

Methods To Prevent Fraud and Abuse Among Staff and Participants in the WIC Program

Volume II, Site Visits

E-FAN-01-012
December 2001

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Abstract

Summaries and highlights of site visits to eight States and two Indian Tribal Organizations are the basis of this report, which is part of a project to identify and assess methods used to detect and prevent fraud and abuse among staff or beneficiaries of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). It is the second of two related reports on the subject by the same authors. This report documents current practices in WIC Program monitoring activities and controls, and gives qualitative analyses of existing or proposed tools to assess the methods used by WIC managers to prevent and detect fraud. The report describes those basic operations and monitoring activities, and recommends existing or new tools that might be used to improve the integrity of WIC Programs. The primary purpose of the site visits was to find and document current practices in WIC program monitoring activities and controls to detect and prevent fraud and abuse by program participants and staff. For more information on this study, see *Methods To Prevent Fraud and Abuse Among Staff and Participants in the WIC Program: Volume I, Final Report*, E-FAN-01-011.

This study was conducted by Applied Techno-Management Systems, Inc., and Abt Associates Inc. under a cooperative research contract with USDA's Economic Research Service (ERS) Food Assistance and Nutrition Research Program (FANRP): contract number 53-3K06-9-10 (ERS project representative: Alex Majchrowicz). The views expressed are those of the authors and not necessarily those of ERS or USDA.

CONTENTS

Introduction/Background	iii
State/ITO Site Visits Summary Reports	1
1. Arizona	2
2. California	10
3. Illinois	25
4. Kansas	37
5. Massachusetts	46
6. Tennessee	65
7. Texas	79
8. Virginia	93
9. Choctaw Nation ITO	101
10. Navajo Nation ITO	112

Introduction/Background

The Economic Research Service (ERS) of the U. S. Department of Agriculture (USDA) contracted with the team of ATMS and Abt Associates to identify and evaluate methods that are used by various State or local agencies to detect and prevent fraud and abuse among staff or participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Once identified, best practices would be made available to all State and local agencies to prevent staff and participant fraud and help manage their WIC programs.

The overall objectives of the ERS WIC study are to:

- Characterize basic operations and monitoring activities currently used by State or local WIC offices to identify WIC fraud and abuse among staff or participants
- Identify and evaluate the methods of detecting staff and participant fraud by reviewing existing tools and data analysis systems presently used by selected States/local and Indian Tribal Organizations (ITO) WIC agencies
- Perform qualitative analyses of existing or proposed tools to assess relative value/usefulness of methods
- Identify major legal, operational, political, and attitudinal limitations that may restrict adoption of tools to detect and control staff or participant fraud
- Recommend existing or new tools that are deemed to be effective best practices that State or local agencies may adopt to improve the integrity of their WIC Programs, while noting that those tools may not be the uniform best practice for all agencies
- Develop a compendium of best practices reflecting effective strategies, approaches and tools/techniques that are currently in use or can be used for WIC fraud and abuse detection/prevention. Such a document, once completed, can be used by various State and local agencies as a guide in supporting their efforts for fraud and abuse detection and prevention.

In this document, the ATMS/Abt Associates team presents summaries and highlights of our site visits to selected State/local and ITO WIC agencies for the study. The primary goal of the visits was to find and document current practices in WIC Program monitoring activities and controls to detect and prevent fraud/abuse by Program participants and staff.

Review of GAO and FNS Survey Data

In an earlier report, we reviewed the General Accounting Office (GAO) and Food and Nutrition Service (FNS)/USDA surveys data in order to identify the data collection requirements during the planned site visits. The GAO survey, published in 1999 and FNS survey, published in 1998,

primarily provide a broad nationwide profile of the current practices to prevent and detect fraud/abuse by WIC participants and staff.

The GAO survey, conducted in 1998, was performed in response to concerns about the level of fraud and abuse in the WIC Program, coupled with the need to update the studies upon which USDA had relied for data on fraud and abuse. The survey is a good source of information about the types of fraud and abuse that are occurring, the basic preventive measures that are being taken by agencies, and the sanctions employed. The GAO survey provides statistical information, but does not provide detailed descriptions of how the controls operate. The GAO data were collected in 1998, before the implementation of the new WIC Program regulations concerning documentation of eligibility.

The National State agency Program Integrity Profile, which was compiled by FNS in 1998, contains statistical information about the practices and policies of 77 State agencies and Indian Tribal Organizations. It includes basic information on policies that are geared toward preventing fraud and abuse by vendors, staff and participants. This information is largely quantitative, and offers no interpretation of the numbers. A second survey, the WIC Program Dual Participation Survey Summary was conducted by a FNS working group in 1998. It provides statistical information about methods employed by State agencies to prevent and identify fraud and abuse, as well as how agencies respond when fraud and abuse is identified. The working group also produced a document presenting model policies and procedures to detect, prevent, and resolve dual participation.

Selection of State/Local/ITO Agencies for Site Visits

In the report based on GAO and FNS surveys, a total of eight states and two ITO agencies were selected, in coordination with the FNS headquarters and regional offices, for site visits and associated data collection, in preparation for this report. The selection of the relatively effective State/ITO WIC agencies was based on criteria that included key considerations such as:

- Representative State size (large, medium, small)
- Adequate geographical and regional representation
- Relevant extant laws and policies
- Availability of data related to fraud/abuse
- Existence of participant and staff fraud/abuse controls
- Enforcement actions and impacts
- Management assessment of the effectiveness and feasibility of controls
- Range/degree of challenges faced by the State/ITO agency
- Interest and willingness to participate in the study

The selected agencies for site visits were located in: Arizona, California, Illinois, Kansas, Massachusetts, Tennessee, Texas, Virginia, the Choctaw Nation and the Navajo Nation. Virginia was selected as an alternate to take the place of Maryland, which FNS indicated was unable to participate.

The participating states and ITOs are considered to be among the leaders in fighting fraud. There are also numerous other agencies with similarly strong practices. They are a diverse group in terms of size, location and management information systems (MIS) development. This diversity

allowed the study team to explore what are the current best practices in the context of the existing program environment, including how agencies deal with resource limitations.

The selection of the local WIC agencies within each State was coordinated with each individual State WIC agency using the criteria similar to that used for State selection. Two local WIC agencies were selected for site visit and data collection in each of the states with the exception of Tennessee and Arizona (where a single local agency was selected). Fourteen local agencies were visited to review and study the WIC Program implementation and operations at the “street level.” The ITO visits included both central administration and local clinic operations.

Overall Conceptual Framework for Site Visits and Data Collection

In our data collection and analysis efforts, we focused on the vulnerabilities to fraud/abuse in the certification, issuance, transaction and redemption-related processes by participants and program staff. The data collection and analysis focused on the following:

- What documentation of income or adjunct eligibility do local agencies obtain from WIC applicants?
- How do local agencies verify or validate documentation provided by applicants?
- What proof of residency do local agencies accept? What independent checks on residency do they perform?
- What checks on dual participation within State and across States do they perform?
- What identity verification or other controls are used to prevent and detect “phantom” cases (benefits issued to nonexistent participants)?
- Do local agencies require reporting of changes in eligibility? What are the requirements, and how are they enforced? Do agencies obtain independent information on continuing eligibility (e.g. through periodic data matches with Medicaid or other programs)?
- What procedures, computer system features, and security measures are used to prevent and detect fraud and abuse in the issuance process?
- What do State and local agencies do to follow up on possible recipient or staff involvement when vendor fraud is detected?
- What procedures in recruiting, hiring, training, and managing staff do State and local agencies use to prevent and detect participant and staff fraud? What kinds of staff behavior or performance indicators are used to trigger audits or investigations, and how are these inquiries conducted?
- What evidence or information, if any, is available from WIC administrative records to document the cost and effectiveness of controls on participant and staff fraud?

- What are the legal, regulatory, and/or operational challenges to or constraints on wider implementation of current or promising controls?

