

SECTION 2: PROGRAM INFORMATION

2 PROGRAM OVERVIEW

2.1 Background

WIC is a Federally funded nutrition program administered by State and local agencies.¹ The WIC Program provides nutritious supplemental foods, nutrition education, and referrals to health care, at no cost, to low-income pregnant, postpartum and breastfeeding women, infants, and children up to five years of age. To be eligible for WIC, individuals must meet categorical, income, and residential requirements and be certified by a health professional to be at nutrition risk due to medical conditions and/or inadequate diet.

To carry out the mission of the Program, grants are awarded to State health departments, Indian Tribal Organizations, or comparable State agencies. These WIC agencies, in turn, award subgrants to local agencies to certify applicants and to deliver benefits to eligible persons.² State agencies receive one grant for food costs and a separate grant for nutrition services and administration (NSA) costs. Program caseload levels are dependent upon the number of individuals who can be supported with the funds that are allocated. However, substantial cost savings are achieved through manufacturer rebates on infant formula, enabling WIC to serve more participants.

To receive WIC benefits, applicants must not only be eligible based on category and income, they must also meet residency requirements and have at least one nutrition risk condition. All applicants must provide documents to show proof of identity, income, and residence within 30 days of their certification visit or they must be terminated from the system and issued a notice of ineligibility. However, at the State agency's option, a pregnant woman who is income eligible and meets residential requirements may be certified without a nutrition risk assessment for a period of up to 60 days. Food packages are made available to participants based on their assigned risk category and nutritional need. In general, infants receive iron-fortified formula, iron-fortified infant cereal, and infant foods fruits and vegetables,). Participating women and children receive fortified milk and/or cheese, and/or soy beverage, and/or tofu, eggs, hot or cold cereals high in iron, fruit and vegetable juices high in vitamin C, fresh or processed fruits and vegetables other than white potatoes, whole grain bread and/or whole grain products (whole grain

¹ For WIC Program regulations please refer to 7 CFR part 24. The website link for the regulations can be found in Appendix H.

² Not all WIC State agencies award subgrants to local agencies. In some States, the State agency functions as both the State and local agency.

products would include brown rice, oatmeal, bulgur, and whole grain barley, or soft corn or whole wheat tortillas) and peanut butter or dry beans/peas. Exclusively breastfeeding women receive larger quantities of supplemental foods and also receive fish that are low in mercury. The following exhibit, *Exhibit 2-1: WIC Participant Processing Diagram*, presents a flow chart depicting the basic process for serving WIC participants in the clinic. At the time of certification, applicant health, income, and other pertinent certification information is collected and, ideally, entered directly into an automated system. Once certified, the participant is issued a food package prescription, which consists of one or more food instruments, and any appropriate referrals are made. The food instrument(s) may be in the form of a check, voucher, or EBT card, depending on State policy. For the purposes of the FReD, the term food instrument may also refer to the cash-value voucher used to purchase fruits and vegetables. Participants receive food benefits and nutrition education during their certification period, which is generally 6 months in duration. At the end of the certification period, participants may schedule an appointment to determine whether they continue to meet eligibility requirements, and therefore remain on the WIC Program, or are terminated from the Program.

