



National WIC Association
Your child has you. And you have WIC.



Delivering WIC Food Benefits via Electronic Benefit Transfer (EBT)

As the nation's premier public health nutrition program, WIC is a cost-effective, sound investment—insuring the health of our children.

NWA'S MISSION

Providing leadership to promote quality nutrition services; advocating for services for all eligible women, infants, and children; and assuring the sound and responsive management of WIC.

The WIC Program

The WIC Program is America's premier public health nutrition program serving over 9 million mothers and young children (over half of all America's infants and one-quarter of its young children 1-5 years of age) through 12,200 service provider agencies nationwide. WIC has improved the nutrition status and health of at-risk women and children and prevented the future development of nutrition related health problems for over 35 years.

The primary nutrition goals of the WIC Program are to provide nutritious foods, improve dietary intake and feeding practices, improve birth outcomes, increase breastfeeding rates, and prevent obesity in the population WIC serves.

In addition to providing healthy foods, and critical health and social service referrals, the program works intensively with WIC families to help them form healthy eating habits. The foods included in the WIC food packages are specifically selected for their nutritional value to supplement the nutrients found lacking in the diets of low-income populations. The food packages are prescribed based upon the participant's life cycle stage and the foods are selected for the food list based upon the Dietary Guidelines for Americans and recommendations by professional organizations such as the American Academy of Pediatrics (AAP).

WIC food benefits are redeemed in retail grocery settings and are accessed with paper based food instruments or electronically, through Electronic Benefit Transfer (EBT) cards provided in two (2) or three (3) month issuance.

EBT Food Benefit Delivery

NWA seeks to ensure the most efficient method for each State to deliver benefits of nutritious foods that are supplied by the WIC Program. While the majority of states are currently utilizing paper based systems for benefit delivery, NWA promoted the legislative provisions and plan included in the Healthy, Hunger Free Kids Act of 2010 that directs States to move towards issuing food benefits through EBT by 2020. NWA is neutral with respect to the technology—online or offline—WIC State Agencies select for EBT service delivery. NWA recognizes that each State must evaluate and seek the best method of delivering program benefits through EBT for their State Agency, participants and partners.

In January 2003, FNS in partnership with NWA developed a five (5) year plan for EBT. The overall goals of this plan remain current and NWA fully supports these goals. In line with current trends and the overall acceptance of doing business electronically, NWA encourages WIC State Agencies to continue to migrate from paper-based food delivery systems to EBT. The five (5) year WIC EBT goals are:

- WIC will be an integral part of modernizing and streamlining business practices towards electronic solutions.
- WIC will deliver benefits and reconcile payments through an EBT system that is affordable within a state's NSA grant.
- WIC will enhance client services by improving the client's shopping experience, access to prescribed foods and simplifying the point of sale experience.

- ➡ Accountability and program monitoring will be improved for State Agencies.
- ➡ The retailer's experience will be enhanced through more efficient redemption and payment.

Food Benefit Redemption

WIC food benefits are provided to participants through local clinics via an EBT card which looks similar to a debit or credit card. The UPC codes for a participant's prescribed foods are provided in an encoded format either on a Smart Card (Offline) or through an EBT host (Online) which only allows those food items to be redeemed by the participant. Those food items can only be redeemed during a specified period—usually thirty (30) days. When a participant is issued a card, a Personal Identification Number (PIN) is selected. The participant then redeems their benefits at a retail vendor authorized to provide WIC food items by presenting their selected food items along with their card in the retailer's lane. When the participant inserts or swipes their card at the point-of-sale (POS) device, the register then obtains the food prescription balance to match the food items through either offline or online processes.

Offline Benefit Delivery

Offline processing uses a payment card which has an embedded microchip that stores the participant's food benefits. This type of card is known as a Smart Card. The Smart Card is inserted into a POS device equipped with a smart card reader. While inserted, the smart card reader checks the WIC benefits to be purchased against the benefits on the microchip and authorizes the transactions. All balance inquiries and authorizations are processed at the POS using the State Agency's Approved

Product List (APL) and the stored WIC prescription stored, if the benefits to be purchased are both included on a current APL and the microchip. The APL information is available via text files from the WIC Authority (State Agency) to the retailer for loading to smart card terminals. For settlement, a WIC claim file (including all transactions for that business day) is transmitted from the retailer to the WIC Authority via batched claim file, on a daily basis. The WIC Authority edits the claim file purchase amounts for UPCs that exceed the maximum amount authorized. A payment file is then created and submitted to the entity that holds the settlement account.

