

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

ADMINISTRATIVE DIRECTIVE

TRANSMITTAL: 00 ADM-8

TO: Commissioners of
Social Services

DIVISION: Temporary
Assistance

DATE: October 2, 2000

SUBJECT: Electronic Benefit Transfer (EBT)

SUGGESTED

DISTRIBUTION: Temporary Assistance Directors
Food Stamp Directors
CAP Coordinators
Medical Assistance Directors
Staff Development Coordinators
EBT Coordinators
Fair Hearing Officers
Fraud and Abuse Directors

CONTACT

PERSON: Eastern Region (518) 474-8538; Central Region (518)
486-7653; Western Region (518) 474-9227; Metro Region
(212) 383-1655: Fiscal Questions- Regions 1-4, Roland
Levie (518) 474-7549; Region 5, Marvin Gold (212)
383-1733: Systems Problems- Customer Support Help Line
800-342-3010: Fraud and Abuse- Judy Battison (518)
402-0125; SLEB- Bill Donnelly (518) 402-0125

ATTACHMENTS:

A. Cash-Out Informational Notice (On-Line)
B. EBT Upstate Troubleshooting Guide (Not available
on-line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
97 ADM-21	97 ADM-21	351.22(f)(2) 352 381.2	Federal Law 7 CFR- 274.12(f) SS1 21-a		

I. Purpose

The purpose of this directive is to advise local districts of the statewide implementation of the Electronic Benefit Transfer (EBT) System and its impact on both local districts and recipients of Temporary Assistance (TA) and Food Stamp (FS) benefits. EBT replaces the Upstate Electronic Benefit Issuance and Control System (EBICS) and the New York City Electronic Payment File Transfer (EPFT) benefit issuance system.

II. Background

EBT is mandated by the United States Department of Agriculture (USDA) to deliver FS benefits electronically through the commercial financial infrastructure. In New York State, EBT will also deliver cash benefits. EBT is interoperable with other states' EBT programs across the country.

EBT was fully implemented in New York City (NYC) in December of 1999. Upstate implementation will commence in the Fall of 2000, with pilots in Nassau and Suffolk counties. Statewide implementation is expected to be completed during the first quarter of 2001.

Prior to Upstate implementation, the Office of Temporary and Disability Assistance (OTDA) and its EBT contractor, Citigroup, will conduct two informational mailings to all Upstate recipients. The first mailing, which will occur approximately four weeks before conversion, will contain two letters. One letter will introduce EBT to the recipient and provide some useful information, such as when it will take effect, the Citigroup Customer Service hotline number, the proper card and Personal Identification Number (PIN) to use, how and where to use the card, and other important facts about EBT. The second letter will provide information about usage fees and surcharges, a list of banks whose ATMs will not impose a surcharge, and a toll free number that recipients may call to find participating stores and Automated Teller Machines (ATMs) in their area that do not surcharge.

The second mailing, which will take place at the beginning of the initial month of implementation, will include a letter, a brochure, and a fact card. More detailed information will be presented in this material, including a toll free recipient training hotline to answer initial questions about EBT.

III. Program Implications

Generally, there is little program impact as the result of EBT implementation. Details of operational impact were sent in an EBT Impact Statement via a Local Commissioner Letter, dated March 9, 2000.

More in-depth pre-implementation training will be provided in Regional Train-The-Trainer Sessions. In addition, detailed information will be provided to recipients prior to conversion to EBT. Highlights of program implications are outlined below.

A. Cash (Temporary Assistance)

Cash program implications include:

- There is no change in eligibility determination or benefit authorization with EBT. The staggered issuance schedule that was used prior to EBT implementation will remain the same under EBT.
- Restricted and direct vendor payments, including two-party checks, are still allowed under EBT.
- Local districts must continue to make non-cash Safety Net Assistance restricted shelter and utility/fuel payments in the prescribed hierarchy, as detailed in the Public Assistance Source Book (PASB) IX (all), and provide any remaining deficit amount as an unrestricted cash benefit to the recipient until further direction from this Office.
- The resource policy remains unchanged under EBT. Any cash contained in the recipient's cash account becomes a resource in the following month, except retroactive payments for TA underpayments, which become a resource in the second month following the month of payment.
- There is no change in the policy that Social Services District (SSD) overpayment/underpayment adjustment actions require client notice and that such overpayments are subject to recoupment at the 10% or 15% recoupment rate.
- There is no change to the policy of closing a TA case when recipients fail to pick up their benefits for two consecutive months. However, benefits made available in an EBT account remain active until completely withdrawn or expunged, whichever occurs first.

Benefits issued prior to expiration of a Timely and Adequate notice to close a case must be replaced if the client so requests, even after expungement.