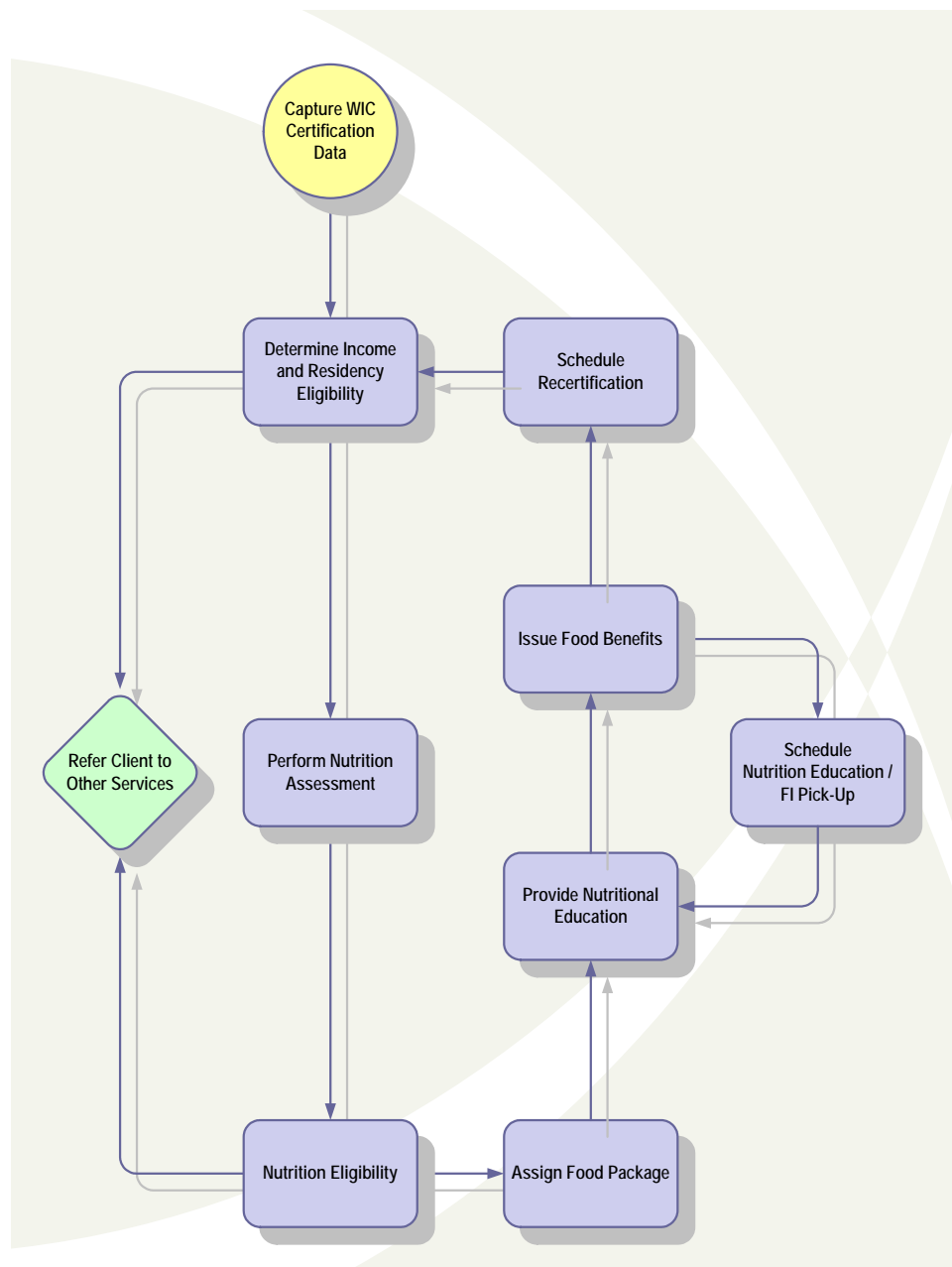


Exhibit 2-1: WIC Participant Processing Diagram

There are three methods used in the WIC Program to deliver food benefits to participants: retail purchase, direct distribution, and home delivery. The retail purchase system is the predominant food delivery system used among State agencies. In the retail purchase system, participants purchase foods from authorized retail outlets, grocery stores, and pharmacies throughout each State. In the direct distribution system, foods are purchased by the State agency and stored at one or more distribution sites for pick up by participants. In the home delivery system, the State agency

contracts with a vendor, often a dairy, to deliver foods directly to participants' homes. This document describes the functions that are used in a retail purchase system because this is the most widely used system.

