Planning for the Future:
EBT Basics and the Steps Toward Achieving Statewide Rollout

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Agenda

- Steps toward Statewide Rollout
  - Planning Activities
  - Implementation Activities
  - Sample Rollout Checklist
- EBT Basics
  - Benefit Issuance
  - Benefit Redemption
- EBT Beyond the Basics
  - Transaction Processing
  - Categories & Subcategories
  - MIS-EBT Interface
Steps Toward Achieving Statewide Rollout

PLANNING & IMPLEMENTATION ACTIVITIES
Planning Activities

- Get educated
- Determine how planning activities will be completed (in-house or outsourced)
- Develop and obtain approval of PAPD
- Request planning funds – if needed
- Begin engaging stakeholders
- Develop and obtain approval of Feasibility Study
- Begin consideration of policy and workflow changes
Planning Activities (Cont.)

- Continue to engage stakeholders
- Define system and service requirements
- Determine what, if any, functions or services will be outsourced
- Identify (and hire, if necessary) state project resources
- Develop and obtain approval of IAPD
- Request implementation funds – if needed
Planning Activities (Cont.)

- Develop and obtain approval of procurement document(s) – if outsourced
- Select EBT service provider(s), i.e. development, implementation, and QA – if outsourced
- Select MIS development contractor for MIS upgrades – if outsourced and if necessary
- Approval of EBT service provider contract(s) – if outsourced
- Transition to implementation phase
Implementation Activities

- Retailer enablement
- System requirements validation
- Defining the interface between the EBT system and the MIS
- Review of design documents and other plans
- System development of enhancements or modifications to the MIS or EBT system
- Retailer certifications
- Gather authorized UPCs & PLU codes
Implementation Activities (Cont.)

- System testing
- User Acceptance Testing
- Preparation of:
  - WIC authorized vendors
  - Local agencies and clinics
  - State Agency and other State staff
  - WIC participants
- Pilot Operations
- Pilot evaluation
- Statewide Rollout
Sample Readiness Checklist

System Setup
- MIS enhancements to Production
- EBT system to Production
- Connectivity Testing
- Initial Population Vendor/ Cat/Subcat/ UPC
- Turn on MIS EBT functionality in clinics
- Set Initial NTE Values
- Interface Testing
- User Acceptance Test Dry Run
- User Acceptance Test
- Production Testing
- Validate IVR for Production Environment
- Setup Security Roles

Clinic Setup
- Staff Training
- Card Readers/PIN pads Installed
- Client Training Videos Available
- WIC EBT Card Inventory Stocked
- Stagger Appointment Schedule
- Participant Training Materials Delivered
- Update Policy manual to reflect EBT
- Participant Rights and Responsibilities
- Data Set Up
- Helpdesk Trained on EBT
Sample Readiness Checklist

Financial Settlement Setup Activities
- Financial Settlement Training
- Settlement Process Finalized
- Test ACH transaction
- Run Live Transactions through Settlement

APL
- APL Updates
- Cat/Subcat Updates
- Vendor Updates
- APL Validation Efforts (in store)
- Letter to Vendor Regarding Process to Add New UPCs

Vendor Activities
General
- Vendor Training or Train the Trainer
- Amended Vendor Agreements
- Assess and monitor sufficient access & coverage

Stand-beside Device Setup
- Determine Stores Needing Stand-beside Devices
- Notify Stores of Power/Connectivity Needs
- Schedule Setup/Training/Equipment
- Install devices and train vendor staff
- Test Devices

Integrated Setup
- Certifications
- In-store testing
EBT Basics

BENEFIT ISSUANCE
Paper vs. EBT: Issuance

Paper System:
- Food items are printed on a paper food instrument and verified by a cashier at the time of purchase.
- Paper food instruments are issued to each participant within a household.