In brief, our approach to addressing these questions and meeting ERS' requirements consists of the following:

- Integrating data from existing GAO and FNS surveys of State and local WIC agencies into a systematic description of current fraud control strategies.
- In eight states and two ITOs with innovative or well-regarded fraud control systems, we plan to conduct reviews of procedures, computerized applications and databases, noncomputerized records, and data on the use, effectiveness and results of the controls.
- Descriptive analysis of the patterns in the controls used against participant and staff fraud among State and local agencies.
- An assessment of the effectiveness, resource-intensiveness, and operational feasibility of current and proposed controls.
- Synthesis of the current practices and recommendations for FNS, State and local agency actions to improve the integrity of the WIC Program.

Site Visits for Data Collection

At the State level, the data collection efforts drew on a number of data sources including inputs and perspective of key staff related to program operations, use of management and information systems, data on fraud/abuse practices and investigations, and use/value of current and planned enforcement actions. These visits also provided the ATMS/Abt Associates team access to relevant data, documentation and technical expertise needed to understand and assess the usefulness of automated systems for fraud/abuse detection and prevention. In addition, available data or opinions on the costs and effectiveness of controls were assessed during these visits.

The local agency site visits provided the opportunity to understand and evaluate how the controls operate at the "street level." In the WIC Program, the diversity of organizations serving as local agencies makes their perspective particularly important, even though it is difficult to generalize. For this study, the data collection in local WIC agencies included interviews with agency managers and line workers, observation of interviews and use of automated applications, and reviews of documentation used to prevent and detect fraud.

The data collection effort during the site visits was aimed at the following:

- Get detailed information on procedures or systems through interviews, observation and review of documentation.
- Understand how controls are implemented and the steps taken to make sure that they are sustainable and efficient.
- Get and review records of control-related activity and outcomes.

- Understand the context that gives rise to fraud and that has made it possible (or challenging) to implement the controls where they have been successful, so that recommendations for other States can address the conditions that may favor or impede implementation elsewhere.
- Review sensitive issues of how controls fit into WIC agencies' mission, culture and political environment.
- Review and assessment of current or proposed controls by asking State and local WIC agency staff to critique them on the basis of their knowledge and experience.

The site visits included a combination of semi-structured interviews, reviews of documentation, and observation of key procedures or computer applications. To the extent possible (within time limits, security requirements, and confidentiality restrictions), the data collectors also obtained copies of relevant documentation for computer systems, procedures, and other useful documents such as consent forms and notices to participants.

The following section of this report provides a summary of our site visits and data collection efforts for each of the State and ITO WIC agencies visited. For each State/ITO WIC agency, it provides:

- Background information covering agency organization/staffing and program operations overview.
- Overview of program operations and processes with a particular focus on program monitoring activities and controls related to major program functions and activities.
- Summary of site visit results highlighting key practices and their effectiveness in program administration for fraud/abuse control.

The information in these reports, together with the FNS and GAO data on broad patterns of fraud and abuse prevention and detection practices, are synthesized in the study's final report.

Site Visit Summary Report

This section presents an overview of the results of our site visits and associated data collection efforts in each of the eight States and ITOs identified earlier. The information presented herein is subject to verification by individual State/ITO WIC agency through subsequent coordination for any material clarifications or changes.

These results are presented separately for each State/ITO WIC agency in the following order:

1. Arizona
2. California
3. Illinois
4. Kansas
5. Massachusetts
6. Tennessee
7. Texas
8. Virginia
9. Choctaw Nation ITO
10. Navajo Nation ITO

Subsequent to our site visits, ad hoc feedback from these State/ITO WIC agencies was obtained to determine the nature and extent of the use of risk indicators to detect fraud and abuse by WIC Program staff or participants. Our primary purpose for obtaining this feedback was: to identify which, if any, of the listed indicators are used; to find out whether their use is routine or on an ad hoc basis; to understand the usefulness and/or limitations of these indicators; to identify specific impediments in the use of these indicators; and to gather information on any other indicators that are currently in use.

Since most of the agencies visited use only a few of the indicators, and provided very brief responses, Exhibit 1-1 provides an effective means for summarizing the information provided by these agencies. Some of the agencies not listed in this chart did not provide the requisite information. As can be seen from this exhibit, few agencies make routine use of these indicators, and key impediments to routine use include: current system limitations; need for system enhancements; inadequacy of staff resources; and need for data sharing among others. It should be pointed out that the agencies that use the indicators find them generally useful, and they would like to deploy or increase their use as existing systems are changed or enhanced, and new systems are developed. [Exhibit 1-1 is found at the end of the report.]

1. Arizona Site Visit Summary Report

I. Background

The State agency describes Arizona as the second fastest growing state in the nation, with a population of about 4 million. Approximately 60 per cent of the participants are Hispanic, and only about half speak English, so retention of bilingual staff is particularly important in the clinics. Approximately 75 per cent of the families served by WIC in Arizona have one or more working parents. The State agency reports that USDA's definition of the migrant family does not fit Arizona's farm-working families in which the mother and children remain stationary while the father moves around following work. The Arizona WIC program also serves a large number of families of transient construction workers and military families.

There are many large military bases, some of which have WIC clinics on base. The Arizona WIC Program receives \$50 million in food funds, \$20 million in Nutritional Services and Administration (NSA) funds and \$25 million in rebates. Three local agencies have applicants on waiting lists. The State agency estimates that fewer than 1,000 are unserved due to lack of funds. In agencies where this is a problem, a priority system is in place to determine who is at highest risk. For those who must be denied benefits, referrals to other programs such as the Commodity Supplemental Food Program (CSFP) are made. In Arizona, CSFP is administered by the WIC Program.

WIC Program Organization

The WIC Program in Arizona serves approximately 125,000 participants each year. WIC services are provided by 14 county health departments, 3 community health centers, and 1 ITO. The county health departments have intergovernmental agreements which are approved by the county board of supervisors. The community health centers have contractual agreements with the State agency that are re-evaluated every five years, and the ITO (Cocopah) works with the State agency rather than functioning independently.

The State agency in Arizona was visited during the week of July 24, 2000. The local agency visited was the Yavapai County Health Department in Prescott, AZ.

At the State agency level, the WIC Program falls under the Community & Family Health Services, Office of Nutrition Services. The nutritional assistance programs manager oversees the WIC Program. The WIC Program director oversees the local agency and the clinics which fall under it. Certification is the responsibility of the community nutrition worker (CNW). The CNW is a paraprofessional who is required to complete competency-based training. CNW's must also fulfill an annual requirement of 48 hours of continuing training. Nutritionists are reserved for high risk clients.

The Arizona WIC Program has a contractual agreement with PDA Software Services, Inc. (PDA) to perform data entry and data processing, banking services, reconciliations, and the production of reports which are used to detect and prevent fraud and abuse (i.e. dual participation reports). Only PDA has direct access to the participant database; State and local WIC staff can only view MIS data via printed reports. PDA sends agencies a complete list of all participants

each month via e-mail, so staff can check on certain things such as transfers from other clinics, date of last check issuance, etc.

Management Information System

Arizona is currently in the development phase of a new management information system that they have named Arizona In Motion (AIM). A contract was awarded to CMA, Inc. in 1998 to modify the MIS that was being used by the Hawaii WIC Program for use in Arizona. The State agency decided a project control system needed to be put in place so that the end product would fit their needs. The system consists of a project control manager who is responsible for functional design, requirements, and user testing, as well as a technical project manager, who is responsible for technical issues. They work in conjunction with the software developer. There is also a multistaff program work group that meets once a week to make sure everyone is staying on target. AIM will pilot in December, 2000 and is expected to be operational statewide in June, 2001 at the latest.

AIM will have built-in functions that serve as controls against fraud and abuse. Checks can be printed on demand, and food packages tailored to meet participants' needs. A daily report will be printed identifying what checks were printed by each agency. Dual participation will be checked online at certification. The system can perform a divisibility study to compare the number of formula cans redeemed versus what is on the checks. The checks used with the new system will have Laserlock paper and watermarks to prevent counterfeits. The system will trigger a new order when stock is low. The check stock that will be used is Magnetic Ink Character Recognition (MICR) encoded, but unlike the checks currently in use, will not have preprinted serial numbers on them. The system will assign a serial number when the check is printed. The system can track the number of checks used, but if an issue of possible missing checks arises, specific serial numbers cannot be checked to determine if this is the case.