Online Benefit Delivery

Online EBT processing occurs when the WIC transaction is completed in real-time using messages sent from the POS terminal through the network to the WIC Authority's processor. The message request is sent and a reply message is returned back to the POS in the checkout lane. Online uses a magnetic stripe card. The WIC participant's benefits are associated with an online account which is linked by the number on the card and stored at the EBT host. When the card is swiped through the POS device and the participant's PIN is entered, the participant's food prescription is obtained, compared with the WIC Authority's APL and submitted for authorization and settlement for the sold items. Updates to the APL are performed using messages sent between the WIC Authority and the retailer. Approved online transactions are reconciled and settled by totaling the transactions at the end of each day. A payment file is then created and sent to the settlement bank that holds the settlement account for the merchants.

Appendix A provides a side by side comparison of offline to online benefit delivery systems.

Current Systems' Status Among Various State Agencies

Several WIC State Agencies are currently utilizing both offline and online technologies. Texas, Wyoming, New Mexico, Cherokee Nation and Pueblo of Isleta are operating statewide utilizing offline systems. Michigan, Kentucky, Nevada and Chickasaw Nation are operating online EBT systems. Michigan and the Chickasaw Nation are statewide. Kentucky has two major chain retailers operating statewide and is in the process of a statewide rollout that will be completed in 2011. Nevada is statewide with stand beside point-of-sale devices.

Positive Outcomes of EBT Food Benefit Delivery

FOR THE PARTICIPANT:

- ➡ Transactions are discreet and confidential. Both magnetic stripe cards and smart cards look similar to debit and credit cards.
- ➡ As with common shopping patterns, the WIC participant may go to the authorized retailer as often as necessary within the valid period of the benefits. Participants may buy a gallon of milk and a loaf of bread without having to make other purchases.
- ➡ WIC benefits are not required to be separated from other purchases. A WIC, Supplemental Nutrition Assistance Program (SNAP), and cash purchase can be made smoothly and easily in a single transaction.
- ➡ A detailed listing of the benefits that each participant in a household are entitled is provided prior to shopping. An accurate listing of benefits remaining is provided after a shopping experience.

- ➡ Issuance of electronic benefits results in WIC clinic efficiencies allowing more time for nutrition education.
- ➡ Electronic benefits provide detailed information for the health professional to individualize nutrition education.

FOR THE RETAILER:

- ➡ Common errors are averted as participants purchase only WIC authorized foods and redeem benefits within specified dates.
- ➡ Participants shop more often, resulting in additional purchases of other items.
- ➡ Multiple checks/vouchers to complete (manually entering date redeemed, pay exactly amounts, stamping the front of the check with a vendor stamp) are a thing of the past.
- ➡ Transactions are accomplished between the card and the electronic cash register.
- ➡ Payment for transactions is timelier, through secure pathways.
- ➡ Each transaction is traceable.
- ➡ EBT provides formula purchasing information that results in more accurate rebate billing of the type and number of cans purchased by the Program.
- ➡ Review of a retailer's compliance is easier for these reasons; only approved foods are purchased, the retailer cannot claim more than the shelf price thus decreasing overcharges, adherence to competitive pricing standards is immediate, and manual completion which results in unreadable checks/vouchers is eliminated.
- ➡ The retailer's transaction settlement is timelier resulting in the increased ability to manage food funds.
- ➡ Reporting is electronic and increases administrative efficiencies.
- ➡ Due to decreased time for issuance and thus increased time for nutrition education, new methods of nutrition education can be examined.
- ➡ Detailed redemption data can be used as needs assessments for nutrition education planning and Food List selection.

FOR THE WIC STATE AGENCY:

- ➡ EBT ensures the participant purchases only the approved and prescribed foods.
- ➡ EBT streamlines WIC clinic processes. Clinics are no longer completing handwritten checks/vouchers or printing automated checks. The card is issued electronically.
- ➡ EBT provides a record of the type and amount of foods purchased by each client at the redeeming retailer.

