

QUESTIONS FOR ROUNDTABLE DISCUSSION

Workgroup Topic #1: Downtime - Manual Vouchers and Store & Forward

The goal of this workgroup is: To develop standards of practice for WIC EBT downtime situations that can be supported in current and future State EBT systems.

Why this topic is important: As the number of State agencies in the various phases of EBT implementation increases, we need to determine the best possible ways to ensure that WIC participants are able to obtain WIC food items in cases where there is a technological malfunction also known as downtime. FNS defines downtime to include but is not limited to: bad cards, power outages, phone lines not working, host processor system is down, telecommunications problems.

A back- up process can be rather simple for problems such as a card or card reader failure. If another lane is functioning, the WIC shopper can move to the other lane or a different vendor location. If a magnetic stripe card is in use, the card number may be manually keyed into the reader and the balance inquiry or purchase can be completed. Manual vouchers have also been used in the early off-line WIC EBT implementations in Wyoming, Nevada and Ohio. Michigan has also implemented a manual voucher back-up process for the on-line WIC EBT system, in part due to the greater dependence on and reliability of networks or telephone lines for transaction approval. In either case, use of manual vouchers in all implementations has been limited. New Mexico and Texas chose not to support manual voucher capability and Kentucky expects to assess the need after the initial pilot project is complete.

Issue 1a: Manual vouchers have been utilized to support purchases when EBT equipment malfunctions or telephone lines are unavailable in a retail grocer location. To receive payment, the retail vendor staff must fill out a paper voucher (see the sample) and obtain an authorization number by calling a toll-free customer support number. They must also get a signature from the WIC shopper to provide proof of the transaction. Generally, the amount that can be purchased for a WIC EBT voucher purchase is limited to two cans of infant formula only. The formula balance of one or two cans is put on 'hold' for up to 5 days to prevent over-issuance. The voucher is then sent to an EBT processor location to be processed or the POS device is used to allow the manual voucher to be processed electronically for payment (called a voucher clear transaction).

The manual voucher process allows a small amount of WIC food to be purchased for the most vulnerable participants – infants. However, it is an exception process that can be cumbersome and error prone, and it interrupts lane flow. It also requires State or contractor support 24 hours, 7 days per week which is a cost driver when not used very often. There are also differences in liability risk between off-line and on-line EBT designs. Off-line food balances are only current on the card itself which prevents the State agency from verifying the food package balance until all retailers have submitted claims for purchases. This can take up to two additional days to complete.

On-line WIC EBT systems can identify the current WIC food balance immediately because the balances are current in the EBT host system at all times. Consequently, the manual voucher purchase can be guaranteed for payment without any additional liability risk to the food vendor when the procedures are followed correctly. Because of the additional information required for a WIC manual voucher, including the UPC number for each can of formula, manual voucher purchases are more complex than other payment processes that involve only the dollar value of the purchase.

Roundtable Questions Issue #1a Manual Vouchers: Roundtable discussions will focus on answering the following questions:

- 1) Manual vouchers allow for back-up purchases with limited liability in an on-line WIC EBT system. Programmings of retailer systems (both integrated and stand-beside systems) will be needed regardless of whether a manual voucher backup system is used in every State WIC Program. **Should use of manual vouchers remain a State agency option but with limited standard procedures for food vendors' processing of transactions across all States? Or, should FNS mandate manual vouchers, at a minimum in on-line WIC EBT?**
- 2) **Should FNS mandate that vouchers be limited to 2 cans for infant formula or should there be State agency flexibility to allow other foods? What minimums would be allowable?**
- 3) There are security issues (such as computation of an electronic signature for each transaction) that may complicate the use of manual vouchers in the off-line environment. In order to pay a transaction, off-line host systems in Texas, New Mexico and Wyoming (soon) require an electronic signature on each food purchased, which is computed automatically based on specific transaction elements. Some State agencies may choose to support with an off-line system in order to allow small amounts of formula for infants to be purchased. **Can one set of manual voucher procedures work for both on-line (magnetic stripe) and off-line (smartcard) EBT systems?**

- 4) **Issue 1b: Store & Forward.** An alternative to manual voucher processing is to allow food retail vendors to 'store and forward' a WIC purchase while the telephone or other system disruption is addressed. The store and forward transaction is defined as in the technical standards (X9.93 – Part 1).

