

**TEXAS DEPARTMENT OF HEALTH
BUREAU OF NUTRITION SERVICES
WIC EBT NEWSLETTER #2
March 2002**

This is the second issue of a monthly newsletter intended to provide members of the Texas Interagency Task Force on Electronic Benefits Transfer 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:

OFF-LINE SOLUTION FOR THE WIC PROGRAM: The EBT solution being provided by the Texas WIC Program is an off-line, smart card, system. The WIC Program investigated the cost, benefit, and feasibility of a statewide EBT system and determined that an off-line system utilizing an integrated circuit chip on a credit card device (smart card) was the best approach for the Program.

STAND BESIDE SYSTEM: The thrust of the current project is the development of a "stand beside" system. This is a set of equipment consisting of a card terminal device, a printer, and a presentation scanner that are in addition to and standing beside the existing equipment in the grocer's lane. A stand beside system will always have a place in the overall WIC EBT operations for small stores and possibly some medium sized stores. However, it is the Program's belief that most grocers will ultimately want to integrate the functionality of the WIC EBT system into their own ECR system before the statewide roll out of Texas WIC EBT.

HYBRID CARD: At the direction of the State Interagency Task Force on EBT, the Smart card system under development by the WIC Program 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 Primary 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 (TDH) and the Texas Department of Human Services (TDHS). 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: TDHS and TDH have formed a partnership to work on the Hybrid card approach. Interagency workgroups were formed last year. To date, one hundred eleven issues were identified by the agencies requiring discussion and resolution. Of those, all but 20 have been resolved and agreed to by the agencies. The issues fall into six categories as follows: Business Rules/Policies; Call Center; Automation/Technical; Training; Financial/Contracts; and Other. Both agencies anticipate that they will be ready

to handle “Crossover” clients (individuals receiving benefits from both agencies) by the time the WIC El Paso pilot begins.

PARTNERSHIP WITH THE STATE OF NEW MEXICO: At the urging of USDA, 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 smart card and card-terminal integration. Specifically, the contractor became accountable for the smart card production and the card’s ability to communicate with all devices in the grocer’s lane that it must interact with to include the terminal, printer, and scanner.

PROJECT DEVELOPMENT UPDATE:

The WIC Stand Beside development project consists of three discreet components: the In-store system; the State Settlement System; and the Clinic System. Updates for these components are as follows:

In-Store System: The in-store system consists of two sets of software communicating with one another. The in-lane piece pertains to the interaction of the smart card with all of the devices in the lane such as the smart card terminal, scanner, and printer. GovConnect and its sub-contractor, Kincaid Technologies, are responsible for programming this equipment.

The backroom piece pertains to a personal computer and TDH developed the software that interacts with the in-lane devices over a network. This software has been integrated with the terminal device programming developed by Kincaid Technologies and has been in testing for the past several months.

The two sets of software, terminal and backroom, were completed. They contained all of the required functionality of a WIC smart card system. However, testing identified critical issues, including speed of transaction processing and control of the scanner, which could not be resolved using the terminal set originally selected for the project. As such, a new smart card terminal program is being written for a Hypercom ICE 6000 terminal. The new program is targeted for delivery to the State for testing by the end of May 2002. At that time, intensive testing will resume.

State Settlement System: TDH will serve as the processor for WIC EBT claims from grocers. The State Settlement System software was developed in-house by TDH and is completed. Ongoing testing of this and the other components of the system will continue up to pilot.

Clinic System: Like the In-store System, the Clinic System consists of two related software applications. GovConnect developed the API that allows the smart card to interact with the card terminal and write to the smart cards in the clinics. That

API is complete. Meanwhile, the software changes needed to the WIC clinic legacy system are still in development. Limited testing has occurred to date.

PILOT DATES:

As indicated earlier, the States of Texas and New Mexico are working in partnership on this initiative. New Mexico plans to take the system to pilot first in a very small controlled environment consisting of 6 stores located in one of three cities: Truth or Consequences, Hatch, and Array. The New Mexico Pilot is currently targeted for commencement in July 2002.

Texas WIC will go to pilot six months following the commencement of the New Mexico pilot. The El Paso, Texas pilot is currently targeted for January 2003. Once initiated, the Texas pilot will run for a full 12 months.

OTHER RELATED TOPICS:

Integrated Store System: As reported last month, TDH is working with Lowes Food Stores toward the demonstration of an integrated WIC EBT solution in its El Paso stores during pilot. At this time, TDH and Lowes are working through contract “terms and conditions” that must be in place before the integration effort commences. The contract issues should be resolved and the work begun before publication of the next newsletter.

WIC Program Advisory Committee: The WIC Program Advisory Committee created by Senate Bill 877, 77th Legislative Session holds its first formal meeting on April 2, 2002, at the Texas Department of Health facility in Austin. The stated purpose of the Committee is to advise TDH on items to include: 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 authorized vendors.

Cost Study: The WIC Program has been working on a base-line cost study to determine current cost to grocers for doing business in the paper voucher environment. The study has been in process since March 2001 with the assistance of WIC Program’s EBT quality assurance contractor, who designed the study and will analyze the data,. Since that date, 78 stores in El Paso and another 78 in other areas of the State have been sampled. The results of the study of costs to grocers in a paper-based environment should culminate this May.

A similar study will be initiated on the fourth or subsequent month of the El Paso EBT pilot to determine the recurring cost to grocers for doing WIC business in a pure EBT environment. Then, the cost in a paper-based system versus an EBT system will be analyzed, compared, and contrasted for dissemination to the grocer industry.

Satellite System for Data Transfer from Clinics: TDH is negotiating a contract with a company to provide satellite services for its WIC clinics. If the negotiations are successful and the contract is awarded, then WIC clinics will have near real-time capability of transmitting client data to the State office. While such connectivity is not essential to convert to EBT services, it would be very beneficial for the timely transfer of client benefits from the existing Food Stamp Program magnetic stripe card onto the hybrid smart card/magnetic stripe format. Many of the jointly developed TDH/DHS integration policies assume that satellite connectivity will exist by the beginning of the El Paso EBT pilot. We hope to report the finalization and execution of this contract by the date of the next newsletter.