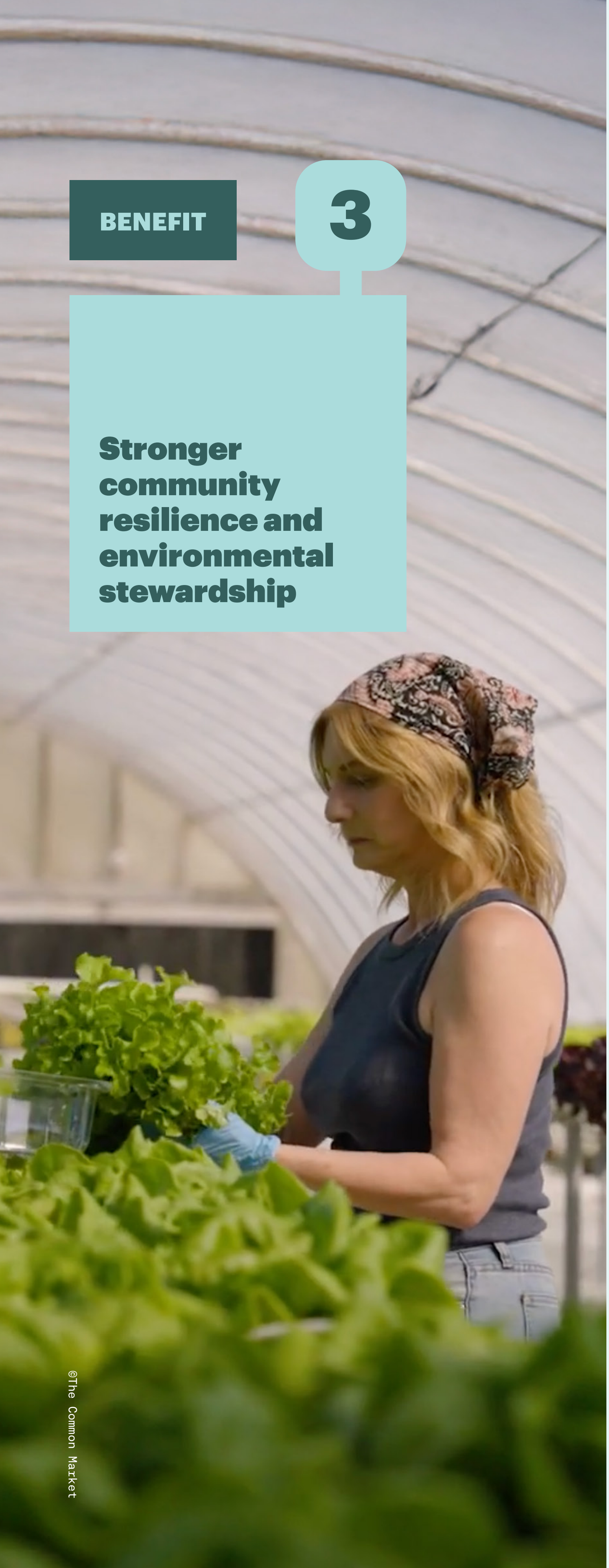
Potential revenue for **local farmers**
—
$37,481,000

Potential increase in **state GDP** from local spending
—
$653,464,000

Potential **jobs** created from local spending
—
5,040

Impact of locally sourced FIM on Oklahoma's farmers

Revenue for local farmers	Revenue for local small and mid-sized farmers	Number of small and mid-sized farms supported	Acres impacted by FIM
$37,481,000	$27,009,000	270	113,000



©The Common Market

BENEFIT 3

Stronger community resilience and environmental stewardship

FIM-related demand for locally sourced food could sustain more than 6 million acres of farmland through small and mid-sized farms.

Local FIM programs can sustain struggling farms.

Small and mid-sized farms are more likely to stay financially viable and resist land conversion when they have reliable buyers, reducing pressure to sell land or leave farming. Based on the number of small and mid-sized farms that might benefit from FIM interventions, our analysis suggests that more than 6 million acres of farmland could be sustained through small and mid-sized farms under a scaled, locally sourced FIM approach. Conserving farmland can protect open space, support local ecosystems, and preserve the ability to grow food close to where people live.

Local sourcing creates environmental value by enabling more sustainable and regenerative production practices.

Small and mid-sized farms are more likely than large farms to follow regenerative practices that build soil health, reduce fertilizer use, conserve water, and mitigate climate impacts.[vii] However, adoption of these practices often requires upfront investment and longer planning horizons, which the FIM market can provide.