NWA Supports

- ➡ Standard formats for WIC EBT processing as well as supporting the use of the X9.108 standards for offline message processing and the use of the ANSI approved X9.93 standards
- ➡ Strong stakeholder partnerships in designing and operating EBT.
- ➡ A National Universal Product Code (UPC) database for WIC eligible foods.
- ➡ A simplified cost evaluation model that analyzes the cost to provide a fair determination of the use of EBT to assist WIC in transitioning from a paper based system to EBT.

- ➡ Completion of the Operating Rules for Women, Infants and Children (WIC) Electronic Benefits Transfer document. This document is a joint effort between FNS and other stakeholders and applies to all WIC EBT processing and environments. This document addresses standardization of such items as; transaction data content, redemption strategies, split tender, mixed basket, discounts and coupons, use of cents off coupons, use of loyalty cards and self checkout.
- ➡ Completion of the universal interface document for WIC systems.

Conclusion

WIC EBT service delivery systems have positive benefits for WIC participants, retailers, and State Agencies. WIC must fully implement EBT nationwide by 2020. Whatever method of EBT service delivery that is chosen by a State Agency, whether offline or online, the selected system must be capable of responding to WIC Program changes, technology standards and industry standards. NWA seeks to ensure the most efficient method for each State to deliver WIC's food benefits actively and fully supporting the issuance of food benefits through EBT by 2020.

Appendix A WIC EBT Offline and Online Comparison

| System Area | Offline | Online |
|-----------------------------------|--|---|
| Card | <ul style="list-style-type: none"> ➔ Smart card technology with WIC prescription stored on microchip embedded in card. ➔ Higher cost per card. ➔ One card per account. ➔ Standard used is International Standards Organization (ISO) 7816, Parts 1–4, American National Standards Institute (ANSI) standards and Europay-MasterCard-Visa (EMV) 3.0 or later. | <ul style="list-style-type: none"> ➔ Magnetic stripe technology with WIC prescription stored in central database, similar to debit card process. ➔ Lower cost per card. ➔ Multiple cards can be issued per account, i.e., for a proxy. ➔ Standard used is International Standards Organization (ISO) 7813 (track 2 encoding). |
| Benefit Issuance | <ul style="list-style-type: none"> ➔ Requires physical presence of card at issuance location (clinic). ➔ Benefits are posted to the card using local card reader/writer. ➔ Requires a terminal equipped with a smart card reader to write benefits to the card. | <ul style="list-style-type: none"> ➔ Card needs not be present at issuance location. ➔ Benefits are posted to a central database over telecommunications lines. ➔ Requires reliable telecommunications from clinic to EBT host system. ➔ Requires availability of EBT host system. |
| Benefit Change | <ul style="list-style-type: none"> ➔ Requires physical presence of card at issuance location (clinic). | <ul style="list-style-type: none"> ➔ Benefits are modified directly on the EBT host system. Card presence is not required at issuance location (clinic). |
| Redemption Transaction Processing | <ul style="list-style-type: none"> ➔ Processing is accomplished within the confines of the retailer. The transaction occurs between the retailer's system and the chip on the card. ➔ Telecommunications are not required for in-lane transactions. ➔ Transactions are posted on the EBT system during daily uploads. ➔ Transaction fees do not apply. | <ul style="list-style-type: none"> ➔ Processing takes place on the EBT host system. The transaction occurs between the retailer and the host system. ➔ Requires reliable telecommunications between the retailer and EBT host system for in-lane transactions, similar to the debit card process. When telecommunications are unavailable, the system could be set to do "store and forward". ➔ Transactions are posted on the EBT host system in real-time. ➔ Transaction fees or telecommunications costs may apply. ➔ WIC's complex multi-message transaction may take longer than typical online debit or SNAP EBT transactions. |

