

eWIC Symposium Q & A, Dallas, Texas June 2-3, 2010

Enclosed is the list of questions generated at the eWIC Symposium. Attendees provided questions on 3 x 5 cards. As questions were asked, Symposium staff took note of who responded and the general response to each question. Some of this discussion led to additional questions, and because the Q & A session was not recorded, we may have missed a few. Enclosed are the questions listed on the cards plus a few of those generated from the session, the person directed to respond by facilitator and our best effort at summarizing the responses.

1. From a retailers view point, would cash flow be a factor in online or offline processing?
 - a. Derrick Carpenter – Wal-Mart-Close enough that it is not a big deal. Settlement is next day. Richard Smarzik-HEB indicated same for them.
2. Of 16 planning states, how many have chosen online vs offline?
 - a. Patty Davis FNS- OK & VA- online. PA – offline. Mentioned that Wisconsin probably had made a decision but wasn't public yet.
 - b. Donna Seward VA- later indicated West Virginia going online.
3. Some states have commented that TX and NM purchased all of the smart cards so they could not do offline?
 - a. Roque Solis – Solis Systems-TX/NM have not purchased all of the smart cards. Unlimited supply of chips. Focus on chips. Card bodies mfg on demand. In the past Gemco sold out of their “product” (particular plastic and chip). This was only one manufacturer.
4. Please clarify difference between transaction and processing fee?
 - a. John Simone-JP Morgan – 3rd party processor charges fee for transactions. Processing fee is a service fee for “value added” services.

***Group recommend documenting this and putting it on TRA website - Points along train track that charges are incurred and what is included. Dawn Cooley-ACS volunteered to develop the outline.

5. Please explain cost difference to the state agencies between online and offline. Art Burger- Burger Carroll
 - a. Obvious differences – mag strip cheaper than chip; terminals – online generally cheaper; online requires connection
 - b. Staffing, maintenance required if processing yourself
 - c. Fixed costs if outsourcing
 - d. Total cost of ownership not really different if processing yourself.
 - e.

***Note- more detailed explanation included of comparisons in PowerPoint Presentation.

6. What is card failure rate – chip and mag?
 - a. Mike Montgomery - TX - .05 damaged before issuance
 - b. Dawn Cooley ACS– some issues reading but can punch in numbers for manual transaction if needed. .001 failure rate of card
 - c. Bonnie Wright- JPM Chase– Can punch in number for manual transaction. . Less than .1 out of box failures
 - d. Johnny Sena CDP– KY - have not tracked failure rate.
 - e. Penny Tisdale -Etegrity- WY – under 1%.
6. (a)- Is USDA going to mandate their standards? Patty Davis- FNS- Good thought but no plans at this time.
7. How often is “claimed amount” different than the “paid amt” in claim reconciliation for an offline?
 - a. Mary Alice Winfree TX WIC– NTE is downloaded with APL. Retail vendors know. If difference exists in Offline.
 - b. Richard Smarzik-HEB– there are issues for example inflationary issues – eggs
 - c. Jason Cooper-Brookshire Groc. – a reduction “at online approval” in lane versus a reduction the next day in the offline auto reconciliation doesn’t make that big a difference in their settlement process..
 - d. Cindy Spinks TX WIC– all reductions or rejections are standard across Authorities and Technologies. Whether you choose online or offline we are all under the same set of rules from FNS. The only difference is in online you are reduced upfront and in offline you are reduced in the auto reconciliation
8. How are special formulas handled?
 - a. Mary Alice Winfree TX WIC- Formula is in APL. TX has 3 drop ship vendors that handle formula not available in a store.
 - b. Currently have about 260 infants out of over 200,000 requiring special formula.
9. How many UPCs does TX have?
 - a. Mary Alice Winfree – TX WIC-28k – 30k. Includes PLU’s and UPC’s. Approx 3600 PLUs?
10. Is the state of Michigan or FNS paying for retailers to develop an integrated solution or is that capability solely the retailer’s expense?
 - a. Patty Davis-FNS –USDA/FNS has supplemented some retailers in Michigan Program for design and development. Long term goal is to reach retail vendor integration.
11. Because of this funding issue doesn’t it create a competitive advantage for the multistore operators over the Independent’s?