©The Common Market

> **"We could be nourishing communities and sustaining local farms—yet small and midsized farmers, especially those historically underserved, are forced to compete in a system built for size, not resilience."**

Bill Green
The Common Market

Stronger local food systems exhibit greater supply chain resilience to shocks.

The disruptions caused by the COVID-19 pandemic exposed how long and highly specialized food supply chains can fail under stress, especially in markets like school food that often serve vulnerable communities.[viii] Shorter, localized supply chains reduce these risks by strengthening relationships between buyers and suppliers and creating more adaptable systems that can respond quickly to economic or extreme weather shocks.[ix] By anchoring FIM demand in regional networks of farms, food hubs, and distributors, local sourcing can help build food systems that are better equipped to withstand future disruptions while maintaining consistent access to nutritious food.

Local sourcing opens a pathway for historically underserved farmers.

Stronger relationships between buyers and suppliers can also open opportunities for farmers who face barriers to accessing national-scale markets, such as beginning farmers, farmers of color, women farmers, Veteran farmers, and other underserved groups. Access to stable and larger-volume buyers can help these producers grow their businesses, build financial stability, and contribute more fully to local economies.

These benefits show that locally sourced FIM is more than a healthcare intervention.

When designed intentionally, it becomes a long-term economic development strategy that strengthens farms, communities, and state economies.

$5.6B
in annual revenue for small and mid-sized family farms

316,000
new jobs created

$45B+
in economic value unlocked

Learning and Insights for Policymakers

This analysis highlights a central conclusion: **Food is Medicine (FIM) can deliver significant benefits for farms, local businesses, and state economies when programs are designed with intention.** When taken together with FIM's demonstrated healthcare cost savings potential, the economic case for states to scale FIM to all eligible patients is clear.

The following policy lessons draw on learning from past and ongoing efforts to prioritize local food systems in school food, hospital food, and other publicly and privately funded programs. In many of these cases, local sourcing proved more difficult to implement once programs reached scale and procurement systems were already entrenched. FIM presents a distinct and timely opportunity to avoid those constraints by embedding local sourcing from the outset.

"Where does the food come from? When we ask that and are intentional about our sourcing, we get a health multiplier effect: human health, ecological health, and economic health. We have to create guardrails to prevent an economic race to the bottom."

Steven Chen, MD
Recipe4Health,
Alameda County

Looking ahead: Achieving local economic impact through FIM

LESSON 1

FIM delivers local economic benefits only when states intentionally design programs to prioritize local sourcing and implementation.
When states set local preferences, align procurement with regional supply, and pay rates or incentives that cover the cost of local provision, FIM spending can support local value chains and generate broader economic gains. Without clear sourcing and procurement rules, FIM dollars are likely to flow to large national distributors and providers rather than local farms and businesses. These goals must be built into program design from the start.

LESSON 2

Local sourcing succeeds at scale only when states pair procurement preferences with targeted public and private investment.
Pairing local preferences with investments such as advance contract payments, infrastructure funding, and technical assistance can help local producers and suppliers overcome common barriers including constrained cash flow, limited storage and transportation infrastructure, and expensive certifications. These investments also have broader ripple effects by enabling local farmers and suppliers to access additional nutrition markets such as schools, hospitals, and food banks.

LESSON 3

States can shape the FIM market by acting early and intentionally designing flexible program frameworks.
States that move forward now can deploy flexible program designs, such as pilots, phased sourcing targets, and adaptable contracts to set new standards for the FIM market. States can draw on lessons from existing local food programs, such as farm-to-school and other institutional procurement efforts, to design sourcing standards, create model contracts, and adjust bidding approaches to work for smaller vendors and producers. This approach allows states to act now, learn from experience, and adapt as guidance and markets evolve, while still steering FIM toward long-term economic and food system goals.

©Shelley + Portugal/Need More Acres Farm

Michelle Howell
Farmer
Need More Acres Farm
Scottsville KY

In addition to local purchases, procurement guidelines can also prioritize attributes such as farm size or production practices (e.g., organic, regenerative). While not quantified in this report, preferencing these attributes can have additional economic, social, and environmental benefits.

> **"The future of Food is Medicine is not just about quantity. It's about quality—of relationships, of food, and of care. And that begins, always, with the local."**

Taken together, the findings point to a clear opportunity for states. With intentional design, FIM can function as more than a health intervention—it can help rebuild local food systems, strengthen rural economies, and generate economic growth at scale.