Management Evaluations

Local agencies are subject to audit every two years. Pre- and post-audit conferences are held between State and local agencies. The audit covers financial records and performance records. After receiving the State's written audit report, the local agency must submit a plan for fixing any areas in need of correction. Local agency directors do quarterly reviews of their clinics.

Quality Assurance

The State agency in Arizona does not report the same difficulty prosecuting cases of fraud and abuse that many other State agencies seem to be experiencing. While there are no State prosecution regulations specific to WIC, the State has strong criminal and theft statutes that can be used by WIC. For criminal fraud, Arizona has the cooperation of the State's attorney general, who is familiar with the WIC Program. Noncriminal fraud and abuse are dealt with locally. The Arizona WIC Program has internal policies that govern sanctions. Prosecution costs have been an issue, as has the fact that the job of prosecuting such cases is not the responsibility of any particular staff member.

Typically when noncriminal fraud or abuse has been discovered, a letter is sent to the WIC recipient requesting remuneration. The request is not enforced unless the amount of loss involved is more than \$1,500 (a cost benefit analysis was performed to arrive at this amount). Complaint cards are issued to all vendors and to each participant at the time of certification and

recertifications. In addition, the State agency has a toll-free telephone number that can be used to register complaints. The State agency follows up on all complaints.

II. WIC Program Operations and Processes

A. Certification

Screening and Certification

When an applicant calls to request an appointment, categorical and income eligibility is determined. The appointment is recorded in the computer with the new AIMS system. The information requested prior to the scheduling of the appointment is not retained, but it is checked again at certification. The applicant is told what type of documentation to bring (including request for proof of pregnancy) and is sent paperwork to fill out. Pregnancy tests are available at the clinic for those who have not had their pregnancy verified by a doctor. If an applicant does not have proper documentation for certification, a 30-day supply of benefits still may be obtained. The applicant may sign a waiver. Allowing the use of waiver forms in place of proper documentation is an area of vulnerability, but the State agency staff are concerned that if they do not allow a waiver under certain circumstances, they might be denying services to eligible applicants.

Verification of Adjunctive Eligibility

Applicants are considered adjunctively eligible for WIC if they can provide proof of eligibility for Medicaid, Temporary Assistance for Needy Families (TANF) or food stamps. For adjunctive eligibility through Medicaid, applicants can either provide WIC with an award letter or staff can call a toll-free number to establish that the applicant is eligible. (The Medicaid card doesn't have eligibility dates on it, but does have a telephone number that can be called to verify eligibility). A letter of notification of eligibility for TANF or food stamps can be provided to WIC for proof of eligibility for that program.

Documentation of Identity, Residence and Income

Documentation provided for proof of identity, residence and income is either recorded in the participant's chart or photocopied. Only the WIC ID folder is required at check pickup. If a participant cannot provide documentation of identity, residence or income, a waiver must be signed. It is the policy of the Arizona WIC Program that "documentation cannot be a barrier to services." The participant's Social Security number is not requested, because the State agency has been advised that it is illegal to do so. Social Security cards are not considered acceptable documentation of identity because they are easily forged. Certification information is recorded by hand on a form provided by the State agency. A copy of this form is sent to PDA for data entry, and one is kept in the clinic's records. PDA sends a participant roster every month that lists participants as active or inactive.

Dual Participation

Currently, PDA sends a quarterly dual participation report to local agencies. This report checks the first five letters of participants' first and last names, birth date, local agency, clinic, ID number, WIC category (infant, child, etc.), address, and original certification date. This report also checks against information on participants in the Commodity Supplemental Food Program (CSFP), because this program is administered by the WIC Program in Arizona. Information is

also shared by the Navajo Nation through a written agreement called a memorandum of understanding. New Mexico and the ITOs there have recently agreed to start sharing information for this report as well. If a local agency identifies a case of possible dual participation, that participant's file is tagged, and the director will ask the participant about it at the next appointment. If suspicion still exists, the director will investigate further before additional checks are given. A weakness of the current system is the amount of time that could elapse between the fraudulent receipt of benefits and the detection of it-as long as three months later. The new system will check for dual participation at certification, eliminating the problem of time lapse.

Automatic Termination and Conversion

PDA will automatically terminate a participant who has not been into the clinic in two months. PDA automatically converts infants to child status. This prevents participants from receiving formula past the time in which it is needed. This is an important control due to the high cost of formula to the program, and the resale value of baby formula.

Separation of Duties

A large proportion of Arizona's WIC sites are small clinics in rural areas, so separation of duties among staff members has been a challenge. In small clinics, staffing issues often dictate that the same person must certify, print, and distribute checks. While the potential for staff fraud and abuse is greater when separation of duties is not in place, the State agency reports that problems with staff fraud and abuse have been minimal. Also, with the current system, each staff member has a code that will only allow access to certain screens on the computer. Program officials are able to track the frequency of access to certain information by each staff member. This capability may serve as a deterrent to staff fraud and abuse.

Special Formula

Special formulas can be distributed to participants only with a doctor's prescription and the approval of the nutritionist. Some clinics have a stock of formula on hand, and some do not. The State agency gets a report that tracks special formulas.

Reliance on Outside Providers for Blood Work and Measurements

Blood work and measurements are taken in the clinic or may be provided by a physician if taken shortly before WIC enrollment. While the potential for falsification of this information exists when it comes from an outside source, the clinic has the equipment and qualified staff on hand to verify this information if it seems suspicious. Staff members typically call the physician's office to verify the authenticity of any data that appears to be suspicious.

WIC Quiz

The WIC agency at Yavapai gives participants a quiz after discussing program rules and procedures. The quiz consists of questions designed to determine the participant's level of understanding of the policies and procedures of the program. It provides an opportunity for open discussion of areas as the participant may not understand. Strengthening a participant's understanding of program rules lessens the possibility that unintentional abuse of the program may occur.

Receipt Requirement

Participants are required to retain cash register receipts after transacting checks for WIC foods, and to bring the receipts to their next appointment. Staff will review the receipts to determine if any non-WIC foods were purchased. If so, the participant will be counseled about the error. The second time it happens, the participant receives a warning, and the third time can result in a participant being suspended or disqualified from the program. This provides staff with the opportunity to educate participants who may not understand which foods they can buy. It also provides a warning to those who may try to purchase the wrong foods intentionally that staff will be reviewing their purchases.

B. Food Instrument Issuance and Management

Check Printing

All checks and check stock that are used by the WIC Program are printed by a local company and sent via United Parcel Service (UPS) to local agencies. The Arizona WIC Program uses the following drafts:

- **Automated:** Printed on check stock by the computer at the clinic and contains participant information and food prescription. Typically used with participants who are already in the system. Automated voucher printing (AVP) is a standalone system on the clinic computers. Transactions are transmitted to PDA at the end of each day.
- **Preprinted Manual:** Only food package information is preprinted, the rest must be written in by staff. For use with a new participant or one in need of a change in prescription.
- **Blank Drafts:** All participant, food package and issuance data must be completed by the staff. May be used for a new participant with an atypical food prescription.
- A special type of check for use by the State agency for replacement of rejected checks.

All checks have a preprinted serial number and MICR-encoding on the bottom. Manual checks are not entered into the computer at the clinics. One carbon copy of each manual check is sent to PDA for data entry.

On-Demand Checks

The new system will allow on-demand printing of checks even for new participants, which will eliminate the need for preprinted manual checks. The current system also allows for automated voucher printing (AVP) at the clinic for established participants. Printing of checks when the participant is at the clinic results in fewer voided checks than the system some other States have under which checks for all established participants are preprinted and mailed to the clinics.

Dual Signatures

Each check has two signature lines. One is signed by the participant when the check is picked up at the clinic. The other line is signed in front of the cashier who is accepting the check at the grocery store. The signatures must match, or the check should not be accepted by the cashier, which makes it more difficult for someone other than the participant to transact checks that have

been lost or stolen. When checks are signed at pickup, a carbon copy of the checks with the signature is retained at the clinic as a record.

Voiding of Checks

Voided checks are logged as voided, stamped with "VOID", dated, and given a code that indicates the reason for the void. If the check voided was an AVP check, the void is entered into the computer and the information is transmitted to PDA at the end of the day. If the voided check was a manual check, the check and a carbon copy are sent to PDA for data entry.

