

**TEXAS DEPARTMENT OF HEALTH  
BUREAU OF NUTRITION SERVICES  
WIC EBT NEWSLETTER #1  
February 2002**

This represents the first issue of a monthly newsletter intended to provide members of the Texas Interagency Task Force on Electronic Benefits Transfers with a status report on the WIC Program's development of a WIC EBT system as well as information on issues as they arise related to the development project.

**BACKGROUND:** Since this is the first in a series of newsletters, a background section is being included as information for Taskforce members regarding the evolution of the WIC EBT Initiative.

In accordance with the 75<sup>th</sup> Texas Legislature's SB910 and House Appropriations Bill Rider 11, the Texas Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) investigated the cost, benefit, and feasibility of a statewide WIC Electronic Benefits Delivery (EBT) system. The investigation determined that an off-line system utilizing an integrated circuit chip on a credit card device (smartcard) was the best approach for the Texas WIC Program. The smartcard design would improve the benefit delivery to clients, eliminate paper handling at WIC clinics, stores, and the State, improve the food redemption process for both the grocer and the client, improve the payment process for grocers, and provide an ability to expand the system into a Health Passport capability. As acknowledged in the Texas Electronic Service Delivery Final Report published by the Texas Comptroller of Public Accounts in January 2001, "The majority opinion nationally, among those who have examined the application of EBT to the WIC Program, is that a smart card approach is the most feasible solution" (Section 3.1.2).

Based on the feasibility study, TDH submitted a report with its recommendations for implementing a WIC smartcard initiative to the Legislative Budget Board in early 1998 and then the State Interagency Task Force shortly thereafter. In August 1998, the WIC EBT Merchant Advisory & Consumer Committee (MACC) was briefed regarding the proposed hybrid Lone Star Card with a magnetic stripe on the back for Food Stamp and TANF benefits and an integrated circuit chip on the front to access WIC benefits and Immunization records. The MACC expressed no reservations with TDH commencing developmental work to culminate with a pilot in El Paso, Texas. Functional requirements were then developed and in June 1999 a Request for Proposal (RFP) was issued by the Texas WIC Program seeking a contractor to provide a full range of EBT services (design, develop, procure, pilot, and process). Due to a number of market factors, no proposals were received that were considered responsive to the full range of services requested. It was then determined that the WIC Program would proceed with an EBT initiative through a combination of in-house development and contractor support.

At the urging of the U. S. Department of Agriculture, the Texas and New Mexico WIC Programs formed a partnership and sought a card integrator/procurement contractor through the issuance of an RFP in the summer of 2000. The selected contractor, GovConnect, became responsible for the production of the smartcard, distribution, and card-terminal integration. Specifically, the contractor became accountable for the chip card and the communication with all devices in the grocer lane that the card must interact with (terminal, printer, scanner, etc.).

The WIC Program was committed to the development of a commercial model and sought one or more grocer chains in the pilot area to participate in the building of a fully integrated WIC smartcard store system to eliminate the need for additional items of equipment in the checkout lanes. Because no grocers were in a position to take on a work project for a fully integrated smartcard solution, the states and their contractor began work on a "Stand Beside" system that would operate through the addition of smartcard specific equipment in the grocer's lanes. It was reasoned that a Stand Beside solution, or in some cases a Stand Alone System, would ultimately be needed for small stores who would require a complete WIC system regardless of the States' ultimate success with store integration efforts.

Finally, plans were formulated to initiate the Texas/New Mexico system first in Truth or Consequences and Hatch, New Mexico, followed within approximately 6 months by a Texas pilot in El Paso. The El Paso pilot is planned to operate for up to a year after commencement.

**HYBRID CARD SOLUTION:** At the direction of the State Interagency Task Force on EBT, the Smartcard system under development will utilize a Hybrid card. Specifically, the card will have an integrated circuit chip on the front of the card that will be used for the WIC Program while the back of the card will have a magnetic stripe to accommodate the Participant Account Number (PAN) for the Food Stamp and TANF Programs. The combination hybrid card will be used for individuals who are issued benefits by both the Texas Department of Health and the Texas Department of Human Services. Approximately 16% of WIC clients also receive either Food Stamps and/or TANF benefits. The Hybrid card will retain the Lone Star Logo and appearance.

**INTERAGENCY PARTNERSHIP:** The Department of Human Services (DHS) and the Department of Health (TDH) have formed a partnership to work on the Hybrid card approach. Interagency workgroups were formed last year. Issues needing resolution were identified. Since that time, the workgroups continue to meet and good progress has been made toward resolution of issues. Both agencies anticipate that they will be ready to handle “Crossover” clients (individuals receiving benefits from both agencies) by the time the El Paso pilot begins.

**PROJECT DEVELOPMENT UPDATE:** The WIC Stand Beside System development has overcome numerous issues over the past several months but remaining issues have been more problematic and have delayed the project considerably. The date for the New Mexico pilot has slipped several times. The most recent pilot date of January 22<sup>nd</sup> was abandoned before Christmas. Following will be a summary of the current status of the project directed at the systems three major components consisting of the 1) the store system, 2)the state settlement system, and 3) the clinic system.

Store System: The store system consists of two discreet but inter related parts that include in-lane operations and back-room operations. The in-lane piece pertains to the interaction of the smartcard with all of the devices in the lane such as the terminal, scanner, operator keypad, and printer. GovConnect and its sub-contractor Kincaid Technologies are responsible for the Application Programming Interface (API) for the in-lane piece. The API software has been in testing for the past five months. All of the basic functionality needed are operational but several issues to be explained later in this update persist.

The back-room piece pertains to a personal computer and state developed software that interacts with the in-lane devices over a network. This software has been integrated with the API developed by Kincaid Technologies and has been in testing for the past several months.