Because the market is still forming, states have a narrow but powerful window of opportunity to shape its development by drawing on proven models, investing in local capacity, and aligning healthcare spending with broader public goals. With early action and thoughtful program design, FIM can lay the foundation for a more resilient, inclusive, and durable food system that delivers lasting benefits for communities and state economies alike.


©4P Foods/Molly Peterson Photographer

ADDITIONAL RESOURCES

The following resources are available in the Appendix of this report and/or for download on The Rockefeller Foundation website:

Strategies for FIM program development

Case Studies highlighting local FIM in action

State-specific analysis for all 50 states

Technical Appendix describing assumptions, methodology, and limitations

Analytical model (Excel) documenting inputs and calculations

For a more detailed and technical look at state policy approaches to localizing FIM, we recommend the report Maximizing the Impact of Nutrition Interventions with Local Food Procurement, available on the Center for Health Policy and Law Innovation website.

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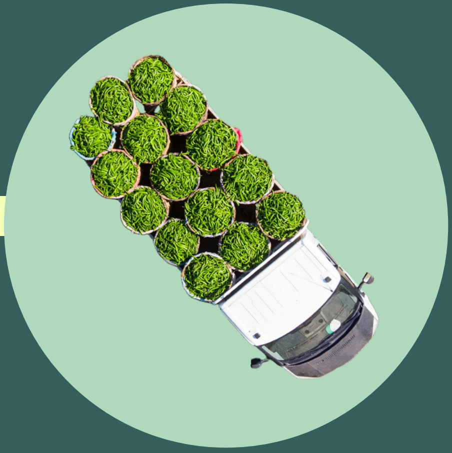
Appendix



Chronic conditions

Long-term illnesses such as diabetes, hypertension, cardiovascular disease, chronic kidney disease, and obesity that require ongoing care and are strongly influenced by diet quality.

Federal Poverty Level (FPL)

An income threshold used to determine eligibility for public programs, adjusted by household size.

Food is Medicine (FIM)

A set of clinically informed nutrition interventions delivered within or alongside healthcare systems to prevent, manage, or treat diet-related chronic disease.

In Lieu of Services (ILOS)

ILOS are alternative services that managed care plans may offer in place of traditional Medicaid covered services when they are expected to be cost-effective and medically appropriate. Under ILOS, plans can cover supports such as medically tailored meals or nutrition services to substitute for services that can be accessed at the current point in time or to prevent the need for services in the future (e.g., to prevent future hospitalizations).

Instrumental Activities of Daily Living (IADLs)

Tasks necessary for independent living, such as grocery shopping, meal preparation, medication management, and transportation. Limitations in IADLs often indicate increased need for supports like MTMs.

Local sourcing / local/regional food systems

Local sourcing refers to procuring food from producers within a defined geographic area, defined in this paper as within the same state. Local and regional food systems encompass the farms, processors, distributors, and markets that enable food grown within a region to reach local consumers.

Medicaid

Medicaid is a federal–state health insurance program that provides coverage to low-income individuals, families, older adults, and people with disabilities. States administer Medicaid within federal guidelines and have flexibility to cover additional services, including Food is Medicine interventions, through waivers or managed care arrangements

Medically Tailored Groceries (MTGs)

Regular provision of nutrient-dense groceries selected to align with an individual's clinical needs and dietary restrictions, intended for patients who can safely prepare meals at home.

Medically Tailored Meals (MTMs)

Fully prepared meals designed by registered dietitians to meet the medical and nutritional needs of individuals with complex or severe illnesses, often delivered to patients with functional or clinical limitations.

Medicare

Medicare is a federal health insurance program for adults aged 65 and older and for younger individuals with certain disabilities or end-stage renal disease. Traditional Medicare generally covers clinical care and limited supplemental benefits.

Medicare Advantage

Medicare Advantage plans are private insurance plans that deliver Medicare benefits and may offer additional services not covered under traditional Medicare. These plans have flexibility to provide "Special Supplemental Benefits for the Chronically Ill," which can include nutrition supports such as groceries, meal delivery, or produce benefits.

Mid-sized family farm

A mid-sized or medium family farm is an operation with gross cash farm income between 350,000 and 999,999 dollars per year, owned and operated primarily by a family.

Produce Prescriptions (PRx)

Clinician-issued prescriptions or financial incentives that enable patients to purchase fruits and vegetables, typically delivered through monthly benefits, vouchers, or produce boxes.

Section 1115 Waivers

Section 1115 waivers allow states to test new approaches to Medicaid that differ from federal program rules. States can use these waivers to pilot innovative models that improve health outcomes, reduce costs, and address social drivers of health, including nutrition support and Food is Medicine services.