- There is no change in the policy that recipients who are homebound, incapacitated or those with limited access to their benefits can designate authorized representatives to act on their behalf. See Section III C on the authorized representative Common Benefit Identification Card (CBIC).
- Under EBT, recipients no longer have to access their entire cash benefit all at once. They have the option of withdrawing portions of the cash benefit and leaving a cash balance in their cash accounts which can be carried over month to month.
- Recipients can withdraw cash at ATMs, or make electronic debit purchases from their cash accounts.

- Under EBT, the benefit life cycle is different than it was pre-EBT. Under EBT, cash benefits are available to the recipient as long as there is activity in the account. If there is no account activity for 90 days, the remaining benefits are expunged without notice. Regardless of activity, a cash benefit must be entirely withdrawn by the recipient within 180 days of its availability date. The remaining balance of the 180 day cash benefit will be expunged from the account without notice to the recipient. (The 180 day benefit expungement is currently under system development.)
- Under EBT, recipients may withdraw cash from any ATM that displays the QUEST logo. After the fourth transaction, a usage fee of \$.85 will be charged for each additional ATM transaction made during the month. This fee will be deducted from the recipient's cash account. Some ATMs will also impose a surcharge for each cash withdrawal. Only non-surcharging ATMs are listed in the SSD's cash access plan, and provided to clients upon request.

All ATM Balance inquiries are free.

Recipients may get cash back from their cash account, above the cost of their purchases, at participating retailers (within their allowable cash grant). Some stores allow cash withdrawals without a purchase. The amount of cash back is determined by the individual retailer.

- There is no limit on the number of times participants can use their CBIC card at participating retailers who display the QUEST logo and dollar sign. Some retailers, however, may impose a surcharge fee to withdraw cash benefits. Any retailer who imposes such a fee must display a sign telling recipients about the fee. Only non-surcharging retailers will be listed in the Social Services District's (SSD's) cash access plan. Recipients may be referred to the toll free Locator Service telephone number (1-800-286-6793) to find participating ATMs and retailers in their area who do not surcharge.

There is never a surcharge on cash purchases made at Point of Sale (POS) devices.

B. Food Stamps

FS Implications Include:

- Paper FS coupons are eliminated under EBT. Instead, a separate FS debit account is established. The FS debit account enables recipients to purchase allowable food items at USDA participating stores, that display the QUEST logo and food symbol. Authorized retailers must continue to accept FS coupons that recipients may still have on hand until 2002.

- Under EBT, recipients no longer have to access their entire FS benefit all at once. They have the option of debiting portions of the FS benefit as needed, and leaving any unused portion of the benefit to carry over from month to month.
- Cash back cannot be issued from the FS account.
- All FS transactions are free of fees and/or surcharges.
- Some retailers will use manual vouchers because they have very low volume FS sales, or because they do not have access to electricity at the point of sale. Retailers will be required to call Citigroup for authorization when processing manual vouchers. The recipient will sign the voucher, and a hold will be placed on the recipient's FS account for the amount of the purchase until the retailer clears the manual voucher through Citigroup. When the retailer clears the manual voucher, the recipient's food account will be debited by Citigroup. Retailers have 15 days to clear manual vouchers.
- Manual vouchers processed by participating retailers are used solely for FS benefit purchases, not for cash transactions.
- Any authorized FS retailer that processes more than \$100 per month in FS transactions, will be eligible to get an EBT point-of-sale (POS) device. This device is provided to the retailer at no cost. This includes such authorized retailers as food banks, Enriched Housing Programs, congregate meals for the elderly sites, Residential Treatment Centers (RTCs) and group homes, with more than three, but fewer than sixteen, residents. The POS device enables the retailer to process FS benefits electronically with the swipe of a CBIC card.
- If a FS account is not accessed for a period of 270 days, all benefits in the account will be expunged. Recipients are informed of benefit expungement timeframes in the EBT training materials they receive. Any portion of that benefit still remaining in the food account after 270 days will be expunged without further notice to the recipient.

Expunged FS benefits that are more than 270 days old cannot be replaced by the SSD. Expunged FS benefits that are less than 270 days old must be replaced by the SSD, if requested by the recipient.

A FS participant who has not accessed his/her FS account for two consecutive months, including a participant whose TA case is closed for failing to access cash benefits, must have the FS certification period shortened and be called in for a recertification. The recertification call-in notice must be issued prior to

the last month of the shortened certification period as described in the Food Stamp Source Book (FSSB) VII-B-4 (all) and VI-B-3.2.

- Expunged FS benefits will be applied automatically to any outstanding FS overpayment, thus reducing the overpayment balance. (See Section VII, Cash Management Subsystem (CAMS). NOTE: This is not true for Temporary Assistance Cash benefits.