Functionally, the store and forward transaction works as follows:

A system outage disrupts the approval of a WIC EBT purchase. The outage could be caused by several situations that could occur from the store checkout lane to the central EBT host processor. Quite often, it is difficult to identify where an outage occurs. At the checkout lane, the initial balance inquiry and/or the purchase message cannot be completed since the host EBT system is unavailable.

The store system will revert to a stored WIC EBT purchase. The card number, the specific items to be purchased including each UPC and the value, PIN and total purchase amount are captured and stored temporarily and securely. The stored transaction is then forwarded for payment to the EBT host system with an indicator that identifies this purchase as a store and forward transaction.

The EBT host system will process the transaction as usual by verifying the card is not lost or stolen, the PIN is valid and the food balances are sufficient and still within the 30 day availability period. If these verifications all turn out ok, the store and forward purchase will be approved and the WIC vendor will be paid.

If the food balance is insufficient, State policy will either deny the entire amount or pay a partial amount for any items that are available. By policy, each State agency will determine if they will want full approval or partial approval. Michigan currently requires full approval since this is simpler to train participants and food vendor personnel. Kentucky expects to support partial approval.

Roundtable Questions Issue #1b Store and Forward: Roundtable discussions will focus on answering the following questions:

- 1) **Can food vendors offer to accept some liability of non-payment but offer a store and forward purchase as an alternative to accepting and processing manual vouchers? Is there a need to define minimum receipt or card reader display requirements to avoid confusion and ease the programming effort?**
- 2) **Should the store and forward (SAF) be limited to infant formula only or should retailers be allowed to accept more items at their risk? If a retail vendor opts to accept greater liability, should this be open-ended – by dollar amount or length of an outage?**

- 3) **If a beginning balance is obtained prior to the disruption, Safe-SAF, should the participant be able to use those benefits with the intention that the purchase will commence once the system is operational?**
- 4) Retail vendors may accept a purchase for 3 gallons of milk only to find out that there are only two gallons available in the food package balance. In this instance, the EBT system could permit 2 of the 3 gallons to be paid if it is submitted as a store and forward purchase. The retailer would forfeit payment for the third gallon but mitigates the risk of nonpayment for the entire sale. In a State agency where full approval is the policy, this requires additional participant and vendor training. **Should partial approval be allowed for all store and forward transactions but State policy remain flexible for full versus partial approval on other transactions? Or, alternatively, should the full approval or partial approval be applied consistently as a Statewide policy choice?**
- 5) **Would there be any difference with an integrated versus a stand-beside retailer – such as building in the capability to accept a store and forward in lieu of using manual vouchers?**

Workgroup Topic #2: Card and Benefit Issuance Standards of Practice

Why these two topics is important: Defining standards for card initial and replacement issuance and benefit availability will help to ensure minimum guidance is available so that future State agencies will have clear cut practices to work with and system providers can have a firm set of minimum guidance to meet.

WIC program regulations require that once the WIC participant is notified that they are eligible, they must be provided food instruments (checks, vouchers or EBT cards/PINs) to allow immediate benefit access. Although “immediate” benefit access is not defined by regulations, the intent is that once a WIC card holder leaves the local clinic, they should be able to go to a food vendor and purchase their WIC foods. Regulations also allow the mailing of food instruments at the time of notification of certification. While technology and equipment requirements will vary from clinic to clinic in each State, some basic processes must occur to allow benefit access using an EBT card for WIC.

In the early days of EBT, off-line systems did not provide a benefit immediately to the EBT card. This was because the host design required knowledge of all benefits issued prior to permitting any benefit shopping. The newer off-line designs (New Mexico and Texas) track the benefit and card activity based on clinic system activity that updates records on a Statewide basis generally on a daily basis. Cards and PINs are provided at the clinic and benefits are loaded to allow immediate access after leaving the clinic. On-line WIC EBT systems can link benefits and EBT cards/PINs via ongoing record updates to the EBT host provided there is a phone line or internet connection in the local clinic. It becomes more problematic in remote or satellite clinics that may not have the telephone or internet connections available. Some State agencies also conduct hospital certifications of newborn infants that present additional challenges for the card and benefit procedures.

The immediate benefit issuance issue is related to two major activities: Food Package Issuance and Initial and replacement Card Issuance.