EBT:
- Food items are represented in an account using a categorization standard and available amount
- Participant benefits are aggregated into one household account.
Food Categorization

- Foods are represented by:
  - Category (Cat)
  - Subcategory (Subcat)
  - Quantity (Qty)
  - Unit of measure (UOM)

- Example: 4 gallon, 1 quart of Skim Milk
  - Cat: Low Fat/Fat Free Milk
  - Subcat: Skim
  - Qty: 4.25
  - UOM: Gallon

- In an EBT account, each individual food (Cat/Subcat) has its own balance

- There is a national standard for Cats and Subcats
Benefit Aggregation

- Benefits for participants within a household are aggregated (combined together) into a single household account

- Benefits
  - Allows one card to access the benefits of all participants in the household
  - Potentially provides for better management of benefits by the household

- Trade Off
  - No redemption data at participant level
Paper WIC vs. EBT: Redemption

Paper WIC Redemption:
- Participants must sign each FI
- WIC items must be separated
- Cashier must:
  - Know what items in the store are WIC authorized
  - Determine if items are WIC authorized and can be purchased with the FI
  - Check valid use dates
- Vendor must stamp FIs and deposit in bank or account or redeem from State Agency

EBT Redemption:
- Cardholder must enter a PIN
- WIC item separation not necessarily required
- The system determines which items can be purchased based on the UPC(s) scanned
- System determines daily settlement amount, vendor paid in 1 – 2 business days
UPCs, PLUs and APLs

- Universal Product Codes (UPCs) and Price Look Up (PLU) codes are used to identify WIC approved items in the store for a particular state agency
  - A UPC is typically represented by a bar code, which can be scanned

- A PLU is a four to five digit code used mainly with fresh produce and bulk items (i.e., bananas = 4011)

- Each UPC or PLU is assigned to a specific cat and subcat
- A list of all State approved WIC items is maintained and distributed to POS systems in the Approved Product List (APL) file
- The APL is used as part of the transaction process to identify WIC vs. non-WIC items
Transaction Overview

- Card is swiped, inserted or number key entered and cardholder enters their PIN
- System validates the card, PIN and retailer
- Balance obtained
- Each food item is scanned
  - Compared to APL to determine if it is an allowable WIC item
  - Compared to cardholder balance to determine if there is sufficient balance to purchase
- Store price captured for each food item
- Discounts such as coupons, loyalty cards or other specials are captured
- The system approves/denies the transaction. If approved:
  - The household’s account balance is reduced by the amounts (qty) of each item being purchased, and
  - For items with a price exceeding the NTE, paid amount for that item is reduced
  - Paid amount for the transaction calculated
- A receipt showing purchase details and the new food balance is printed
- Last date to spend is also printed
EBT Beyond the Basics

EBT TRANSACTION PROCESSING
**Offline Transaction Terminology**

- **Claim File**: A file sent by the retail system on a daily basis and includes all transactions that occurred for a given period of time.
- **Settlement Server**: The system that processes claim files and determines settlement.
- **HCL**: Hot Card List, a file containing cards that have been inactivated by the State agency.
Offline Transaction Processing

Vendor transmits claim files to State agency Settlement server. Vendor receives APL, HCL and auto-recon files from settlement server.

Transaction occurs real time between the smart card and the store system.
Offline Settlement Processing

- Settlement based on claim files processed within a 24 hour period
- Follows the path of the claim file submission

WIC MIS → MIS-EBT Interface → EBT Settlement Server → State Bank

- Single Vendor or Location / Single State
- Local Chain
- Multi-State Vendor
- Multi-State Chain

Single Vendor or Location / Single State

Chain Submits Claims for Multiple Locations/ Single State

Chain Submits Claims for Multiple Locations/ Multiple States

State Agency 2 Settlement Server → State Agency 3 Settlement Server

State Bank

• Settlement based on claim files processed within a 24 hour period
• Follows the path of the claim file submission
Online Transaction Terminology

- **Acquirer**: Provides an entry point into transaction networks for all transactions (all tender types) from a store.
- **Third Party Processor (TPP)**: Provides acquiring and other services to a retailer.
- **Direct Connect**: Transaction strategy that bypasses traditional payment networks, connects retailer directly to the host system.
- **Gateway**: Consolidates transactions from multiple acquirers on behalf of a host processor.
Online Transaction Processing

Transactions occur through real-time messages transmitted from the vendor to the host processor.
• Settlement determined daily based on EBT host transactions processed in a defined 24 hour period

• Follows the path of the transaction process
Online APL and Auto-Reconciliation

- Vendor systems must download the APL (typically an FTP site used)
- Auto-recon files (if used can also be accessed.)
EBT Beyond the Basics

CATS & SUBCATS IN DETAIL
Cat/Subcat Characteristics

- A UPC/PLU is associated with only one cat
  - For example, bananas can only be in Fruit & Vegetables Cash Value and not also in Infant Fruits & Vegetables