No-Replacement Policy

As a control against fraud and abuse, checks are treated like cash, and are not replaced if lost, stolen or destroyed. Checks may be replaced if damaged and in a participant's possession. In those two cases, a void can be done on site prior to reissuance.

WIC Staff as Alternate Representatives or Proxies

There is no policy currently preventing WIC staff from serving as proxy for a participant, but the State agency reports that this has never been an issue.

C. Management Evaluations

The State agency conducts an audit of the local agencies biannually. The local agency will be notified 3 or 4 weeks in advance. A pre-audit conference is conducted with State agency personnel to determine problem areas that may exist. Audit staff will hold an entrance interview with local agency staff to outline the scope of the audit and set up work schedules. An audit of the financial records will be conducted. The audit may include: a review of the approved cost allocation plan; assessment of the adequacy of the accounting system; WIC funds that are separately accounted for; and a reconciliation of the agency's expenditure report with its books. A review of the performance records will be conducted, and may include review of: client charts, activity logs, documentation of program progress reports, or sign-in sheets.

Staff will be interviewed, and procedures (such as certification) observed. Once the audit is completed, an exit interview will be held with the program director and finance officer of the local agency to discuss the findings. Auditors will make recommendations for corrective measures. After the final report is submitted, the local agency must provide a written response including measures that will be taken to correct any problem areas. A followup visit will be completed within 30 days of receipt of the audit report.

D. Special situations

Indian Tribal Organizations

Arizona's WIC population includes a large number of Native Americans, many of whom receive services through WIC clinics operated by Indian Tribal Organizations. This population is also eligible to receive services from clinics run by the State agency. As a result of this situation, the potential for an increased amount of dual participation exists. However, the dual participation report which is sent quarterly by PDA includes participants from the Navajo Nation and Indian Tribal Council of Arizona (ITCA), so the same checks and balances for detecting dual participation between local agencies are in place (with the exception of the time lapse issue).

III. Summary of Site Visit Results

The key practices that promote staff and participant integrity in the Arizona WIC Program are the following:

- Use of individual codes to allow staff members access to only position-related screens on the MIS. Can track unusual patterns of issuance, voiding, etc.
- AVP checks, which allow staff to print checks when the participant is onsite
- Capability to check for dual participation across WIC Programs including local ITOs and CSFP
- Access to multiple reports that can be used to detect fraud and abuse
- Automatic conversion from infant to child status
- Use of a quiz to assess participants' level of understanding of WIC Program rules and procedures
- Requirement that participants bring grocery store receipts to appointments to ensure that they are transacting their checks for the appropriate foods
- Solid management evaluation with a followup component that ensures correction of problems

The current dual participation report is only sent to WIC by PDA on a quarterly basis. This could potentially allow for 3 months to elapse between the time dual participation occurs and the time it is detected. This problem will be rectified with the AIM MIS that will check for dual participation at certification. A strength of the current system is that, unlike some States, the system allows for a check for dual participation against CSFP. In states where there is no link between these programs, staff generally ask participants if they are on CSFP, and have no further check beyond the answer they get from the applicant.

PDA provides the Arizona WIC Program with several reports that are useful in detecting fraud and abuse. In addition to the dual participation report, they also get a Questionable Issuance Report that flags checks that have been cashed but not entered into the computer as issued. They also get a Rejected Items Report, which lists checks that have been returned to the vendor and why. This report allows the State agency to flag vendors with unusual numbers of rejected items (i.e. alterations). PDA sends agencies a complete list of all participants each month via e-mail, so staff can do queries to check for certain things like transfers from other clinics, date of last check issuance, etc.

The amount of time that elapses before information is updated by PDA is a weakness of the program. An online system that operates in real time is preferable, and will soon be available to the Arizona WIC Program with AIM.

The requirement that participants bring grocery receipts with them to appointments is a good control against purchase of foods that are not approved for WIC. Many State agencies report this as an area of potential abuse that they are unable to control, and which is frequently inadvertent on the participant's part. Arizona's policy provides its agency with a method of detecting this type of abuse, educating a participant who may be confused about which foods to buy, or terminating a habitual offender. This is a control that requires a small amount of additional time, but could be used by any agency.

The management evaluation process with its followup is an effective control as it helps to ensure compliance with policies and procedures that are in place to prevent and detect fraud and abuse. This process enables the State agency to identify areas of weakness in local agencies and make suggestions for improvement. The followup allows the State agency to ensure that any problems have been corrected to agency staffers' satisfaction.

2. California Site Visit Summary Report

I. Background

The WIC State agency in Sacramento, CA, was visited the week of October 2, 2000. The local agencies visited were: the Community Resource Project (CRP), a nonprofit local agency serving parts of Sacramento County, with three sites serving a caseload of 11,000; and Public Health Foundation Enterprises (PHFE), the largest local agency in Los Angeles and in the State.

The California WIC Program serves about 1.25 million participants, making it the largest in the Nation. About 70 percent of participants are Hispanic, 9 percent are African-American, and 6 percent are Asian or Pacific Islander. Children are 53 percent of participants; the rest are evenly split between infants and women. California's participation grew almost 15 percent from 1996 to 1998, in part because of innovative rebate contracts. The Federal WIC grants for California total about \$739 million a year (including food and Nutrition Services and Administration funds). California receives an additional \$200 million for food from rebates.

California's WIC Program is not only the largest in the Nation but also one of the most diverse. The program serves large numbers of immigrants from Latin America, Asia, and Europe. There are also about 14,000 migrant farm worker participants in California. The geography ranges from the several major metropolitan areas to remote rural areas. One local agency, the PHFE WIC Program in Los Angeles, has 305,000 participants, which is more than most States do.

WIC Program Organization

In California, the WIC Program is administered by the Department of Health Services (DHS), WIC Supplemental Nutrition Branch. DHS also administers the Medicaid program (known as Medi Cal) and a wide variety of public health programs. The major components of the branch are: the Automated Management Section, the Program Promotion and Development Section, the Training and Education Services Section, the Nutrition Policy and Operations Section, the Financial Management and Reporting Section, the Food Management and Integrity Section, and the Program Operations and Support Section.

The main entities involved with fraud prevention, detection, and sanctions are the Automated Management Section (which supports the WIC MIS), the Nutrition Policy and Operations Section (which disseminates policy and reviews local operations in all areas, including certification and issuance), and the Food Management and Integrity Section (which is responsible for vendor authorization and monitoring, redemption oversight, fraud investigations, and recovery of funds).

Of particular note is the creation of the Program Integrity Unit (PIU), which is dedicated to preventing, detecting and responding to fraud by participants and staff. The unit's seven staff members have both reactive and proactive roles. In their reactive roles, they receive and investigate complaints about fraud by participants and staff, and they provide guidance to local staff regarding situations that may involve fraud. These staff members also initiate collections for benefits received improperly by participants. In their proactive roles, the program integrity staff

members assess local office procedures and provide technical assistance to strengthen local agency capabilities to prevent and detect fraud.

The Department of Health Services contracts with 82 local agencies to operate the WIC Program. These agencies include city or county health departments, hospitals and other healthcare systems, and community-based organizations. Each local agency has a designated service area and a designated caseload. WIC services are delivered through more than 650 local clinics.

Local WIC agencies in California typically employ three primary types of staff to deliver WIC services. Competent professional authorities (CPAs) in California include nutritionists and nutrition program assistants (NPAs), who are paraprofessionals certified according to the state's competency-based standards. Nutritionists handle certification and counseling for high-risk participants, while NPAs perform the services for low-risk participants and teach nutrition education classes. Clerical staff schedule appointments, check participants in at the front desk, take demographic and eligibility information, and print checks.

Local agencies also employ breast-feeding consultants and outreach workers. The PHFE WIC Program has an integrated statewide information system (ISIS) support unit, which provides both technical and policy support to clinic staff. This unit also handles all incoming phone calls from applicants and participants. Each local agency has a director, and agencies with more than one location have a supervisor (usually a nutritionist) at each site. PHFE also has area managers who each oversee five sites, in part because the clinic supervisors must see participants as well as manage their sites.