C. CBIC Cards

Implications for the CBIC card Include:

- EBT uses the CBIC card and PIN to initiate all cash withdrawal, cash purchase, and FS debit transactions. Medicaid (MA) benefits are accessed using this same card, but a PIN is not necessary to access MA benefits.
- Permanent plastic CBIC cards with and without photos, Authorized Representative cards, and Temporary Cardboard CBIC cards (which should only be used for MA), will continue to be issued.
- Vault Cards, which are a new type of temporary card, are issued when there is a need to issue a valid card to an applicant or recipient in a timeframe that precludes mailing. Each SSD is required to issue Vault Cards to their applicants or recipients as needed. Because Vault Cards cannot be used to access MA benefits, the temporary paper MA card must still be issued. Some of the elements necessary to support Vault Cards include:
 - Special plastic card stock inventory (supplied to SSDs by OTDA)
 - Security storage for plastic card stock inventory (SSD responsibility)
 - Assignment of staff to Vault Card issuance (SSD responsibility)
 - Terminal security arrangements for issuance and activation (SSD responsibility)
 - Access to PIN selection transaction by use of PIN selection device(s) located in the SSD office(s)
- CBIC cards issued or reissued as of 2/99 display new graphics and the EBT Customer Service telephone number. A recipient will be able to use their current CBIC card and same PIN to access their benefits until they receive a new card. Once a new card is received by the recipient, he/she may continue to use the same PIN to access benefits. Any change to the recipient's last name, sex or date of birth will generate a new card.

- All CBIC cards issued as of 3/4/98 contain the QUEST Mark. The Quest Mark is an identifier that assists cardholders in determining where their card can be used. The Mark will appear on the back of all cards issued in programs following the QUEST Rules, as well as ATM and POS terminals that are operated in compliance with the Rules. Because it is a national identifier, cardholders can compare the Mark on their card to the Mark on terminals and determine whether their card can be used at any terminal across the country.

Because issuers must agree to comply with the QUEST Operating Rules before they can affix the Mark to a card, a merchant accepts the card knowing that once the transaction is authorized, payment is guaranteed under the Rules. All merchant and financial participants know the responsibilities, liabilities and guarantees that apply to them under the Rules.

- If a PIN number is incorrectly entered four consecutive times, the account will be automatically locked until the next day. Selection of a new PIN by the recipient will not unlock the account. The account will be automatically unlocked shortly after midnight.
- Recipients who are homebound, incapacitated or those with limited access to their benefits, may designate an Authorized Representative to access their benefits on their behalf. The Authorized Representative is an adult who may not be part of the household, but who is familiar with the relevant household circumstances.

Authorized Representatives may also be designated employees of a Residential Treatment Center (RTC) or an approved group home, in order to facilitate the process of accessing benefits for resident recipients.

Under EBT, there is no change to the process by which an Authorized Representative is chosen or is approved. Participants who choose to have Authorized Representatives will receive two CBIC cards. One card can be used by the recipient to access their cash, FS and MA benefits. The second card is used by the Authorized Representative to access cash and FS benefits only. MA benefits cannot be accessed with the Authorized Representative card. This Authorized Representative card contains both the participant's name and their Authorized Representative's name and may contain the photo and signature of the Authorized Representative.

The recipient and the Authorized Representative each choose a different PIN in order to access the recipient's benefits. The PIN can be changed using the PIN selection device located in the SSD.

IV. Required Action

A. General

- Customer Service Support

To assist SSDs in maintaining their primary responsibility in meeting recipients' needs, Citigroup EBT Customer Service, Locator Service and Training Helplines will be available.

Citigroup EBT Customer Service will be partnering with SSDs to provide comprehensive customer service to recipients. EBT Customer Service is responsible for the following:

- Providing recipients with the available balance in the FS benefit and/or Cash benefit account(s)
- Informing recipients of cash access by providing the Locator Service telephone number
- Accepting and processing a claim submission from recipients for reported discrepancies in their Cash and/or FS benefit accounts
- Authorizing PIN changes and providing further instructions
- Deactivating lost/stolen CBIC cards
- Providing a written record of the past two month's transactions
- Providing a listing of the last 10 Food and/or Cash account transactions
- Providing dates of benefit availability and pick-up

Citigroup EBT Customer Service will also be responsible for providing recipients access to the Automated Response Unit (ARU). The ARU is an automated system that provides recipients with answers to questions regarding account transactions and account balances. This system can be accessed by telephoning the EBT customer service toll free number at (1-888-328-6399).

Locator Service

A locator service, which will inform recipients of the location of ATMs and POS devices that do not surcharge, will be provided. The EBT Locator Service can be contacted by telephoning toll free (1-800-289-6739).