Small family farm

According to USDA definitions, a small family farm is an operation with gross cash farm income below 350,000 dollars per year, where the majority of the business is owned and operated by a family.

Total addressable market

The total addressable market (TAM) represents the full population that could benefit from or qualify for a service under ideal conditions. In the context of this analysis, TAM refers to the number of individuals who would be eligible for Food is Medicine interventions based on clinical need and potential coverage pathways.

A growing set of organizations are already demonstrating how intentional local sourcing can be embedded into FIM delivery models. These case studies highlight FIM providers that have established local procurement within FIM programs, showing that sourcing from local producers is feasible even in the absence of fully scaled public financing. Together, they illustrate how early adopters are using local sourcing policies to strengthen farm relationships, improve supply reliability, and align clinical nutrition services with state economic and community goals.

Case Study 1

Community Servings
Massachusetts

Organization description
Community Servings produces and delivers medically tailored meals and medically tailored groceries, designed by registered dietitians and aligned to specific medical diets, for thousands of people living with critical and chronic illness in Massachusetts and Rhode Island.

Local sourcing
Community Servings aims to prioritize quality flavor and freshness in its food purchasing and achieves over 20% local sourcing through a diversified, community-centered procurement model:

- **Farm, fishery, and supplier partnerships:** Direct sourcing from local farms and suppliers, including 100% locally sourced fish. Partners share Community Servings' commitment to creating access to medically tailored meals and groceries.
- **Regional aggregation and forward contracting:** Use of regional aggregators such as the Boston Food Hub to efficiently source from small and mid-sized farmers, alongside pilot forward contracts that commit to purchases ahead of the growing season to reduce producer risk.
- **Food rescue and "underutilized foods":** Integration of surplus and underused foods, including surplus produce, whole-animal product, and underutilized local species such as hake from Massachusetts fisheries.

State context
Since 2020, Massachusetts' Medicaid Section 1115 demonstration has funded access to housing and nutrition services, including MTM and other Food is Medicine services, to improve health outcomes for eligible MassHealth members. Community Servings is a community-based organization providing medically tailored nutrition statewide, delivering services to nearly 8,000 clients and partnering with 12 Accountable Care Organizations in FY2025.[x]

Program highlight
Important to patients: Over 80% of Community Servings' clients reported that the inclusion of local foods was important, suggesting the value of local sourcing for clients.

Case Study 2

FreshRx
Oklahoma

Organization description

FreshRx Oklahoma is a Food is Medicine produce prescription program operating in Tulsa, Oklahoma, that connects patients with diabetes to fresh fruits and vegetables and lifestyle education through clinical referrals. The program is delivered in partnership with healthcare providers and integrates nutrition education, local food access, and community-based distributions.

Local sourcing

FreshRx achieves 100% local and regenerative sourcing through a scalable mix of direct and aggregated procurement:

- **Farm direct and food hub partnerships:** Sourcing fresh, local seasonal produce from Oklahoma-based farmers and regional food hubs, enabling both direct purchasing and efficient aggregation as program volumes grow.
- **Stable markets for small and mid-sized producers:** By aggregating healthcare-driven demand, FreshRx helps local producers—using organic and regenerative soil health practices—access reliable, institutional-aligned markets that are often difficult to reach through traditional retail channels.

State context

Oklahoma has not yet adopted a statewide Medicaid FIM benefit but recently passed legislation that creates a pathway toward a Medicaid-funded FIM program. In the interim, nutrition interventions are advancing through pilots working towards value-based care partnerships, with programs like FreshRx demonstrating impact while supporting rural health and local food systems in high-need communities.

Program highlight

Enabling on-farm investment and growth: By providing predictable, aggregated demand through healthcare procurement, FreshRx gives farmers the confidence to invest in production capacity, such as high tunnels and other season-extension infrastructure, supporting increased output and longer local growing seasons.

Case Study 3

Recipe4Health
California

Organization description

Recipe4Health is a community-based Food is Medicine initiative in Alameda County, California that provides doorstep delivery of organic and regenerative produce prescriptions paired with group health coaching to patients with diet-related chronic conditions and food insecurity, resulting in significant increases in produce consumption and improvements in cholesterol and blood sugar levels for program participants.[xi]

Local sourcing

Recipe4Health sources 100% of its produce locally (within 250 miles of Alameda County) by implementing a deliberately local, organic/regenerative, and equity-centered procurement model, aligning FIM delivery and Medicaid health care dollars with regional agricultural and economic goals:

- **Local and BIPOC-owned farm partnerships:** Sourcing from small and mid-sized farms in and around Alameda County, with a focus on Black, Indigenous, and other farmers of color. A network of farms is combined with food hub aggregation and last mile delivery capabilities to support scale across multiple regions.
- **Environmentally aligned procurement:** Prioritization of growers using organic or regenerative practices, aligned with California's climate goals.
- **Short supply chains:** Sourcing from nearby farms and aggregators to strengthen regional infrastructure and deliver fresh, culturally relevant produce.