The California WIC Program provides food benefits, nutrition education and counseling, breast-feeding promotion and support, and referral to health and human services. The program relies on outside medical providers for blood work, immunizations and other program-related health services. The California DHS also operates the Farmers' Market Nutrition Program.

The Commodity Supplemental Foods Program (CSFP) is operated in California by the Department of Education. The CSFP operates on a small scale in four sites.

Operational Challenges

For many years, California's share of WIC funding was small relative to the eligible population. As a result, the program focused on serving women and infants. With the advent of additional resources through increased funding and the use of rebates, California has greatly expanded its capability to serve children in the WIC Program.

The size of the WIC Program in California has a real impact on the way the program operates. Senior managers are very conscious of the program's visibility, both within the State as one of the largest DHS programs and as the largest WIC Program in the Nation. California's governor has made integrity in public programs one of his top priorities. As a result, State agency staff take a highly proactive approach to preventing and detecting fraud.

California's WIC population includes a large number of linguistic and cultural communities. From the fraud control perspective, one of the biggest challenges has been that in some

communities, cultural factors affect attitudes toward program compliance. In the past, some grocers in tight-knit ethnic communities have ignored WIC Program redemption rules, but the state's vendor management program has removed many of these stores. A more subtle problem in immigrant communities is that participants sometimes give away or sell foods that are not part of their usual diet, such as cheese. This issue is addressed through education about the value of the foods, including provision of recipes. Another challenge is that in some communities (not just immigrants but others as well), women do not have access to information on their partners' income. California is home to large numbers of undocumented immigrants, but State agency staff believe that these numbers have diminished as controls on border access and employment have increased. California also has large number of migrant farm workers. The biggest challenge with this population is not dual participation but getting them to WIC clinics to apply.

Management Information System

California's WIC MIS, the integrated statewide information system (ISIS), is an online, centralized database system that has operated statewide since 1997. ISIS supports the following local program functions:

- Applicant screening
- Scheduling appointments
- Enrolling applicants and recertifying participants
- Establishing/updating family profiles
- Prescribing food packages
- Nutrition education planning, scheduling and tracking
- Preparing food packages and issuing checks
- Transferring participants

Unlike many States, California chose to have both clerical and nutrition staff perform their work online. To facilitate this process, ISIS screens provide the proper wording for questions when gathering data. ISIS eliminates much of the need for paperwork and frees up staff time to provide more nutrition counseling and other services. At the same time, ISIS provides an audit trail of each worker's actions that is accessible to State and local managers.

An equally important feature of ISIS is that the statewide database is updated in real time and accessible (with appropriate restrictions) to all local and State users. When a user attempts to register an applicant whose personal data match a current participant anywhere in the State, ISIS immediately notifies the user of a potential duplicate enrollment. The record can be flagged right away with a comment, so that anywhere the participant goes, the information will be available.

ISIS shares the mainframe transaction processors and telecommunications infrastructure used for the Medicaid MIS (MEDS), thereby reducing MIS costs. Local agencies must still, however, have dedicated high-speed transmission lines to local nodes of the MEDS network, as well as workstations and other hardware in the local office. The architecture enables ISIS to provide an online link to the Medi Cal database for verification of coverage and adjunctive eligibility.

On the other hand, ISIS downtime requires cumbersome backup procedures in the increasingly rare instances when it occurs. There are also broader cost-effectiveness tradeoffs in the choice of an online mainframe system. For example, the terminals are less expensive than PCs, but the

high-speed dedicated telecommunications lines are relatively expensive, particularly when considered on a per participant basis for low volume clinics. The infrastructure requirements of ISIS also constrain local agencies in their choice of sites for clinics, although some sites use laptop computers with dial-up connections for part-time or remote locations. Nevertheless, recent assessments have validated the overall cost-effectiveness of ISIS and identified ways to reduce costs.

II. WIC Program Operations and Processes

A. Certification

Applicants can request certification appointments in person or by telephone. Local agencies try to serve walk-ins on the day they appear if possible. Larger local agencies, such as PHFE and CRP, have clerical staff assigned to receive calls and schedule appointments. The worker taking the applicant's call obtains personal data, does a preliminary income screening, schedules a certification appointment, and explains the documentation requirements. The local agency mails a letter to the participant confirming the appointment, reiterating the documentation requirements, and providing information on the program. If the letter is returned, a worker will investigate and place a note in the case record.

Online System for Screening and Certification

California's ISIS system supports online screening and certification/recertification of applicants. Each module includes all of the questions that front-line workers must ask and all of the necessary data elements. The screening module includes questions on adjunctive eligibility, income and household size, as well as basic applicant demographics. This module is used to screen potential applicants by telephone, but all callers are given the option to apply. The certification module captures information on income eligibility, residence, documentation provided, medical referral (i.e., anthropometry and blood work) and nutritional assessment.

Online Verification of Adjunctive Eligibility.

ISIS permits online queries to the Medicaid MIS (MEDS) to verify adjunctive eligibility for participants in Medicaid, Food Stamps and TANF, using either SSN or Medicaid number. This query is a mandatory step in the WIC enrollment process when an applicant's income eligibility is based on adjunctive eligibility for one of these programs. This link can also be used to determine whether a participant has followed through on a referral to Medicaid. If the participant reports very low income but does not show up on Medicaid, this is a potential reason for concern about the accuracy of the income information.

Documentation of Identity, Residence and Income

All participants must document identity, residence and income at each certification. Under specific conditions when documentation is not feasible, a participant may sign a form in lieu of providing documentation. (A common instance is when a person is paid in cash.) The type of documentation (or specific waiver) is recorded in ISIS. The State's policy is to require documentation but to explore all possible methods of documentation consistent with USDA policy. For example, the list of acceptable identity documents includes library cards and signed medical referral forms. More strict documentation requirements are used when fraud is suspected (e.g., requesting tax forms if unreported income is suspected) and when staff members apply to

participate. Noncritical documentation, such as a Social Security card when identity has already been established, is not required for certification, but an agency staff member will typically place a hold on the case so that a participant can be asked for the documentation at the next visit before checks are issued.

Staff use their judgment and experience to identify instances when suspicious circumstances indicate the need to probe for more documentation. For example, when a small, slender woman claims to have recently given birth to triplets, the certifying worker might insist on seeing original birth certificates instead of copies. The worker might also call the hospital where the children were allegedly born to ask if any triplets were recently born. Staff are careful to document custody when the adult applying on behalf of a child is not the child's parent.

The health questions asked by CPAs during certification can serve as an additional test for the credibility of an application. If the adult applying on behalf of a child has trouble answering questions about illness, hospitalization and routine care, the worker is likely to become suspicious. At a minimum, one must build a good story to fraudulently enroll a participant.

Statement of Rights and Responsibilities

At each certification, the applicant is asked to sign the WIC Program Information Statement, which explains participants' rights and responsibilities, including the penalties for false statements and other program abuse. The CPA will usually read the statement to the applicant or summarize it and have the applicant read it. This statement is printed in many languages to ensure that all applicants understand it.

WIC Authorization Folder

Upon initial certification, a participant is given a WIC authorization folder (WAF), which serves as proof of identity for subsequent visits and for redeeming WIC checks. Both the family ID and the participant ID are recorded on the WAF, along with the participant's signature and the stamp of the agency. Appointments are recorded in the WAF, as are instructions when a participant must bring blood test results or other documentation to the next appointment. The WAF also has space for medical referral information, in case the provider does not have the medical referral form. The WAF is not treated as a controlled document with respect to security of storage and inventory, presumably because it has little value by itself.

Online Dual Participation Check

The enrollment function in ISIS has an automatic real-time check for dual participation against a statewide database. Any worker (clerical or CPA) screening or enrolling a participant with information that matches an existing participant on the database gets a message of a match. The worker has the option to terminate enrollment, hold pending further information, or override the warning. Matches are made based on Social Security number (SSN), Medicaid identification number, California driver's license number, or the combination of first and last name, date of birth and mother's first name. SSN is not required, but staff make repeated attempts to obtain a documented SSN if the participant has one. Thus, the simplest attempts at dual participation are prevented, and the time-consuming process of reviewing match reports is eliminated.