State Settlement System: The Texas Department of Health will serve as the processor for WIC EBT claims, and likewise, the New Mexico Department of Health will perform a similar function for its grocers. The Settlement System software to be used by both states is virtually identical and was developed by TDH. The Software has been in testing for the past several months. Few issues remain for this piece.

Clinic System: The clinic piece also consists of two discreet but inter related parts that include the API that allows the smartcard to interact with the terminals in the clinics and the software modifications to the legacy WIC System that issues food benefits to clients. The API for the clinic terminals is common to both New Mexico and Texas. This API has been in testing for the past several months using the New Mexico legacy system as an interface. Because New Mexico was targeted for pilot six months in advance of a Texas pilot, emphasis has been placed on getting the New Mexico Clinic System operational.

Summary: The three major system components necessary for the New Mexico pilot to begin have been completed and all components are operational. However, extensive testing of the components identified issues requiring resolution. Those issues are tracked and resolutions are ongoing.

**MAJOR ISSUES REMAINING:** Four unresolved issues stand out as being the most problematic and taken together account for the current slippage in targeted pilot dates. Those issues are:

Slowness in Transaction Processing Times: While all of the functions of a WIC smartcard application are currently operational, the total time consumed to process a WIC client attempting to purchase sixteen items (some allowable while others are not) is excessive. The total time for scanning and decrementing the card exceeds two minutes. A benchmark established by other states currently running WIC EBT smartcard systems indicates that the time should be less than one minute. Analysis of the time consumed by each sub-component of the processing time is ongoing.

Control of the Scanner: The scanner currently accepts barcodes as fast as the tester presents them to the scanner, and the scanner beeps as it captures each item scanned. However, the WIC API cannot process the transactions as quickly as they are scanned. The system currently holds the captured scans in a buffer and applies them one at a time as the EBT system gets to them. Unfortunately, in a situation where multiple items were scanned and a problem arises with any of the early scans (insufficient benefit on the card or item not allowable for WIC sale) the checker would be confused regarding which item(s) were denied. The States and GovConnect have identified possible solutions. Those solutions are under discussion, and settlement on the best solution and the related timeline to implement such were among the topics of a business meeting held in early February.

Remote Downloading of the Terminal API: The in-lane software API that runs the smartcard terminal must be refreshed/updated periodically including times when software changes may be indicated. The downloads currently are problematic and require a manual work around by technical staff to accomplish. A probable solution has been identified and is rolled into the solution for one of the above items

Scanner/Terminal Tones: The system design calls for the scanner or the terminal to emit different sounds for an allowable item scanned versus one not allowable for the WIC Program. Likewise, another sound should notify the checker if an item scanned results in an insufficient card benefit balance for acceptance. This issue remains illusive as the tones for the Verifone terminal used in the system cannot be controlled. The resolution may be for the terminal to emanate a series of tones but this feature has yet to be resolved.

**TARGETED DATES FOR NEW MEXICO AND TEXAS PILOTS:** Because the issues highlighted above have not yet been resolved with the States' contractor, GovConnect, a new pilot date has not yet been established. However, the likelihood is that the pilots will be somewhere in the neighborhood of May for New Mexico and October for Texas.

#### **OTHER RELATED TOPICS:**

Integrated Store System: As discussed above, the current development project is focused on a Stand Beside System. The Texas WIC Program recognizes that an Integrated Store System solution is preferable. However, until recently, the States were unsuccessful at attempts to solicit a chain store to sponsor an integrated smartcard approach. Lowes Food Store has now submitted a proposal to TDH seeking funding for an integration project. Lowes has several stores in the El Paso pilot area and would be a good demonstration candidate for a store integration project. Lowes is in the process of fleshing details as to how the integration project would proceed and will then formalize the process into a written plan to be submitted to TDH. We hope to have the plan and move to final approval of the project within a few weeks.

In addition, Albertsons has also expressed interest in an integration project. At a recent meeting with store officials from the corporate level, TDH was told that they would take the project under study and get back to us in approximately a month. Albertsons has stores in the El Paso pilot area as well.

WIC Program Advisory Committee: Senate Bill 877, 77<sup>th</sup> Legislative Session called for the creation of an Advisory

Committee for the WIC Program. The stated purpose of the Committee is to advise the Department of Health on: 1) current and proposed policy and rules of the WIC Program; 2) development and implementation of an electronic benefits transfer (EBT) food delivery system; 3) procedures to be used with pricing issues for WIC Program foods; and 4) recommendations regarding adding Farmers' Markets as WIC vendors.

Membership of the Committee has now been identified as shown below, and the first meeting of the Committee will likely occur in April to allow for advanced planning time for the members to accommodate their various schedules.

*Advocacy Groups:*

Bruce Bower, Public Benefits/Health Law Attorney, Texas Legal Services  
Oralia Garcia, State Health Education Coordinator, Texas League of  
United Latin American Citizens (LULAC)

*National Supermarket Companies:*

Joe Williams, President, Gulf Coast Retailers, designated by Randalls  
Food Markets and Albertsons  
Gary Huddleston, Consumer Affairs Manager, Kroger Company

*Independent or Regional Retailers:*

Jere Lawrence, Chairman of the Board, MAL Enterprises, Inc. dba Lawrence  
Bros. Stores, Sweetwater  
Martin Silva, President Silva Enterprises, Inc. dba Silva's Supermarket,  
El Paso

*Specialty Retailer such as a pharmacy or WIC-only store:*

David Hayden, Vice President of Sales, MEDCO Medical Supply, Inc.

*WIC Clinic Staff:*

Phyllis Day, WIC Director, Austin-Travis County Health Department  
Norma Longoria, WIC Director, Hidalgo County Health Department  
Ann Salyer-Caldwell, WIC Director, Tarrant County Health Department