Appendix A WIC EBT Offline and Online Comparison

| System Area | Offline | Online |
|---------------------|---|--|
| Transaction Routing | <ul style="list-style-type: none"> ➔ Each WIC Authority has its own Bank Identification Number (BIN); multiple BINS can be accommodated in the retailer's payment terminal. ➔ Individual retailers generally send daily claim files directly to the WIC Authority for processing. Corporations responsible for multiple retailers may opt to submit all claim files from the corporate office. ➔ Chain retailers operating under multiple WIC Authorities route claim files to those WIC Authorities directly by Internet Protocol (IP) address. | <ul style="list-style-type: none"> ➔ Each WIC Authority has its own Bank Identification Number (BIN); multiple BINS can be accommodated in the retailer's payment terminal. ➔ Retailers' online transactions often make use of intermediary processors (Third Party Processor-TPP and Gateway) to facilitate moving a transaction from the retailer to the processing EBT host. ➔ Using a TPP and gateway or a direct connect makes seamless the issues of a chain or border retailers processing redemptions for multiple WIC State Agencies. ➔ Fees may apply to the use of these intermediaries. However, a WIC Authority may offer a direct connect without any transaction fees. ➔ Intermediaries need technology upgrades to integrate the existing retailer POS, (in addition to what is required of the in-retailer systems) to accommodate the complex WIC message format and flows. |
| System Availability | <ul style="list-style-type: none"> ➔ Card and card reader/writer must be functional to access benefits. ➔ No manual alternative is available as benefit information is stored on the microchip. | <ul style="list-style-type: none"> ➔ Requires operational telecommunications between the retailer and the EBT host system, including any intermediate processors. ➔ Manual card entry and manual telephone authorization are possible but cumbersome. ➔ Store and forward processing is possible but has issue of financial liability, similar to SNAP. |
| Host Processing | <ul style="list-style-type: none"> ➔ The host interface with the retailer is typically once daily in batch mode at the retailer designated timeframe. At this time, the retailer will download the current Authorized Product List (APL) and Hot Card List (HCL) files as well as submit a claim file and/or retrieve an Auto Reconciliation File (ARF). | <ul style="list-style-type: none"> ➔ The EBT host system transaction processing requires reliable telecommunications, 7x24 availability and rapid transaction response times. ➔ A terminal driving layer is required in the transaction architecture. ➔ This is a more complex environment than offline processing. |

Appendix A WIC EBT Offline and Online Comparison

| System Area | Offline | Online |
|--------------------------------|--|---|
| Card/Benefit Replacement | <ul style="list-style-type: none"> ➔ Cardholder must come to the clinic to receive a replacement card and replacement benefits. ➔ There is generally a waiting period (usually 48 hours) to replace lost benefits so as to ensure all outstanding redemption transactions have cleared. | <ul style="list-style-type: none"> ➔ A replacement card can be mailed to the participant or can be issued immediately in the clinic. ➔ A card replacement will immediately restore access to existing benefits in the household account. |
| Hot Card and Card Inactivation | <ul style="list-style-type: none"> ➔ Lost or stolen cards are inactivated by listing them on a current HCL provided to retailers through download every 48 hours. Cards on the HCL are invalid for in-lane transactions. | <ul style="list-style-type: none"> ➔ A lost or stolen card can be immediately invalidated in the EBT host database when reported; thus preventing any further use of that card. |
| Security | <ul style="list-style-type: none"> ➔ Uses PIN security to access benefits contained on card. ➔ Requires presence of card and cardholder at clinic location to select or change the PIN. ➔ An encryption key is required to update benefits on the card. ➔ WIC Authority must manage key encryption process for state, clinic and retail equipment. ➔ An electronic transaction signature generated from the card on the POS is used to ensure validity of all transactions presented in a claim file. | <ul style="list-style-type: none"> ➔ Uses PIN security, encrypted for transmission and validated at EBT host. ➔ PIN can be selected and changed remotely using a telephonic interface. ➔ Encryption keys are changed on a dynamic basis. ➔ WIC Authority must manage key encryption process for state, clinic and retail equipment with an in-house model. |
| Settlement | <ul style="list-style-type: none"> ➔ Claim files are processed, in batch mode, and reconciled, daily. ➔ Not-to-exceed (NTE) exceptions are applied during this process. ➔ Settlement generally occurs the next business day or within two (2) days for those transactions that are successfully uploaded. ➔ Settlement is generally deposited to the retailer's bank account that submitted the claim file. | <ul style="list-style-type: none"> ➔ Settlement and reconciliation files are updated as transactions are approved at the EBT host system. ➔ NTE exceptions are applied as each transaction is processed. ➔ Based on a system end-of-day process, retailers may be reimbursed electronically the next business day for transactions approved prior to the daily cut-off. ➔ Settlement is generally deposited to each retailer's bank account. ➔ The system may make use of intermediary processors to effect settlement which may provide retailers with a combined (WIC plus other tender types) settlement. |