The goal of this workgroup is: Identify card and benefit standards of practice for clinic and State operations.

Roundtable Questions:

- 1) For off-line designs, this appears to present one challenge in issuing cards and benefits for participants transferring to another clinic. In some cases, it may be difficult to verify participation in the prior clinic within a 24 hour timeframe. It may require clinic staff to reconnect their remote clinic software from their homes or return to the home clinic to ensure the timelines are met only now using a card based delivery system. Consequently, this affects both the clinic/State Management Information System and the EBT system.

For on-line systems, the capability to provide connectivity in remote or satellite clinics is the same – clinic software must connect to the State or EBT host system to link a card with family demographics and benefit records. Batch routines can be set up to take place one or more times during the business hours to allow more immediate access. This would allow shopping generally by early morning the following day if not sooner.

Should a benefit availability standard of practice be the same across all EBT systems – for example, the ability to shop within 24 hours of card and PIN issuance? Immediate could be defined as from the time the participant leaves the clinic with a valid card and PIN to the time a benefit account is set up, not to exceed 24 hours.

- 2) Card and benefit availability also become issues when a card is lost or damaged and must be replaced. Off-line systems must be able to determine if any benefits have been used until all food retail vendor systems provide details on any unpaid purchases made with an EBT card that is about to be replaced. This generally will take up to 48 hours. **Should policy allow for access to the remaining benefits within 48 hours of card replacement?**
- 3) Expedited mail would be required if less than 5 days remain in the benefit period. Any PIN changes would require capability to call a toll-free number to select another PIN or use of secured PIN mailers. **Mailing cards centrally can lead to cost savings but should a standard be established that this be done within 5 or 7 working days unless the benefit period will expire? In this latter situation, capability to expedite a replacement card or allowance for the State agency to replace only the next month's benefit may be options.**
- 4) **If card replacement fees are allowable, should the first replacement be at no cost to the participant and a nominal fee (\$5) be charged for subsequent replacements in a 6 month period?**
- 5) **How would these funds be collected and reported when many WIC clinics do not handle cash funds and this would need to be reported under Federal rules as program income?**

Workgroup Topic #3: Benefit Adjustment Procedures

Why this topic is important: Errors can occur in the checkout lane that affect the benefit balance associated with a WIC EBT card. For instance, in the off-line systems, the purchase amount is deducted from the smart card chip after the shopper confirms that it is acceptable to them. But, as we all know, people can make mistakes and hit the wrong key before they're ready or may remove the card at the wrong instant. At present, there is no capability to void a purchase transaction when an error occurs and allow a new transaction to be conducted. This is because allowing benefits to be written to a card from a grocery store presents security risks such as ability to add benefits to a card or alter benefits already present on a card.

The Cash Value Voucher for fruits and vegetables has highlighted one such issue where the cash register system prompts the participant to confirm that they accept the WIC tender amounts. The participant may pay any additional amount above the CVV amount with their own funds. If, however, they do not have the necessary funds, there is no way to reverse or void the WIC EBT purchase. It has already been deducted from the card balance. This leads to a conflict in store lanes or confusion that can be corrected in some instances only at the local clinic. On-line WIC EBT systems have the ability to void the purchase and then adjust the items purchased from the Cash Value Voucher portion of the WIC food balance. In either on-line or off-line WIC EBT systems, occasional errors may cause benefits to be deducted incorrectly.

Roundtable Questions:

- 1) **Is there a need for WIC to define how adjustments for errors should be handled in both the on-line and off-line systems?**
- 2) A copy of the purchase receipt and subsequent benefit balance must be provided to the State agency to research and confirm the error. But, further research may be required and store logs or cash register receipts may be necessary to confirm or provide information to allow the clinic or State staff to verify a participant claim.
What should be required to support a request, either from a WIC participant or a WIC vendor, for benefit adjustment?
- 3) **How much time would be allowed to request an adjustment? If benefits expire after 30 days, an adjustment delay may lead to denial of access to benefits if the adjustment action is not done in a timely manner.**
- 4) **Is the adjustment capability necessary for retail vendor system certification?**
- 5) **Are there other industry providers, other than the retail vendor and their cash register provider, who may need to become involved, e.g., third party processors or gateway providers?**