State context

California launched CalAIM in January 2022, a multi-year Medicaid reform that allows Medi-Cal managed care plans to offer nutrition interventions, including produce prescriptions, as Community Supports under Section 1115, 1915b, and ILOS authorities. The initiative emphasizes equity and community-based delivery, giving counties and plans flexibility to partner with trusted local organizations in alignment with state priorities on sustainability and support for underserved producers.[xii]

Program highlight

Lowering barriers for local food system participation: Recipe4Health built a shared administrative infrastructure that enables local farmers, community-based organizations, and community health centers to participate in Medicaid-funded produce prescriptions without needing their own compliance or billing capacity.

©Recipe4Health, Alameda County

The following section summarizes insights from existing FIM programs nationwide, and from longstanding efforts to strengthen local and regional food systems. It highlights success factors and other enablers of effective programs.

Early stage

Exploring and aligning

Across states, effective local FIM and local procurement strategies reflect careful analysis of local conditions and coordination among aligned entities. For example:

- Commissioning a state-level analysis of chronic disease burden, Medicaid enrollment, agricultural and food infrastructure assets, and economic multipliers.
- Collaborating across states' economic development, agriculture, and health agencies to develop FIM programs, with joint planning, shared metrics, and co-investment.
- Examining existing state financial incentives (e.g., rural economic development programs, producer support funds, tax credits) to identify which can be adapted or expanded to support FIM procurement.

Why this matters

State conditions differ dramatically. Understanding the size of the eligible population, the structure of the agricultural economy, and the strength of regional supply chains supports the development of FIM programs that are feasible, cost-effective, and capable of maximizing in-state economic returns. For example, California, Oregon, and Washington all already have the immediate capacity to meet greater demand for locally sourced food, while Nevada and Arkansas would need greater investment in crop diversification. Early alignment across agencies prevents fragmented implementation and positions FIM as a multi-sector economic development strategy.

Foundation building

Institutionalizing best practices

Programs that have effectively embedded local sourcing into FIM and other procurement programs tend to share several common features:

- Including local sourcing thresholds or preferences in Section 1115 waivers, ILOS authorities, managed care contracts, and any state-funded FIM initiatives or procurement guidelines.
- Considering how FIM program design can support specific farm types or attributes—in addition to local—that the state wishes to prioritize for growth and development.
- Setting reimbursement rates at levels that make local sourcing feasible, reflecting true production and distribution costs for local, regenerative, and small and mid-sized farms.
- Establishing new incentive programs that reward managed care organizations, food hubs, or FIM providers for meeting or exceeding local sourcing targets.
- Establishing multi-year purchasing commitments or minimum volume guarantees that de-risk participation for farmers and suppliers.

Why this matters

Local sourcing does not occur spontaneously within the current food system. In the absence of clear contractual requirements, procurement often defaults to national distributors, limiting in-state economic retention. Clear and durable policies create predictable revenue streams that enable producers to invest, expand acreage, modernize equipment, and hire labor.

Operationalization

Enabling the supply chain

Experience indicates that expansion of local sourcing is consistently associated with adequate food system infrastructure. Common infrastructure-related approaches include:

- Investing in regional cold storage, aggregation centers, light processing facilities, and distribution capacity that reduce bottlenecks limiting local producers' access to institutional markets.
- Providing capacity-building funding for community-based organizations, food hubs, and local providers that manage last-mile delivery, culturally relevant sourcing, and participant engagement.
- Supporting administrative readiness for local FIM providers, including technical assistance, data systems, billing support, and Medicaid contracting capacity.
- Leveraging or expanding existing state capital and grant programs to help producers, food hubs, and distributors upgrade equipment, expand operations, or meet food safety standards required for FIM procurement.

Why this matters

Scaling local sourcing is constrained by supply-chain capacity as much as by procurement policy. Experience shows that targeted public investment can unlock producer participation, reduce reliance on out-of-state distributors, and keep more economic value circulating locally. Together, infrastructure and incentive programs create the conditions under which FIM markets can scale efficiently and equitably.

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