- a. Patty Davis – FNS is most likely unwilling to pay for each and every store. However would be handled on a case by case basis depending on states’ need.
12. What would certification be like for CRS’ online system? CRS is looking at online certification in Oklahoma.
- a. Len Fuller CRS– Use scripts provided by state. Similar to the offline but with an additional step. The online certification would need to include the certification of 1) the TPP to the State prior to the developer certification and then 2) the developer cert would need to include the piece of the developer to the TPP.
13. With all of tech changes, has any EBT state run into need for selection or limiting vendor criteria based on technology. Ex: A vendor refuses to take WIC EBT. Can a state terminate that vendor and if the state does terminate the vendor, what backup do they have from FNS and in the federal regulations for when that vendor appeals the termination?
- a. Mike Montgomery- TX WIC - EBT is condition of authorization to participate in WIC. Stores choosing not to participate in EBT are no longer participating in EBT.
14. If the WIC s in a transaction exceed the quantity by cat/subcat available in an account and the transaction data is sent to the Online host, does the sale fail (end) or does the participant pick items to void off the sale until all are equal or less than quantity available in account?
- a. Johnny Sena -CDP- From host perspective, we will decline until amount does not exceed.
15. What suggestions or considerations do you see for small state agencies that are not prepared to handle the settlement piece? Penny Tisdale- Etegrity
- a. On-line – settlement is an outsourced solution
 - b. Off-line – all are currently state managed. Look at outsourced resources and either contract out for inside or outsource altogether. Look at other states processing on their behalf.
- *** Additional discussion on settlement in PowerPoint.
16. What are the complete transaction fees for eWIC transactions in MI?
Pat Solito- ACS- Meier’s does about 30% of the WIC EBT transactions in MI with direct connection resulting in no fees. Currently with only Meier’s and Spartan using integrated solution state-wide, that leaves the rest of the vendors operating on state equipment and also no fees. Until at point in time when more retail vendors are operating integrated solutions this question can’t be answered properly.
17. A lot of mention with online system issues & downtime. Where is the disconnect? The acquirers? If yes, all card payments are affected-not just WIC EBT. True?
Dawn Cooley-ACS

- a. Disconnect could happen anywhere in network. Technology driven process.
- b. 76,000,000 transactions with approximately 25% direct.
- c. Have set up protocol to mitigate risks of downtime.
- d. Hardware fails. Hardware gets old. Have failovers such as multiple systems.
- e. Uptime in MI is 99.97%

17 (b)- Pat Solito-JPM Chase – discussed the issue that their online capability allows for grocers to do either a manual entry at the POS or stores can call the customer service number in the event a client’s card is unreadable or not working.

- a. Jason Cooper-Brookshire Grocery- from a grocer’s perspective, we don’t have interest in resolving card issues in the lane or in the cash office. First it is inefficient and not practical, and our stores are not equipped to resolve these issues over the phone for the customer. Also, we currently do not resolve customer payment issues in our stores today, whether we’re talking about credit, debit or check payments. Those issues should be resolved between the customer and their banks.

18. Is a reversal in Online System a double fee?

- a. Dawn Cooley-ACS - Yes.

19. Nevada moved from offline to online.

- a. Johnny Sena CDP- Was is statewide or pilot. 80% of the state was covered.

20. Are all retailers in Nevada using state supplied or funded equipment?

- a. Bonnie Wright-JPM Chase-Yes, at this time.

21. In Nevada do WIC clients make WIC purchases in certain lanes?

- a. Bonnie Wright-JPM– Yes, but additional equipment may be purchased by retailers to equip all lanes.

This question was asked once we got to the Marriott:

22. Donna Seward asked if online was standardized to the level that offline is, would Wal-mart be more willing to endorse online?

- a. Derrick Carpenter – possibly. Standards would help but he isn’t seeing online standards forming. Currently feuding between TPP processors because some D4/D6 .apl implementation was interpreted differently and a resolution has yet to be found. OK is a perfect example of where Walmart is going to have to support 3 different technologies (voucher, online, and offline) and that just multiplies when Wal-Mart also has to support different processors within the online environment because they have implemented differently.