The limitations of this system for detecting dual participation are: (1) potential pressure on front-line staff to override matches so as to avoid extra effort to investigate and to speed up

enrollment, (2) the requirement for an exact match, and (3) no automatic supervisor involvement in investigating matches. Also, there is no record of the override function and no batch report to verify that matches are handled properly. The worker can, however, print out the match screen for review by a supervisor or support unit. To address some of these limitations, DHS has provided more specific instructions to local agencies regarding the actions to be taken when WIC match screens appear. These procedures are intended to allow DHS to more effectively monitor the identification, investigation and resolution of potential dual participation attempts.

The roles of the program integrity unit (PIU) at the state level and, at PHFE, the local ISIS support unit, provide backup for investigating potential dual participation and offset the front-end limitations. (CRP may have the more typical approach: staff can refer a potential match to a supervising nutritionist or the agency director.) Furthermore, program staff at the State and local levels assert that most matches are merely the result of people transferring without contacting their prior local agencies, so the interpretation and handling are straightforward.

Separation of Duties/Controls on Certification Authority

Income, identity and residency documentation may be checked and entered by a clerk (as at CRP), but they must be reviewed and approved by a competent professional authority (CPA) during the face-to-face certification interview. In both CRP and PHFE, telephone screening is separate from check-in, and check-in is separate from check printing. Both local agencies have clear and strong policies in accordance with the State agency's policy that permits only a clinic supervisor or manager to certify employees as participants. PHFE mandates monthly issuance with updates on residence, income and household composition.

Specialized Staff for Investigating Dual Participation

Local agency staff can call the State agency's Program Integrity Unit (PIU) if they encounter a match indicating potential dual participation. PIU staff have the experience and training to investigate these matches efficiently and thoroughly. In addition, they can play the "bad cop" role of communicating enrollment denial to the applicant, so that local staff can focus on more positive aspects of customer service.

At PHFE, the first line of support for dealing with matches is the ISIS support unit, which offers similar resources. Clinic staff are instructed to call the unit if they encounter an incidence of potential dual participation. The unit staff researches the family information in ISIS and, if necessary, places a confidential hold to prevent further issuance and issues a recertification notice. The participant then must provide clinic staff with proof of identity, residence and income, plus a recent medical referral form.

If this process leads to the conclusion that duplicate participation has occurred, the ISIS support staff gather evidence from ISIS and clinic signature logs to determine the extent of the violation. The area manager overseeing the clinic must authorize the suspension letter, and a senior nutritionist or deputy director reviews the case before it is referred to PIU for collections. When the ISIS support unit learns of someone who is making repeated attempts to enroll fraudulently, it puts out a bulletin describing the situation to all clinics. PIU also sends alerts of purported fraud schemes to other local agencies bordering PHFE or even statewide when appropriate.

Reliance on Outside Providers for Blood Work and Measurements

For each certification, the participant must obtain a medical referral from a licensed healthcare provider with measurements and, when required, blood test results. For children and women, measurements can be taken at the WIC clinic.

One of the most common fraud issues in certification is falsification of medical referrals, but most often this is merely because the participant fails to get the referral completed by the physician during the office visit, or because the participant has other difficulties in completing the referral process. Most falsified medical referrals are easy to spot (e.g., written in pencil or unsigned). On the other hand, some sophisticated instances of fraud have been perpetrated using bogus or stolen stamps from doctors' offices, and some doctors have falsified blood work results to ensure that their patients can qualify for WIC. (This was an issue when low-risk participants were denied benefits due to funding limitations.) The physical presence requirement has reduced this vulnerability. The State agency has also educated physicians about the importance of clear and accurate referral information, and local agencies devote more attention to quality control on this information.

State agency staff note that the use of referrals is a convenience to participants who already receive routine primary care, and that managed care has reduced the role of the county health departments that used to take the measurements and blood work for many WIC participants. Years ago, California chose not to mandate that local agencies be healthcare providers because otherwise it would have been much more difficult to accommodate the program's expansion and current level of access.

Automated Tracking of Nutrition Education

ISIS permits online scheduling and recording of nutrition education. For example, ISIS has the schedule for group training sessions with their topics, so participants can choose a group when scheduling a clinic visit.

Video for Participant Training

DHS has produced a video for use in training new participants about program rules. The video describes the benefits of WIC, the eligible foods, and the procedures for using checks. The video also includes a quiz at the end to reinforce the key points. It is often shown while certification staff are reviewing participant information and entering data in ISIS.

B. Food Instrument Issuance and Management

Automated Food Package Assignment

ISIS assigns a standard food package based on the certification data for the participant. ISIS prompts for the choices regarding juice and peanut butter/beans in selecting food packages for women and children. For participants with special dietary needs, the nutritionist can choose an alternative food packet. Noncontract formula must be justified with a doctor's prescription. For the more expensive metabolic formulas, WIC staff make sure that, whenever possible, the participant's insurance bears the cost. If not, the State WIC agency must approve the prescription, order the formula and ship it to the local agency.

On-Demand Check Printing

All WIC checks are printed on-demand at the clinic using the prescription information in ISIS. ISIS security controls restrict access to check printing functionality and also restrict the printers that can be used to print checks.

Separation of Duties

ISIS security controls whether a staff member has the authority to perform the following steps: check stock inventory, performance certification, prepare food packages to print, print food instruments, void check stock/food instrument, change issued food package, food prescription exceptions, immunization, unlock records, local administration browse, and local administration additions/changes. No staff member is supposed to routinely print food packages that she has prepared to print or vice versa, but qualified backup staff may have the authority to do both. PHFE's operating procedures separate check printing from obtaining signatures.

Only clinic supervisory staff (who do not routinely print checks) have the authority to receive check stock and issue it to the staff assigned to print checks. These supervisors also maintain the check stock inventory logs. Usually one or two persons have void authority on a given day in each office, and those individuals do not have authority to print checks at the same time. Local administrators can modify profiles as needed to maintain separation of duties and to accommodate special situations when exceptions to separation of duties have been authorized by the State agency because of staffing limitations. Before the State agency grants such exceptions, the local agency must demonstrate that it can ensure that the potential for a abuse will be minimized. As a further precaution, these administrators' profiles do not allow them to print checks.

Use of Serialized, MICR-encoded Check Stock

California uses serialized, MICR-encoded check stock for WIC checks. This system provides accountability for all check stock throughout shipment and handling, and it facilitates the redemption process. ISIS is used to record the status of check stock shipments from the State to the local agency and, where applicable, from the local agency headquarters to individual clinics. When a shipment is sent, a separate electronic bill of lading is sent to be checked against the boxes received. Check stock must be recorded in ISIS as received and activated before it can be issued.

By using stock with a preprinted MICR line, California is able to use impact printers that (according to State staff) are faster, more reliable, and less expensive than the laser printers used in Tennessee. ISIS prints the serial number on the check, so workers can verify that the physical check number is the same as the system-assigned check number. This mechanism appears slightly less reliable than the scanning system used in Texas, but mismatches are rare. The check stock also has several physical security features to detect duplication and counterfeiting, but it is quite inexpensive. The physical record of check issuance is a signed signature log retained at the clinic.

Vendor-Specific Checks

The California WIC check currently is made payable to one vendor selected by the participant. This feature facilitates check redemption and can make it more difficult to commit fraud with WIC checks. On the other hand, staff must take the time to help each participant select a vendor,

and they must void and reissue checks if a participant requests a change of vendor. Because of these problems and other considerations, the State WIC agency is planning to eliminate the vendor-specific feature, although the time line for this change has not been specified.

Non-Replacement Policy

California WIC checks are not replaced if they are lost or stolen. Replacement checks are issued only if the original checks are presented and voided (to change prescription or vendor), if food or checks are destroyed in a documented household disaster, or if checks have been mailed and have not been received within a certain number of days. It is relatively easy to use lost/stolen WIC checks, because the only signature check is against the WIC folder, which anyone can sign as an alternate. The WIC Program does have information on alternates in ISIS, so it is feasible for a vendor to check before allowing an unknown person to use someone else's checks, but this is rarely done.