Training Helpline

Instructions to the CBIC cardholder on the use of the CBIC card at ATM and POS devices is available over the telephone. The Training Helpline can be contacted toll free at (1-866-491-3940). The Training Helpline, which

will operate during conversion/implementation, provides the following services to recipients:

- Educates recipients on the use of the CBIC card
 - Provides instruction on how to use ATMs
 - Provides instruction on how to use POS devices
 - Provides dates of benefit availability and pick up
 - Provides training on the use of the Automated Response Unit (ARU)
 - Provides information on Manual Vouchers
 - Provides instruction on the use of the PIN and how to change a PIN through the ARU
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- PIN Selection

Prior to EBT implementation, recipient PINs will automatically be converted from EBICS to EBT. Therefore, recipients will continue to use the same PIN for EBT that they were using for EBICS.

After the conversion, in order to create a PIN on a new case, a CBIC card is required. New applicants who have never had a CBIC card, regardless of whether they require same day benefits, may need to be issued a Vault Card. Once the Vault card is issued, the applicant can create a PIN by using the PIN selection device. If the applicant is determined eligible for assistance, he/she will be able to use the Vault card and PIN number to retrieve benefits until a permanent card is mailed. After case opening, a PIN mailer will also be sent to the recipient, containing the same PIN that was chosen by the recipient when using the PIN selection device.

If the applicant already has a CBIC card and needs same day benefits, the card may need to be linked to the case in CBIC. The procedure for doing this has not changed from the current (EBICS-CBIC) process. No action is required to activate the PIN. If the applicant has a CBIC card already in their possession, and does not require same day benefits, no action is needed to activate the CBIC card or PIN in order to retrieve EBT benefits.

All new recipients will be automatically mailed a PIN at case opening.

- Changing a PIN

PINs can be obtained in one of the following ways:

1. PIN Mailer - All new recipients will automatically be mailed a PIN after case opening. If the applicant selected a PIN prior to case opening via the PIN selection device, (see below) then the PIN already selected by the recipient

will appear in the mailer after case opening. If the recipient did not pick a PIN while an applicant, then the system will generate a PIN, and it will appear in the PIN mailer.

Recipients may also contact the SSD worker and request a PIN be mailed. The SSD worker enters necessary information into the CBIC system using function 11. The system will produce a PIN mailer containing the recipient's most recent PIN, or, will generate one if none already exists for the recipient. If recipients desire to change their PIN, they may telephone customer service or use the PIN selection device at the SSD.

2. PIN Selection Device - The PIN selection device will be installed at each SSD. With the help of a SSD worker, the recipient inserts his/her CBIC card and enters a new PIN on the PIN selection device keypad twice for verification. A phone line connects the device to the contractor's EBT system computers. The PIN is encrypted and linked to the CBIC card immediately.
3. Customer Service (1-888-328-6399) - The recipient can call this number to speak to a Customer Service Representative who will verify the recipient's identity and provide the recipient with an authorization number and an additional telephone number. The recipient must dial the second telephone number and follow the instructions. Once this procedure is completed, the PIN is immediately linked to the CBIC card.

- Lost or Stolen CBIC Cards

Recipients must report lost or stolen CBIC cards to Citigroup Customer Service immediately. Customer Service will disable the card to prevent any future use and refer the recipient to the SSD for card replacement. This can be done 24 hours a day/7 days a week.

- Troubleshooting

SSDs continue to be responsible for assisting recipients in identifying solutions to problems that can result in recipients being unable to access their cash and FS benefits.

In order for recipients to successfully access their Cash and/or FS accounts utilizing the EBT benefit delivery method, all of the following must be present:

- A CBIC card that is active in the Citigroup System
- A valid PIN that is used correctly

- A FS and/or Cash account that is active in the Citigroup system. (Accounts are automatically created by Citigroup on receipt of CBIC card data.)
- (NYC Only) A correctly authorized and issued benefit in the WMS System, including designation of a payee or alternate payee
- (Upstate Only) A correctly authorized benefit in the WMS system or BICs, via the BICs pre-reg process
- An available Cash or FS benefit in the Citigroup system

If any of the above elements are missing, the recipient will be unable to access his/her benefits from their cash and/or food account.

In order to assist SSDs in determining the cause of a problem and the possible resolution, please refer to the attached EBT Upstate Troubleshooting Guide (Attachment B).

B. Cash

- Lost or Stolen Cash

When the recipient claims to have an immediate need as a result of a lost or stolen card and PIN, SSDs should follow the procedures listed in the PASB IV-F-3. If an immediate need is determined to exist, the SSD must provide recoupable advances when authorized by Office regulations (i.e., rental or utility arrears) or make referrals to community resources when the recipient is in immediate need. SSDs cannot replace any benefits withdrawn before the card is disabled, nor can SSDs replace any benefits when someone steals the recipient's CBIC card and PIN and subsequently withdraws benefits.