Appendix A WIC EBT Offline and Online Comparison

| System Area | Offline | Online |
|-----------------|--|---|
| Reconciliation | <ul style="list-style-type: none"> ➔ An auto-reconciliation file (ARF) documenting the disposition and settlement amount for each individual claim (containing that business day's transactions) is available for retrieval by the retailer shortly after claim file processing. ➔ ARFs are retrieved during the batch processing. Corporations may opt to manage ARFs from the corporate office. ➔ Chain retailers operating in multiple WIC Authorities will receive reconciliation data from each Authority. | <ul style="list-style-type: none"> ➔ NTE exceptions are calculated real time on each transaction and returned to the retailer as an integral part of the approval message. ➔ Reconciliation is between the parties originating and accepting a transaction. Consequently, a retailer may reconcile with its chosen transaction acquirer who in turn will reconcile with the EBT issuer (or maybe a Gateway processor). ➔ A reconciliation file of all of that day's transactions is made available to the retailer (or the TPP) that sent the transaction to the EBT host on a daily basis. ➔ Automated reconciliation processes are often available from intermediary processors. Retailers using a TPP may be able to receive a combined (WIC plus other tender types) reconciliation. ➔ Chain retailers operating in multiple WIC authorities will receive reconciliation data from each authority. |
| Balance Inquiry | <ul style="list-style-type: none"> ➔ The card is the database of record and requires a smart card reader that can provide the participant with a printed list of available benefits. ➔ Card must be present to inquire on the balance. | <ul style="list-style-type: none"> ➔ The EBT host is the database of record and a balance inquiry can be provided over the phone or via interactive voice response unit (IVR). ➔ Card does not have to be present to inquire on the balance but the card number and PIN are generally required. ➔ Balance can also be provided through a printed account summarization, from a POS device or internet connection. |
| Audit Trail | <ul style="list-style-type: none"> ➔ Audit trail of redemption activity is maintained in the retailer system and by the EBT host for a time frame determined by the retailer and the state. | <ul style="list-style-type: none"> ➔ Audit trail of redemption activity is maintained at the retailer and by EBT host processor at time of purchase. |

Appendix A WIC EBT Offline and Online Comparison

| System Area | Offline | Online |
|------------------|---|--|
| Customer Service | <ul style="list-style-type: none"> ➡ Current account balance or card status information is available at WIC-enabled smart card reader. ➡ Transaction history is available for those transactions that have been settled. | <ul style="list-style-type: none"> ➡ Current account balance and card status can be available from central help desk. ➡ Up to the minute transaction histories are possible. ➡ Existing SNAP processes and data communications lines can be shared and utilized by WIC. |
| Infrastructure | <ul style="list-style-type: none"> ➡ A change in card capabilities may lead to reprogramming of the devices that interface with the card. ➡ Smart card technology is not widespread in retail locations in the United States, but is growing. ➡ Use of technology is new in most retail environments and requires technology integration and training. ➡ Proven functionality for WIC. Retailer environments are certified and operational. | <ul style="list-style-type: none"> ➡ Magnetic stripe card standards, technology and infrastructure have been in place. ➡ Magnetic stripe technology is widely used in United States retail locations. ➡ Implementation of WIC using this approach requires significant upgrades in retailer's system capabilities and training. ➡ Proven functionality for WIC. Retailer environments are certified and operational. ➡ Proven functionality for SNAP, TANF, Visa, Master Card, etc. |
| UPC | <ul style="list-style-type: none"> ➡ Database of WIC-approved UPC/PLUs is maintained at the state EBT host. ➡ An APL file is retrieved by the retailers during batch processing. | <ul style="list-style-type: none"> ➡ Database of WIC-approved UPC/PLUs is maintained at the state EBT host. ➡ UPC verification is performed real time through the transaction's connection with the EBT host. |
| Backup | <ul style="list-style-type: none"> ➡ It is the retailers' responsibility to securely backup transaction data. ➡ Any data lost prior to uploading to the EBT host is at the retailer's risk. | <ul style="list-style-type: none"> ➡ The central site creates a backup of all data at the time of purchase, thus, assuring retailers of accurate and complete settlement. |
| Disputes | <ul style="list-style-type: none"> ➡ Data required in proving a dispute may be found in the transaction claim log, claim file, on the card and in the EBT host system. | <ul style="list-style-type: none"> ➡ Once a transaction is approved by the EBT host, proof exists that the transaction took place and the retailer is assured of settlement. |