Alternate Representatives or Proxies

A participant can designate an alternate to pick up checks, receive nutrition education and redeem checks. The alternate must sign the WIC authorization folder (WAF) in the presence of clinic staff. Once an alternate is designated, he or she presents the WAF and personal photo identification to pick up checks. A participant also can send a person with a proxy note and the WAF to pick up checks in an emergency situation. The proxy must show photo identification to pick up the checks. If staff are suspicious, they may ask some questions about the participant to see whether the proxy is legitimate. DHS policy prohibits WIC staff from acting as alternates or proxies to pick up WIC checks for participants.

Daily Report and Reconciliation

At the end of the day, local staff print out a check issuance report and a void report. The check issuance report is balanced against the check stock against the check issuance log. The void report is balanced against the voided checks in hand. Supervisory staff are notified if there are any discrepancies, especially if voided checks are missing. At PHFE, voids are stored in a locked cabinet until the end of the month, when they are sent to the central office for audit by the area manager.

C. Food Instrument Redemption

Check Acceptance Procedures

As noted, California WIC checks are vendor-specific, so the participant can only shop at the vendor selected at the time of check issuance. The participant presents the WIC authorization folder as identification and signs the check after the cashier enters the total. The cashier is required to compare the signature in the WIC authorization folder with the signature on the check, and also to verify that the check is being redeemed within its valid dates.

Check Processing

Vendors deposit WIC checks at their banks for payment, and the banks submit them to the State Treasurer's office (STO). After nightly processing to identify new checks, voided checks, expired checks, and redeemed checks, DHS sends a file of checks valid for payment to the STO. Checks not on this file are rejected by the STO and reviewed. If there is a simple processing

error by the vendor's bank, the STO will correct it and resubmit the check. Otherwise, the check goes to DHS for review.

If a check has been rejected in error (e.g., an incorrect void), it can be represented after the status is corrected. Only designated State agency staff can reverse a void, but this can be done as soon as the local agency detects the error, preferably before the check is submitted. The STO also rejects checks with tender amounts exceeding the maximum value for the check, as indicated in the file from ISIS. Rejected checks are subject to a fee imposed by the vendor's bank.

The California State controller's office (via an interagency agreement with DHS) randomly pulls 1,500 to 2,000 checks each week for physical examination, as required by USDA regulations. Most commonly, these reviews find missing signatures or vendor endorsements. Missing signatures are usually detected by the vendor's bank. In such cases, the vendor contacts the local agency, which asks the participant to return to the store and sign the check.

The vendor-specific method of issuing checks eliminates the need for the vendor to put identification on the check and simplifies processing, but there is a problem. There is no test in the redemption process to make sure that the vendor is currently authorized. Once a check has been issued with an assigned vendor, the vendor can redeem it, even if the vendor has been terminated. This problem is one reason that State agency staff want to move to a system where checks can be transacted at any authorized vendor. In the meantime, however, a vendor can be removed from the ISIS authorization file to immediately prevent additional checks from being issued with that vendor's name.

Price Monitoring

DHS sets the maximum value for each WIC check based on regularly updated price information from the California Department of Agriculture. Maximum values are set near but below the top of the range of prices, not only to prevent overcharging but to encourage WIC participants to make economical purchasing choices. For checks that provide milk, maximum values are based on regularly updated price information from the California Department of Agriculture. The recent volatility of milk prices has forced DHS to eliminate the printed maximum value on checks that include milk. Instead, DHS determines a maximum price on a monthly basis and inserts this information in the file of authorized checks sent to the State Treasurer's office. Vendors are advised of the changed maximum values each time they are updated.

Vendor Management

Food retailers must submit an application and a price survey to DHS for authorization to accept WIC checks. DHS vendor management staff review the application and visits the store to determine whether it qualifies. The retailer must attend a group education session and demonstrate knowledge of WIC Program rules governing eligible foods, check transaction and redemption procedures, and other requirements. The vendor must then sign a contract with the State agency agreeing to abide by program rules. Vendors must repeat this cycle every 2 years and can be denied contract renewal if they have a history of noncompliance or if their prices are too high.

DHS uses both statistical monitoring and tips to target stores for undercover compliance investigations. Local agencies are required to report information about alleged abuse to the

State's vendor management unit. State agency staff conduct monitoring visits or obtain the assistance of local staff for this purpose if needed. DHS has an active and effective program to identify and remove problem vendors from the Program.

The California WIC Program has established a Grocer's Advisory Committee (GAC), with representatives from the grocery industry, local agencies, WIC participants and DHS staff. This group brings together stakeholders to improve mutual understanding of WIC Program operations. DHS believes that the GAC has strengthened ties between grocers and WIC program officials to cooperate in the prevention of program abuse.

WIC-Only Stores

California has perhaps the largest number of WIC-only stores: retail outlets (often adjacent to WIC clinics) that stock only WIC items and accept only WIC food instruments for payment. According to WIC staff, this business is quite lucrative and a real convenience for participants. Although the food costs to the State are high, the high profit margins and the visibility of these stores may tend to make their owners very careful about fraud, according to State and local staff.

D. Fraud Investigation/Sanctions

Specialized Investigative Units

The Program Integrity Unit (PIU) is a specialized staff at the State agency level responsible for investigating allegations of fraud by participants and staff. PIU handles all calls regarding WIC fraud made to various toll-free numbers, including a pager number for anonymous "whistle-blower" tips from local staff. Standard forms are used to record and track complaints. PIU investigates dual participation matches and attempts to collect overpayments. PIU also conducts training and on-site reviews to promote security through staff awareness and adherence to procedures. PIU staff are not criminal investigators, so they rely on the department's Audits and Investigations Division when such resources are needed. The Audits and Investigations Division has limited resources for WIC investigations, but the WIC branch is working on ways to obtain additional investigative services.

PHFE has a centralized program integrity function through its ISIS support unit, which also provides help-desk support for technical and policy questions. Clinic staff refer dual participation matches and other evidence of fraud to this unit for investigation. This resource frees up clinic staff time, reduces confrontations between clinic staff and participants, and promotes a more professional and methodical approach to investigations.

Promotion of Fraud Control Agenda

Senior State agency staff have always made fraud control a priority but have increased the emphasis in the aftermath of adverse publicity regarding Medicaid fraud and a general mandate to fight fraud from the current governor. The State agency has devoted considerable resources and ingenuity to establishing a solid set of preventive measures. The State WIC agency has encouraged the local agencies to make fraud a priority through education at conferences (using peer experience) and through a combination of reviews and technical assistance.

At the same time, the WIC director takes the stance that, within the regulations and policy established by USDA, public health is the first mission of WIC. In deciding how to allocate

resources, State agency staff members clearly distinguish between high-priority fraud cases (those involving multiple violations by participants or any violations by vendors or staff) and low-priority cases (e.g., unreported household income, particularly among women and children with relatively low-cost food packages). As a practical matter, the options for investigating and sanctioning low-level fraud are very limited. The major external resources—the State’s Audits and Investigations staff and, for criminal cases, the local district attorneys—have been hard to enlist because of competing priorities and the low dollar amounts involved in most cases.

E. Local Agency Oversight

Local Agency Contracts

DHS contracts with local agencies on a 3-year cycle. Caseload levels and service areas are assigned by contract. The contract brings together the requirements of Federal laws and regulations, State laws and regulations, and State WIC policies and procedures, which include staff qualifications and staff-to-caseload ratios. Local agency compliance is reviewed when contracts are renewed, based on a variety of performance indicators including management evaluation reviews and audits. DHS maintains a contract support unit to provide information and assistance with contractual issues.

Communications with Local Agencies

DHS uses a variety of channels to communicate with local agencies. Regional meetings are held on a quarterly or monthly basis. At these meetings, DHS provides information and education through both State staff and local staff, who are sometimes seen as more credible and more effective at persuading their peers. DHS also has an annual conference for all local agencies and an advisory task force representing local agencies and their trade group, the California WIC Association.