In the paper benefit issuance system, food instruments are provided either in the form of a check or voucher. If a bank check is used, the checks are deposited in the vendor's bank account. The vendor's bank receives payment for WIC checks from the State agency's account at a specially contracted bank. Some State agencies use contractors as financial intermediaries in the check clearance process. Food instruments in the form of a voucher must be submitted directly to the State or its financial agent for reimbursement. An alternative to the paper check or voucher system is the issuance of electronic benefits. Electronic benefits are processed through an Electronic Benefit Transfer (EBT) Processor that pays the vendor through electronic funds transfer using the Automated Clearinghouse (ACH) network.

2.2 Objectives

WIC information system development efforts are expensive. Careful planning of system functionality is critical to preventing expensive modifications and excessive operating charges. WIC has no special funding stream for systems development. Every dollar misspent is at the expense of nutrition services, vendor monitoring, or other aspects of program operations that compete for limited administrative dollars. Therefore, it is extremely important to have a clear idea of the objectives the system is expected to accomplish for a State WIC Program well before any effort is invested in the functional operations.

Each State will have a unique list of objectives for its automated WIC information system, varying according to its priorities, the strengths and weaknesses of the current operations in that State, and integration of State agency systems and operations with other State health department systems and programs. There are four major objectives that should be considered critical to any development effort:

- Improve program effectiveness
- Strengthen controls, accountability, and integrity
- Increase operational efficiency
- Meet Federal reporting requirements

IMPROVE PROGRAM EFFECTIVENESS. The principal objective of the WIC Program is to improve the health of nutritionally at-risk participants.

Meeting this objective depends on effective administration of health assessment and food benefit delivery. Effective administration depends in part on accurate and timely information. System features that support this objective include:

- Participant health outcome monitoring
- Tracking provision of nutrition services
- Improved management reporting at all levels
- Service coordination with other health agencies
- Built-in flexibility to adapt to change

STRENGTHEN CONTROLS, ACCOUNTABILITY, AND INTEGRITY. As the WIC Program grows in size and scope, it is critical that measures are taken to ensure that proper controls and accountability are established for program funds and program integrity. System features that support this objective include:

- Provide audit trails of all transactions
- Control issuance of food benefits
- Provide accurate forecasting of expenditures
- Provide accurate rebate billing

INCREASE OPERATIONAL EFFICIENCY. Another important objective of an automated WIC information system is to ease the operational burden at State and local agencies. System features that support this objective include:

- Automated food benefit production and reconciliation
- On-line enrollment data entry and editing
- Appointment scheduling and tracking
- Logical information/screen flow
- Minimal duplication

MEET FEDERAL REPORTING REQUIREMENTS. Automated WIC information systems should be designed so that they meet the Federal reporting requirements specified in WIC regulations and program directives. Federal reporting requirements include:

- Provide Participant Characteristics Minimum Data Set

- Provide required Federal participation and financial reports (FNS-798 and Participant Characteristics datasets)
- Provide The Integrity Profile (TIP) report electronically to FNS
- Support preparation of WIC State Plans
- Support WIC management evaluations through reports, data summaries, and data queries

2.3 Summary of Functional Areas

There are twelve (12) WIC information system functional areas:

- Certification
- Nutrition Education and Health Surveillance and Referrals
- Food Management
- Food Benefit Issuance
- Food Benefit Redemption, Settlement, and Reconciliation
- Financial Management
- Caseload Management
- Operations Management
- Vendor Management
- Scheduling
- System Administration
- Reporting

The following diagram, *Exhibit 2-2: High Level Functional Decomposition Diagram*, provides a high level depiction of WIC Information System Functional areas.