- Benefit Redemption Problems/Questions

The following are situations that may occur, due to a systems error, and instructions on how the SSD should handle them. A systems error is an error resulting from a malfunction at any point in the redemption process. A systems error could potentially occur anywhere between the host computer and a POS device. For the purpose of discussing an erroneous posting, a systems error could also be a malfunction between the New York State and Citigroup computer systems. Generally, addressing these types of problems is the responsibility of Citigroup Customer Service. However, SSDs need to know what these problems can be, and what the recipient should do to resolve the problem.

Retailer Initiated Adjustment

A recipient makes a purchase and/or a withdrawal from his/her cash account. The receipt indicates the correct

amount that was purchased or withdrawn. However, unknown to the recipient, the store's equipment is not working properly and the money has not been deducted from the recipient's EBT account at the time of the transaction. Generally, the retailer will become aware of the error within a few days of the transaction, when the retailer performs accounts reconciliation.

The retailer can reprocess the transaction as soon as it is discovered. A Notice to the recipient is not required. If the cash account does not contain enough money to complete the transaction, the retailer will reprocess a subsequent transaction through Citigroup when the cash account does contain funds to settle the debt and make the retailer whole. Notice to the recipient is not required because the recipient initiated and authorized the transaction and received a receipt containing the correct information.

If the recipient questions any deductions from their account as a result of a reprocess transaction, the SSD must advise the recipient to contact Citigroup Customer Service and to follow the Claim Procedure that is outlined in the following Client Initiated Adjustment Section.

Client Initiated Adjustment

A recipient may have a discrepancy in his/her cash account balance as a result of a systems error, such as an erroneous debiting of their account during a cash transaction at a retailer or an ATM, or of an ATM misdispense (for example, the recipient requests \$40 from an ATM and \$40 is shown on the receipt. However, only \$30 comes out of the ATM).

The recipient must contact the Citigroup Customer Service Department to report a claim. When a recipient reports a claim to Customer Service, the representative will initiate an investigation of the claimed transaction. The client will be given a claim number and advised that they can call back to check on the status of the claim. The recipient is also advised that the investigation may take up to 30 days to complete.

If the investigation finds that there was a systems error, Citigroup will process an adjustment by crediting the recipient's cash and/or food account for the amount erroneously debited or misdispensed. A new concurrent notice (currently under development) will be issued to advise the client of the disposition of their claim, including any money posted to the account to correct a verified error.

SSDs cannot replace benefits that are misdispensed. If the recipient claims that he/she have an immediate need

as a result of this process, the SSD must investigate and if there is an immediate need, either issue a recoupable advance if authorized by Office regulations, or refer the recipient to a community resource.

Erroneous Postings

In rare instances, EBT cash benefits may be posted erroneously due to a systems problem. If this happens, NYS OTDA will pull back the benefit before or, if necessary, after the availability date. This pull back must be made as soon as possible after discovery by OTDA or Citigroup (this is normally done within two business days). A SSD data entry error or an incorrectly authorized benefit by the SSD worker are not considered erroneous systems postings, and therefore, continue to be subject to existing recovery rules. An example of an erroneous systems posting would be if, due to a systems problem, a duplicate payment file was transmitted from OTDA to Citigroup, unjustly enriching numerous recipient accounts. Notice to the recipient is not required in this situation. If less than the full benefit amount that was erroneously posted to the account is available for recovery, the entire amount remaining in the account will be deducted by OTDA or Citigroup. Notice to the recipient is not required. OTDA or Citigroup will deduct any remaining balance owed due to the erroneous posting from subsequent months benefits. Again, notice to the recipient is not required. The total amount deducted in this situation cannot exceed the original erroneously posted benefit amount.

If the recipient questions a deduction to their account as a result of a pull back of an erroneously posted benefit amount, SSDs should advise the recipient to call Citigroup Customer Service, unless they know at the time of the inquiry what the problem is. If the SSD knows, then they must explain the situation to the recipient and also explain that there are no fair hearing rights for this situation. Otherwise, Citigroup Customer Service will investigate the recipient's complaint and refer the recipient back to the SSD if it is an erroneous posting situation.

- **Expunged Benefits**

When a benefit is expunged, that does not mean that a recipient will no longer be able to access the account, nor does it mean that new benefits will be prevented from going into the account. Expungement reports will be distributed to SSDs on a regular basis. Anyone who appears on this report should have his/her need and eligibility for assistance (prior and current) redetermined immediately.

If a recipient comes into the SSD after their TA benefits have been expunged and requests that the benefits be restored, then the SSD must reauthorize any expunged benefits where the recipient has not been issued an appropriate notice of discontinuance.