- A UPC/PLU is assigned to only one specific subcat and can also be assigned to the broadband subcat
  - States must choose which subcats can be purchased with broadband

- Infant formula UPCs are assigned to a specific subcat
  - Broadband is not used in any infant formula subcat
### Cat/Subcat Sample

<table>
<thead>
<tr>
<th>WIC Food</th>
<th>Cat</th>
<th>Subcat</th>
<th>Description</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk Low Fat/ Fat Free</td>
<td>52</td>
<td>000</td>
<td>Low Fat/Fat Free Milk -- All authorized</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>001</td>
<td>Lower fat - (mini wildcard)</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>002</td>
<td>Skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>003</td>
<td>1 percent</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>004</td>
<td>2 percent</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>005</td>
<td>Buttermilk - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>006</td>
<td>Lactose free milk - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>007</td>
<td>Acidophilus milk (fluid) - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>008</td>
<td>Goat's Milk (fluid milk) - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>009</td>
<td>Ultra High Temperature (UHT) - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>010</td>
<td>Goat's Milk (shelf stable fluid milk)- lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>011</td>
<td>Soy-based beverage - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>012</td>
<td>Nonfat dry milk or lowfat dry milk (shelf stable powder)</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>013</td>
<td>Dry goat milk - lowfat (powder)</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>014</td>
<td>Evaporated lowfat (skim) milk (concentrated liquid)</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>015</td>
<td>Evaporated goat milk - lowfat (concentrated liquid)</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>016</td>
<td>Flavored Milk - lowfat/skim</td>
<td>Gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>017-099 Reserved</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Cat/Subcat Sample

<table>
<thead>
<tr>
<th>WIC Food</th>
<th>Cat</th>
<th>Subcat</th>
<th>Description</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheese or Tofu</td>
<td>02</td>
<td>000</td>
<td>Cheese - all authorized</td>
<td>Pound</td>
</tr>
<tr>
<td></td>
<td></td>
<td>001</td>
<td>Cheese</td>
<td>Pound</td>
</tr>
<tr>
<td></td>
<td></td>
<td>002</td>
<td>Lowfat cheese</td>
<td>Pound</td>
</tr>
<tr>
<td></td>
<td></td>
<td>003</td>
<td>Low Sodium Cheese</td>
<td>Pound</td>
</tr>
<tr>
<td></td>
<td></td>
<td>004</td>
<td>Tofu</td>
<td>Pound</td>
</tr>
<tr>
<td>Fruit &amp; Vegetables Cash Value</td>
<td>19</td>
<td>000</td>
<td>Fruit and Vegetables - Cash Value Voucher</td>
<td>$$$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>001</td>
<td>Fresh</td>
<td>$$$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>002</td>
<td>Frozen</td>
<td>$$$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>003</td>
<td>Canned</td>
<td>$$$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>004</td>
<td>Dried</td>
<td>$$$</td>
</tr>
</tbody>
</table>
Specific vs. 000 Subcat

- **Specific Subcats:** Any subcat except 000
  - Allows benefits issued to be restricted to a specific subcat
  - For example, Legumes (Cat 06) can be restricted to Dried Beans/Peas (Subcat 002) meaning that the cardholder can only purchase UPCs assigned as Dried Beans/Peas.
  - Infant formula is always issued to a specific subcat

- **000 Subcat:** “Broadband,” “Wild Card,” or “Any”
  - Allows cardholders to buy items from multiple subcats within the same cat
  - 000 is used in issuance; UPC(s) are assigned to a specific subcat and may be flagged as purchasable with 000
  - Some specific subcats may be restricted from being purchased with 000
Example of 000 Use

- **Assumption**
  - Only Skim (002), 1% (003) and 2% (004) are allowed to be purchased with 000

- **Balance**
  - 5 Gallons low fat/fat free milk – Any (52-000)

- **Items to be Purchased**
  - 1 Gallon Skim (52-002)
  - 1 Gallon Lactose free lowfat/skim (52-006)

- **Result**
  - Only the skim is allowed to be purchased
Universal Interface

- What is it?
  - A definition of EBT functions requiring the exchange of data between MIS and EBT systems
  - Not an interface specification (at least not yet)

- What does it contain?
  - Description of functions
  - Identification of data transfer methods (messages or batch files)
  - Data elements (required, optional, conditional)
  - Implementation considerations
QUESTIONS???