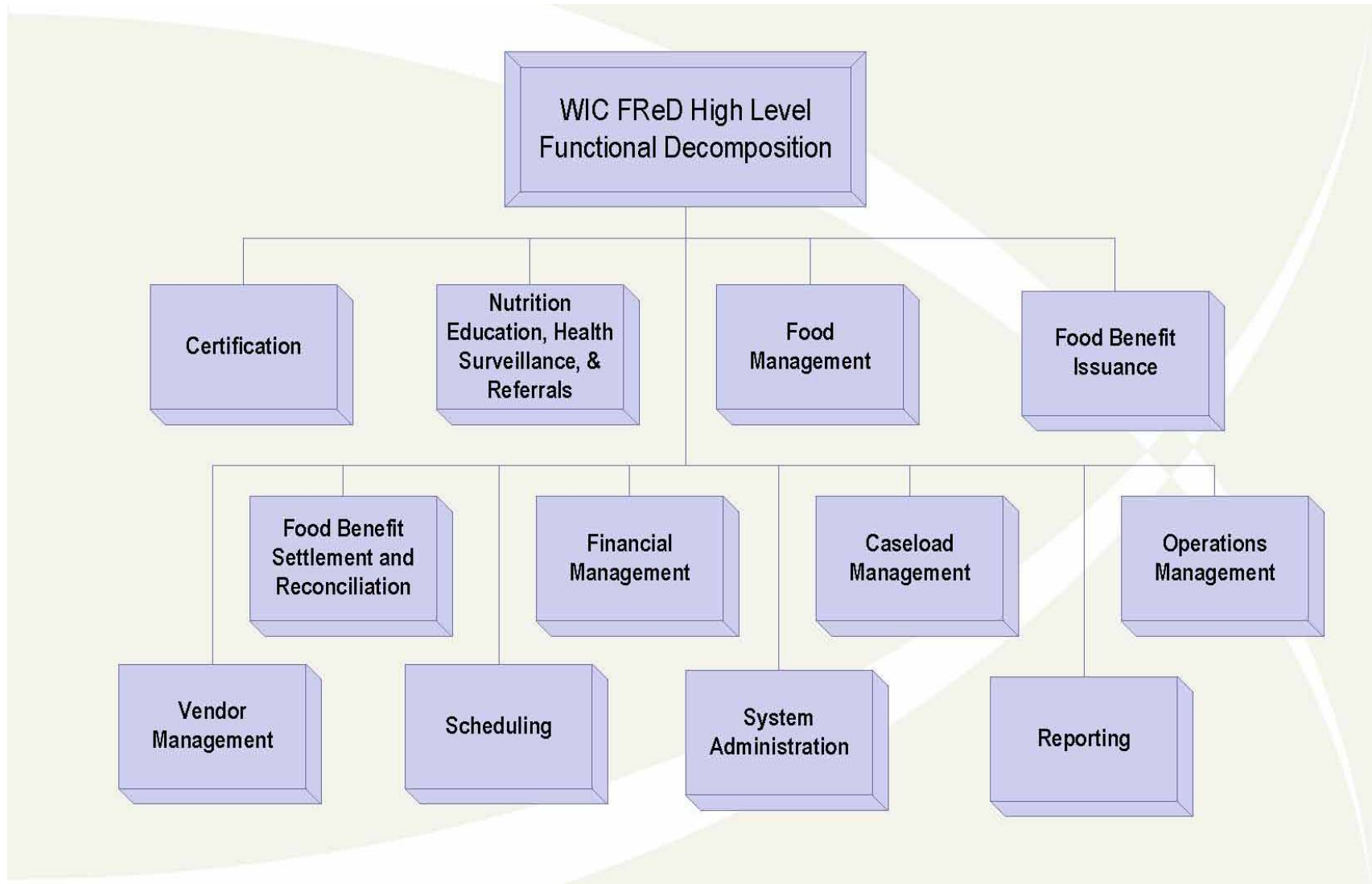


Exhibit 2-2: High Level Functional Decomposition Diagram

- **CERTIFICATION.** This functional area should support the certification of qualified applicants into the WIC Program, determination of nutrition risk, and prescription of the appropriate food packages. It should capture eligibility data and other information about participants in the program. This functional area should also allow local WIC agencies throughout the State to create applicant waiting lists, schedule appointments, and share and compare participant data. It should also provide continuity of care for recertified WIC participants (i.e., information collected and recorded at a previous visit should still be accessible for follow-up at a subsequent visit).
- **NUTRITION EDUCATION, HEALTH SURVEILLANCE, AND REFERRALS.** This functional area should capture nutrition-related information about WIC participants and the programs to which they are being referred. Data will be collected through interviews, which may include standardized health and nutrition education questionnaires, during WIC certification periods.
- **FOOD MANAGEMENT.** This functional area should support the management of food items and creation of food packages that contain the food items that will be prescribed to a participant.
- **FOOD BENEFIT ISSUANCE.** This functional area should support the issuance of food benefits that provide the appropriate supplemental foods to WIC participants. This functional area should address the three major types of food instruments: checks, vouchers (including cash-value vouchers), and electronic benefits (e.g., cards or on-line prescriptions).
- **FOOD BENEFIT REDEMPTION, SETTLEMENT, AND RECONCILIATION.** This functional area includes processing for both paper and electronic benefits. For paper systems, it supports the voiding and redemption of food instruments, performs a one-to-one reconciliation of all food instruments, and supports the tracking of payments to vendors to reimburse them for rejected payments. For electronic systems, this function supports the redemption and settlement of electronic benefits performed by the EBT Processor.
- **FINANCIAL MANAGEMENT.** This functional area supports the maintenance of records of the receipt and disbursement of WIC funds allocated to the State agency. It should allow State and local agencies to prepare accurate and timely financial reports based on administrative and program fund expenditures. It should also provide a means of calculating and invoicing manufacturer rebates on the purchase of infant formula and other rebated items. In an electronic benefit environment, this functional area addresses the

adjustment of food obligations based on actual redemptions in the family/household food account. This functional area should promote sound funds management practices throughout all levels of the WIC Program.

- **CASELOAD MANAGEMENT.** This functional area should help State agencies ensure the most equitable distribution of WIC Program caseload among local agencies. The system should also provide the capacity to monitor and modify caseload allocations in response to changes in participation or available funding.