Expunged benefits must not be applied towards reducing previous TA overpayments. However, if all or part of the expunged benefit is itself an overpayment, then CAMS should be adjusted manually to reduce the overpayment.

There is no automated process which applies expunged benefits to CAMS. A report will be developed identifying cases with expunged benefits that also have outstanding overpayment balances. SSDs must decide if CAMS should be adjusted manually to reflect these expungements.

C. Food Stamps

- Erroneous Posting

When a systems error results in the posting of an incorrect benefit amount in an EBT FS account, the benefit may be pulled back without notice to the recipient. If an attempt is made to pull back the erroneous posting after the benefit availability date, and the full amount of the erroneous posting is not available for recovery, the residual account balance may be recovered, with the remainder of the erroneously posted benefit amount to be recovered from future month's benefits. Total recovered amounts cannot exceed the original, erroneously posted benefit amount.

No client notice of the recovery is required because the recipient already has been notified of the correct benefit amount. SSD staff must answer recipient questions regarding recovery of erroneous postings, to the extent possible, using information obtained through WMS/BICS and the EBT administrative terminal. SSDs should refer recipients who request additional information to the EBT contractor's toll-free Customer Service Helpline at (1-888 328-6399).

- Retailer-Initiated Adjustment

A retailer that, due to a system error does not receive the correct payment amount, has ten days from the date the error occurred, to register a claim with the EBT contractor to have the amount of the shortage debited from the FS recipient's account. If confirmed, the retailer-initiated adjustment will be recovered from the recipient's current account balance or, if insufficient funds are present, will be recovered from the next month's benefits. When a retailer's claim would result in a debit adjustment in a recipient's FS account, a

hold will be placed for ten days on the recipient's account for up to the amount of the adjusted claim by the retailer. If insufficient funds are available in the recipient's account to cover the adjustment, the ten day hold will be placed on the balance remaining in the recipient's account. The remainder of the adjustment will be debited from the next month's benefit. In addition, OTDA will issue a concurrent notice of adverse action, through the Client Notice System (CNS), to the household. (Currently, CNS system does not support this notice function.) The household may appeal the action by requesting a Fair Hearing within 90 days of the notice date. A household that requests a Fair Hearing within ten days of the notice of a retailer-initiated adjustment will have the hold released on the held funds in their account. This is called a "provisional credit". If the household does not request a fair hearing within ten days of the date of the notice, the recipient's account is debited and the adjustment is made into the retailer's account. A household that receives a provisional credit and subsequently loses their Fair Hearing will have the amount of the provisional credit recovered from their current or next month's benefits, with no additional notice.

- Client-Initiated Adjustment

A recipient who reports that an EBT system error resulted in an incorrect amount being debited from the FS account must be advised to register a claim by calling the EBT contractor Customer Service Helpline at (1-888 328-6399). Recipients may register FS claims up to 90 days after the disputed transaction. If the contractor has not completed a claim investigation within ten business days of its receipt of the claim, but has determined that the suspected error was system-generated and not the result of a human mistake, the household's account must be provisionally credited in the amount of the alleged error. If the contractor's investigation results in a denial of the recipient's claim, the OTDA will issue a concurrent notice through CNS. The recipient may appeal the denial of the claim by requesting a Fair Hearing. A provisional credit is not given to a recipient pending a Fair Hearing decision regarding the denial of a recipient initiated adjustment. If a provisional credit was given while the contractor investigated the claim, and the claim was denied, the amount of the provisional credit will be recovered from the current or future months benefits without further notice to the household.

- Unaccessed FS Benefits

- FS participant who has not accessed his/her FS account for two consecutive months, including a participant whose TA case is closed for failing to

access cash benefits, must have the FS certification period shortened and be called in for a recertification. The recertification call-in notice must be issued prior to the last month of the shortened certification period as described in the Food Stamp Source Book (FSSB) VII-B-4 (all) and VI-B-3.2.

D. Cash and FS Benefits

- Non-Systems Errors

A recipient or retailer who requests correction of a non-systems transaction error should be advised to contact EBT contractor Customer Service at (1-888-328-6399). Examples of non-system errors include a cashier who keys in an incorrect transaction amount or a recipient's claim that a merchant overcharged for a purchase. Such errors cannot result in a provisional credit.

- Canceling or Voiding a Benefit

If a SSD wants to cancel or void a benefit, it may do so before the benefit availability date. Once a cash benefit or FS benefit becomes available in the recipient's EBT account, the SSD may not cancel or void that benefit. The benefit is considered owned by the recipient and cannot be pulled back. If an error was made in the benefit amount and that error results in an overpayment or underpayment, appropriate action must be taken in accordance with current procedures.