- **OPERATIONS MANAGEMENT.** This functional area should provide general support for State and local agency operations. The WIC information system should maintain information on local agencies and clinics, WIC participants, and outreach organizations such as physicians and church groups. The system should also provide productivity statistics to support the analysis of the efficiency and effectiveness of the operations at the local agency level as well as a mechanism for monitoring participant satisfaction, customer service, and inventory. Program integrity, an area of increasing importance, is addressed in this functional area. Tracking of participant sanctions and claims activity is a key aspect of program integrity.
- **VENDOR MANAGEMENT.** This functional area should support the management of the retail vendor aspect of the WIC Program. It should support State agencies in selecting competitively priced, non-abusive vendors for authorization. The system should enable State agencies to monitor authorized vendors, help identify and investigate vendors who may be abusing the program, support enforcement actions, including the termination of abusive vendors, and monitor sanctions against vendors.
- **SCHEDULING.** This functional area should support scheduling events for all aspects of the WIC Program. Although focused at local agencies and clinics, the scheduling function should be generic enough to be used by other WIC offices. The system should enable agencies to set up a master calendar, schedule resources such as equipment and meetings rooms, assign appointments of various types for participants, generate appointment notices, and document appointment outcomes and processing timeframes.
- **SYSTEM ADMINISTRATION.** This functional area should contribute to the overall flexibility, efficiency, and security required to operate and to maintain the system. This functional area provides the capabilities to maintain information contained in system data (reference) tables, to control general access to the system as well as

the ability to perform system “housekeeping” and maintenance functions, and to move certain files to off-line storage for increased system efficiency.

- **REPORTING.** This functional area should support the needs of users to obtain data and information. This area is related to all of the other functional areas in that data related to each area may be used for reporting purposes.

2.4 System Stakeholders

Although the functional requirements for a WIC information system relate mostly to the information processing needs of the WIC Program, it is important to consider the environment within which the system will operate. Since this document addresses "generic" requirements for a diverse set of State and local WIC agencies, rather than those of a single organization, it is not possible to describe a single program environment.

WIC Programs and agencies differ in the size of the program, organizational structure, extent of integration with other public health programs, and program policy and operations. However, there are a number of characteristics of the environment within which a WIC information system would function that merit discussion at a generic level. This section describes the specific user groups of the system and the various Program stakeholders.

Exhibit 2-3: WIC System Data Flow Diagram identifies the organizations providing data to and receiving data from the State WIC IS. State and local agencies interact with participants, vendors, other health services organizations, formula manufacturers, and financial intermediaries. The exhibit shows the information that flows to and from the specific entities.

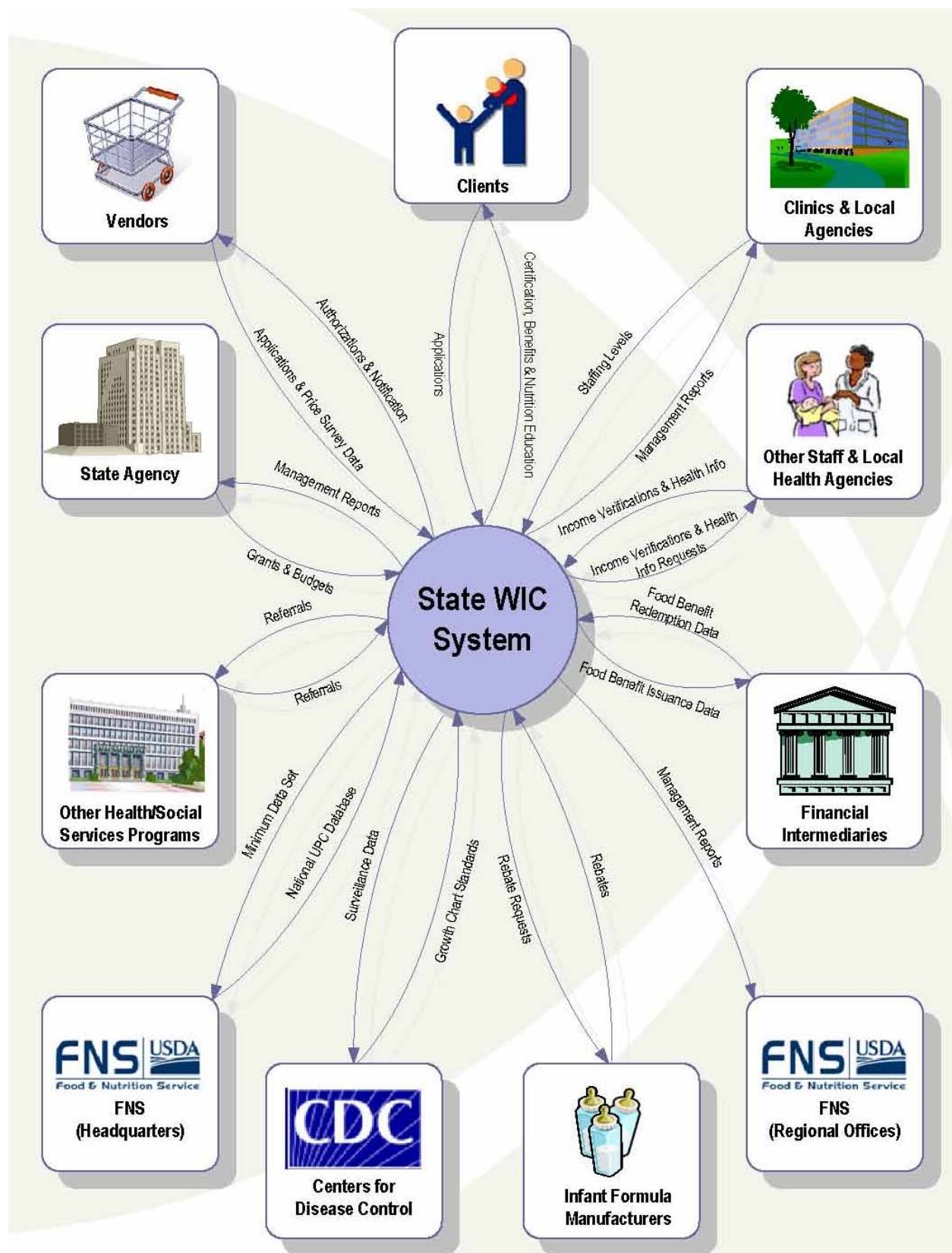


Exhibit 2-3: WIC System Data Flow Diagram

2.4.1 System Users

State and local WIC agency staff members are the primary, direct users of the automated WIC information system. Other individuals and organizations also interact with the system, providing and/or using data that is processed by the system. A technical support unit or Help Desk with established protocols and well-trained staff should be available to all users of an automated WIC information system. Following is a brief description of the WIC user groups and their relationship to the WIC information system.