E. Food Stamp Cash-out

Federal FS policy prohibits the continuation of FS cash-out once an EBT system is operational in this State. Currently, there are two groups of FS clients that receive their FS benefits in the form of cash. The first is Child Assistance Program (CAP) districts that implemented CAP before 1995. There are eleven upstate CAP districts (Albany, Allegany, Broome, Chautauqua, Erie, Niagara, Oneida, Onondaga, Rockland, St. Lawrence, and Suffolk) which cash-out FS benefits to CAP families. In addition, Monroe County SSI households receive their FS benefits in the form of cash.

Once EBT is operational in all these districts, FS cash-out will no longer be permitted. FS cash-out for both CAP and Monroe County SSI recipients will be converted to EBT at the same time. As of February 1, 2001, FS recipients impacted by this change will no longer receive cash-out. Rather, these FS recipients will receive a credit to their EBT FS account that must be used to purchase food items approved by the USDA.

A legal notice is not required to notify impacted clients of this change. However, this Office will conduct an

informational mailing via WMS to all CAP participants in the affected districts and Monroe County SSI recipients receiving cash-out informing them of the end of cash-out. Attachment A of this ADM is a copy of the informational notice. The notice is not being translated into Spanish, but does contain Spanish instructions indicating that assistance in having the notice translated can be obtained by calling this Office's hotline.

There will be no need for local district staff to adjust FS cash-out payment lines prior to this change. FS cash-out payment lines are distinguished from normal FS benefit payment lines by a Method of Payment Code of "10". Once EBT is operational, BICs will read FS payment lines with a Method of Payment Code of "10" as if the Method of Payment Code was "01" Unrestricted. This means that impacted families will no longer receive FS as a cash-out benefit, but rather, will receive a credit to their EBT FS account that must be used to purchase food items approved by the USDA.

When reauthorizing CAP and Monroe county SSI FS payment lines that expire after EBT implementation, local district staff must remember to use Method of Payment code "01" (rather than "10") to ensure that FS benefits are properly authorized.

F. Group Homes

SSDs must continue to issue Authorized Representative CBIC cards for FS Eligible residents of Residential Treatment Centers (RTCs). The criteria for determining whether a RTC or other group living facility is FS eligible is not changed by EBT implementation. Any RTC and any group home with more than three, but fewer than sixteen residents, that is an authorized FS retailer and processes more than \$100 in FS transactions per month, will be eligible for a point-of-sale (POS) device. Facilities and providers that do not meet this criteria, or that choose not to obtain a POS device, still will be able to use their residents' FS benefits to purchase food. However, they may have to use slightly different methods than they used under EBICS.

V. WMS Implications

There is no WMS impact.

VI. MA Implications

There is no MA Impact.

VII. Fiscal Implications

With the implementation of EBT, there will be a number of changes in the fiscal area. There are, however, many similarities between the current EBICS fiscal process and EBT. The funding of the cash accounts will be similar to the current EBICS process where the contractor will access a designated local district bank account to withdraw funds based on client transactions. The same EBICS bank account may be used for EBT. The same situations that currently result in a FS liability will continue under

EBT. BICS and CAMS are being enhanced to support SSDs by providing reconciliation information, as well as being updated to automatically process new EBT requirements.

Funding the Bank Account

Once each business day, the EBT contractor will initiate a wire transfer to a bank account that has been designated by the local district. The amount of the draw will be the amount of the cash benefits transacted by the clients during the EBT contractor's previous business day, plus or minus any adjustments.

Local districts may review on-line through the EBT Administrative (Adm) System, the amount of money withdrawn from their accounts. Local districts may generate daily a report of the wire transfer and forward the information to the county fiscal officer. At this time, all wire transfers, since the inception of EBT, will be available for review from the EBT PC Administrative system.

For upstate districts, the process will be similar to the current Automated Clearing House process utilized for EBICS, except there will be only one transaction each day.

FS will be drawn on a statewide basis from the established USDA account. Local districts do not need to perform any functions related to the funding of FS.

FS Liability

Currently, if a duplicate FS issuance is generated or if a WMS authorization is not processed within 60 days after the issuance of an emergency FS benefit, the local districts will be assessed the value of the undocumented benefit. In EBT, these two situations will continue to be reviewed by the State and will result in liabilities to the local district.

Reports that identify any duplicate or unauthorized emergency benefit situation, will continue to be produced and forwarded to local districts each day. These reports may be used to verify that the liability is correct and also may be used to monitor any situations that require an authorization to be processed, thus avoiding the liability to be charged.

New York City will also be liable for any duplicate or unauthorized issuances.