2.4.1.1 Local Agencies and Clinics

State and local WIC agency staff members are the primary users of the automated WIC information system, but other individuals and organizations may also interact with the system, providing and/or using data that is processed by the system. Certification, nutrition assessment and education, and the issuance of food benefits are the responsibilities of the local agencies and clinics. The staff maintains direct contact with WIC participants and enters all of the participant information into the system. Appointments for nutrition education and food benefit pick-up are scheduled at these sites as well. Local agencies and clinics also use the WIC information system for on-demand issuance of food benefits.

2.4.1.2 State Agencies

State agencies develop WIC policy and procedures (consistent with Federal regulations), provide overall WIC Program management, and conduct certain WIC operations. Some State agencies allocate caseloads, perform the central reconciliation of food benefits, and authorize and monitor retail vendors. Although functions vary from State to State, the role of the State agency is often to provide local agencies with check or voucher blank stock and to monitor food instrument inventories, or if EBT is being used, support the issuance of EBT cards to recipients. Consistent with their overall program management responsibilities, State agencies provide oversight of local agency operations, perform vendor management and budgeting and tracking of food and NSA expenditures, and supply system reports to local agencies. State agencies use reports to monitor and assess program activities, trends, and expenses. State agencies also provide technical support for automated WIC information systems. Costs include staffing, training of staff, leasing of equipment, and the cost of second level technical support.

2.4.1.3 FNS - Headquarters and Regional Offices

FNS establishes overall WIC Program policy, and provides guidance and technical assistance to State agencies through its regional offices. Although FNS is not a hands-on user of State WIC information systems, FNS is a user of reports generated by State WIC information systems to meet Federal reporting requirements. These reports assist FNS in allocating funds, developing national statistics for program evaluation, and ensuring that the WIC Program meets its intended objectives. During a management evaluation, the FNS reviewer may test the State or local program's compliance with Federal regulations in such areas as certification and food package prescriptions. The reviewer may use the IS to look up WIC participant records.

2.4.2 WIC Participants

WIC participants receive several outputs of the State IS, in particular food benefits, referrals, nutrition education, and appointment notices. Participants do not interact with the system hands-on, but they provide data that is entered into and processed by the system (in States that utilize kiosks for nutrition education, participants directly provide information that is entered into the system).

2.4.3 Other Health and Social Service Agencies

The WIC information system is used to assist WIC agencies in coordinating with other agencies to ensure that WIC participants who may be eligible for other programs are appropriately referred. In some cases, the system is used to enhance communication between WIC and other health and social service programs. Some of the programs WIC coordinates with are the Immunization Program, Medicaid, TANF, Maternal and Child Health, and the Food Stamp Program. Participant nutrition surveillance information is shared with the Centers for Disease Control and Prevention (CDC).

2.4.4 Financial Institutions and Intermediaries

Redeemed food benefits, or reports of redeemed food benefits, are provided to the WIC information system by banks or other financial service organizations. They, in turn, generate food benefit reconciliation reports from the WIC information system.

In an EBT environment, the financial institution or third party intermediary may function as the EBT Processor. The EBT Processor receives food purchase data, performs settlement, generates electronic

funds transfer payments to vendor financial institutions, and transmits food purchase information to the State WIC agency. Additionally, the EBT Processor maintains account information, processes transactions, debits the household account, and shares information with the State agency.

2.4.5 Vendors

Retail vendors play an important role in the WIC Program, ensuring that participants receive authorized WIC foods. Vendors may receive system-generated correspondence for authorization to participate in WIC. Vendors may be required to provide detailed food pricing data that may be entered into the State WIC information system.

In an EBT environment, vendors' cashiers are relieved of much of the in-lane food purchase screening as the screening is performed electronically by the EBT system, and payment and settlement processes are streamlined.

2.4.6 Food Manufacturers

Infant formula manufacturers are the main source of rebates to the State agencies. In some State agencies, cereal and juice manufacturers provide rebates as well. The WIC information system produces reports that are provided to manufacturers to support rebate billings.

With EBT, WIC information systems receive more timely and accurate redemption data, which provides more reliable rebate estimates for food manufacturers, and may ultimately accelerate the rebate process.

2.5 Functional Distribution

The following exhibit provides an overview of the functions that would be conducted by State and local users. The actual level that performs each function may vary by State.

<i>Exhibit 2-4: WIC Functional Distribution</i>			
<i>FUNCTIONAL AREA</i>	<i>FUNCTION</i>	<i>STATE AGENCY</i>	<i>LOCAL AGENCY</i>
Certification	● Create and Locate Data Records		✓
	● Manage Application Process		✓
	● Determine Nutrition Risk of Applicant		✓
	● Complete Certification		✓
	● Prescribe Food Package		✓
	● Process Participant Changes and Transfers		✓
Nutrition Education, Health Surveillance, And Referrals	● Maintain Nutrition Education Data		✓
	● Perform Participant Referrals		✓
	● Provide Voter Registration Information		✓
	● Determine Immunization Status		✓
Food Management	● Maintain Food Categories/Subcategories	✓	
	● Maintain Foods and Food Package Information	✓	
	● Maintain Food Instrument Data	✓	
	● Maintain UPC/PLU Database and Food Item Not-to-Exceed Amounts	✓	
Food Benefit Issuance	● Issue Paper Food Instruments		✓
	● Issue Benefits via EBT		✓
Food Benefit Redemption, Settlement, And Reconciliation	● Pay Vendor for Food Instruments Redeemed	✓	
	● Reconcile Food Instruments	✓	
	● Pay Vendor for Food Benefits Redeemed via EBT	✓	
	● Reconcile EBT Benefits	✓	
Financial Management	● Manage Grants and Budgets	✓	
	● Monitor Program Expenditures	✓	
	● Process Manufacturer Rebates	✓	
Caseload Management	● Capture and Maintain Caseload Data	✓	
	● Allocate Caseload	✓	
	● Monitor Caseload	✓	

<i>Exhibit 2-4: WIC Functional Distribution</i>			
<i>FUNCTIONAL AREA</i>	<i>FUNCTION</i>	<i>STATE AGENCY</i>	<i>LOCAL AGENCY</i>
Operations Management	● Monitor Administrative Operations	✓	✓
	● Manage Participant Outreach		✓
	● Monitor Customer Service	✓	✓
	● Provide Survey Capability	✓	✓
	● Maintain Inventory	✓	✓
Vendor Management ³	● Manage Vendor Peer Groups	✓	✓
	● Create and Locate Data Records	✓	✓
	● Maintain Vendor Authorizations	✓	✓
	● Monitor Vendor Training	✓	✓
	● Support Vendor Communications	✓	✓
	● Perform Confidential High-Risk Vendor Analysis	✓	✓
	● Track Compliance Investigations	✓	✓
	● Track Routine Monitoring	✓	✓
	● Monitor Sanctions and Appeals	✓	✓
	● Coordinate with Food Stamp Program	✓	
Scheduling	● Maintain Master Calendar		✓
	● Manage Appointments		✓
	● Generate Appointment Notices		✓
System Administration	● Maintain System Data Tables	✓	
	● Administer System Security	✓	
	● Manage System	✓	
	● Archive System Data	✓	
Reporting	● Generate Standard Reports	✓	✓
	● Conduct Ad Hoc Queries and Generate Reports	✓	✓
	● Maintain Data Warehouse	✓	

³ Vendor Management activities may take place at the State level, the local level, or a combination of State and local. The actual functions performed at each level will vary by State.