BICS Implications

For upstate districts, various BICS reports and processes have been added to the system to accommodate EBT. Since benefits in EBT can be withdrawn in partial amounts and since benefits may be cancelled or expunged, there will be situations where only a portion of the benefit will be identified in BICS as cancelled. These will be identified in BICS with a new reconciliation code. BICS will display the cancelled/expunged portion of the cash benefit on the Cancellation Roll and on the Composite Roll.

As cash or FS benefits are withdrawn, BICS will be updated with the redemption information. Each redemption will not be stored, but BICS will

maintain a running balance of how much of each issuance is still available to the client during the previous day. For a history of all recent transactions, SSDs may review the contractor's Administrative system.

There will be no change to the financial claiming of benefits on the Composite Roll. Benefits will be included on the Composite Roll based on the issuance date, not the date of redemption.

The same one day lag between the issuing of a single issue benefit and the forwarding of the issuance record to the contractor will continue. This allows time for the local district accounting staff to ensure that an authorization document has been reviewed before benefits are made available to the client.

SSDs will be able to produce, upon demand, a report of the outstanding balance of benefits in recipients' accounts as of the end of a particular month. This report is slated for development after statewide EBT implementation is completed. The purpose of the report is to allow a full reconciliation of cash benefits.

The FS reporting process has been changed to report benefits based on the date the benefits reach the clients account, as opposed to the redemption date. USDA considers the FS having been provided to the recipient when the benefits are available to the recipient, not when the account is used to purchase food. The FNS-256 and the Monthly Disposition Report will now include FS benefits based on the issue date being within the selected report period.

Cash Management System (CAMS)

Recoupment processing for FS is being modified to link the recoupment to the issuance, after the benefits have been made available to the recipient. Currently, CAMS waits to determine whether the benefit has been redeemed before updating the overpayment claim with the recoupment amount. Since benefits are considered redeemed at the time the benefits are made available to the client, CAMS will not wait to determine that the benefits have actually been withdrawn before reducing the overclaim balance by the amount of the recoupment. Recoupments will be posted once a month.

Through the EBT Administrative system, the local district may update a recipient's EBT account when a client requests to voluntarily use his/her EBT cash or FS benefits to repay an outstanding overpayment claim. CAMS will automatically update the claim with the voluntary repayments. In New York City, the WMS claim will be updated with the repayment information.

USDA has determined that when a FS benefit is expunged, the expunged amount must be applied to any outstanding claims; thus reducing the overclaim balance. Upstate CAMS will update the claim with the posting to reflect that the claim's outstanding balance has been reduced. In New York City, WMS will be updated to reflect that the outstanding balance has been reduced. This process of posting to a claim for expunged benefits is not applicable to public assistance overpayments.

Reconciliation

Districts will receive reports on a daily basis related to the amount of money deposited to and withdrawn from each recipient's account. Also included on the reports will be adjustments that have been made to recipient's accounts. Districts should use the BICS-generated reports and the contractor's on-line account draw information to determine for each day the outstanding balance. Periodically, districts should produce the BICS-generated Outstanding Report and balance the detailed records to the daily maintained balance.

VIII. Effective Date

This Administrative Directive is effective upon release.

Patricia A. Stevens
Deputy Commissioner
Division of Temporary Assistance

Attachment A

Si necesitas ayuda en traduciendo esta carta a español por favor llama 1-800-342-3009 (If you need help in having this translated into Spanish please call 1-800-342-3009).

Dear Sir/Madam:

This is to let Child Assistance Program (CAP) and Monroe County Supplemental Security Income (SSI) recipients know that how you get your food stamp (FS) benefits is changing. As of February 1, 2001, you will no longer get your FS benefits in the form of cash. As of that date, you will get your FS benefits deposited into an account that you can access via the Electronic Benefit Transfer (EBT) system. This change will not affect the amount of FS benefits you get, only how you access them.

The United States Department of Agriculture (USDA) does not let us cash-out FS benefits once we have an EBT system. Under EBT, you get your FS benefits electronically. This means that to redeem your FS benefits, you must bring your EBT card into a USDA authorized store (neighborhood supermarket), swipe your card and enter your Personal Identification Number (PIN) into the EBT system. The store then lets you purchase allowable food items up to the amount of FS benefits that you have in your account by deducting the amount of your food purchase from your EBT FS account. For example, if you have \$200 in FS benefits in your account, you will be able to purchase up to \$200 in groceries from the store.

This change will not impact the amount of FS benefits you get, or when you get your FS benefits. If you are not already using the EBT system, you will start using it soon, and should already have received information about EBT in the mail.

When figuring out how you are going to pay your bills in March 2001, remember your FS benefits will not be available to you as cash. If you have any questions about this, please call your CAP case manager or your FS worker.

Sincerely,

New York State Office of
Temporary and Disability
Assistance