In its efforts to promote local agency attention to program integrity issues, DHS relies more on technical assistance, guidelines and outreach than on mandates. Several DHS units provide training at local agencies in different areas, including program integrity, nutrition, and customer service. Staff members in these units also provide consultation by telephone or in person when local agencies request assistance. DHS also offers certification training for nutrition program assistants. Members of the PIU staff have provided presentations on program integrity at USDA and California WIC Association conferences.

DHS has some reports that are used to monitor program integrity at the local level, and staff are continuing to develop new indicators. For example, one report compares the clinic location to the locations of vendors selected by participants. If a large number of participants seem to be going out of the way, the State agency will investigate further to determine the reason for the situation. When reports are developed to identify possible problems at local agencies, the reports are presented to the local agencies as a management tool, not in a confrontational way. DHS is increasing its emphasis on these tools, and the State agency plans to create some additional high risk indicator reports, drawing on models developed by other states.

Staff Qualifications and Hiring Criteria

DHS does not set hiring criteria for local agency staff, other than the professional qualifications for nutritionists and the competency standards for nutrition program assistants. Many local

agencies are part of city or county government and therefore subject to local personnel policies, which may include drug tests, background checks or motor vehicle records' checks. PHFE's parent organization uses a contractor to conduct criminal background checks, and PHFE always checks the last two references for applicants. These reference checks rarely turn up any information about past performance, however, because most employers are reluctant to give out this information. But knowing that references are being checked may deter some applicants with a poor work history. The Community Resource Project (CRP) does not do background checks, but the director poses ethical issues in interviews to test applicants' reactions.

DHS allows local agencies to use volunteers, but they do not have access to confidential information or negotiable documents.

Local Agency Quality Assurance

At PHFE, both clinic supervisors and centrally based area managers perform quality assurance reviews of the work of CPAs and clerks. The clinic supervisors review a sample of participant records each quarter to determine whether the record is complete, who processed each step, whether documentation procedures were followed, and whether the food package and counseling were appropriate. When the workload is heavy, however, clinic supervisors sometimes find it difficult to complete these reviews on time. Area managers do random audits of clinic files throughout the year and also observe CPAs as they conduct assessment and counseling sessions. If there are signs of suspicious activity by a staff member, the manager can obtain reports of the person's activity on ISIS.

CRP has a ongoing quality assurance process focused primarily on the work of nutrition assistants and dietitians. In the past, most of these reviews were done by senior staff members, but the agency has recently implemented a peer-review system. For each nutrition assistant, five cases are reviewed each month. Typical problems involve not the core data but details such as when to place a hold on a record for return of a breast pump or when to insert comments. Problems also arise when new policies are implemented. CRP's peer review process has not been extended to the work of clerical staff, in part because of the more fluid nature of the work.

F. Management Evaluations

DHS conducts management evaluation (ME) reviews of each local agency every 2 years, using traveling staff from the central office of the Nutrition Policy and Operations Section. The topics include: staffing and organization, certification and eligibility, voucher use/distribution/security, nutrition education, and civil rights compliance. The local agency gets notice of its review 60 days in advance. During this period, the State and local staff hold advance teleconferences and the local agency conducts a self-evaluation. State staff review a sample of ISIS records in advance to assess completeness, compliance, and appropriateness of nutritional assessment and counseling. The onsite review takes 2 to 3 days and includes observation of operations, inspection of facilities, and review of paper records.

Feedback on ME reviews is provided by an exit conference and a followup letter to the parent agency's director. If needed, the State and local agency establish a corrective action plan to address the findings. The State agency staff conduct at least one followup visit four months after the review and may conduct several more over the next 12 to 18 months to make sure that issues

have been resolved. The ME reviewers may request a site visit from the PIU if there is a possible integrity problem.

Program Integrity Reviews

The PIU conducts specialized local agency reviews, to supplement its role in providing training, technical assistance, guidelines and outreach. In these reviews, PIU focuses on internal controls for storage, issuance, and tracking of WIC checks. PIU also uses the reviews to identify any weaknesses in controls that would allow for fraudulent activity to occur, or to follow up on issues identified by other sources such as ME reviews.

Local Agency Audits

DHS requires each local agency to have an annual independent financial audit. The state audits each local agency every three years. Although much of the focus of these audits is on administrative expenses and related controls, voucher security and computer security are also addressed. If there is a finding in these latter areas, the Program Integrity Unit follows up.

III. Summary of Site Visit Results

The key practices that promote staff and participant integrity in the California WIC Program include the following:

- Comprehensive use of ISIS to automate information flow, validate information and streamline
- Separation of duties for scheduling, certification, and check issuance
- Role of nutritionist or nutrition assistant in reviewing eligibility documentation in the context of health and nutritional assessment
- On-demand check printing with serialized, MICR-encoded stock and computerized inventory tracking
- Tight controls on payment of redeemed checks to catch excessive claims and invalid checks
- Aggressive vendor screening, monitoring and investigation to reduce vendor and participant fraud
- Role of State agency's Program Integrity Unit and local ISIS support unit (at PHFE) in investigating dual registration matches and other potential fraud, and in initiating request for repayment of improperly obtained or abused benefits
- Multiple sources of motivation, technical assistance and training to improve integrity and compliance
- Management evaluation and quality assurance processes meeting program requirements while providing local flexibility

It is important to recognize that California's anti-fraud regime reflects a unique combination of circumstances: a very large, diverse state with a tradition of local autonomy; a very large and experienced State agency staff that can perform specialized roles; a heterogeneous array of local agencies assembled by the State to support rapid expansion as the traditional role of county health departments declined; and a State WIC agency with close ties to the management of the Medicaid program, thereby facilitating the critical access to the Medicaid MIS and its infrastructure. Thus, many of California's best practices might be difficult, impossible, or unnecessary in other States with fewer resources or less complex management challenges.

Nevertheless, many of these practices (or at least their underlying logic) could be applied elsewhere, particularly as advances in automation and communication provide more options. In addition, the fraud problems experienced by California can be seen as a bellwether for other State agencies, because of the increasing diversity of the population and because many illegal practices first seen in California or similar large States will later appear in other, smaller States.

At its best, the California system strikes a careful balance between program integrity and maximizing participation. The State agency has invested a considerable amount of funds in automation that improves program integrity while streamlining operations. State agency staff vigorously promote awareness of fraud at all levels, build collaborative relationships to combat fraud, and are the "eyes and ears" of the program. At the same time, State and local managers send a strong message that WIC needs to be as open as possible within the law and regulations, in order to serve its public health mission.

3. Illinois Site Visit Summary Report

I. Background

The Illinois WIC agency in Springfield was visited during the week of August 28, 2000. The two local agencies visited during our site visits were the Community and Economic Development Association of Cook County, Inc., (CEDA) and the Springfield Urban League (including the Community Health Training Center) in Springfield.

WIC Program Organization

The Illinois WIC Program encompasses approximately 100 agencies, and serves about 240,000 participants. More than 80 of these agencies are in county health departments. Several agencies in Chicago are run by community organizations, hospitals, or federally qualified health centers in addition to the largest provider, the Chicago Department of Public Health. The contracts that the State agency has with these organizations are renewed annually. The Illinois WIC Program receives \$107 million in food funds, \$38.8 million in NSA funds, and \$62 million in rebates.

The State agency describes Illinois as mostly rural and, with the exception of the Chicago area, very similar to other agricultural Midwestern states. Of the 11 million residents of Illinois, approximately 8 million are living in the Chicago area. The number of participants falling into the migrant category is somewhere between 700 and 1,000 with this number remaining fairly stable each year. There are currently no eligible participants who are denied services due to lack of funding or who have been placed on waiting lists.

Integrated System of Health Services

Integration of services is an important focus of the State agency. The Department of Human Services integrated the maternal and child health services, so that staff and participants would not have to duplicate paperwork and record keeping. The Cornerstone MIS currently used by WIC agencies was developed with this in mind, and is an essential element in service integration, making enrollment and records available to all programs within the system. It also enables users to match participant needs with appropriate referrals. Illinois considers the WIC Program as the “gateway to healthcare.”

Frequent referrals are made to KidCare, a program that provides medical care for children. KidCare receives state funding and is considered to be an extension of Medicaid. Other referrals are made frequently to Temporary Assistance for Needy Families (TANF). For those who do not meet eligibility requirements for WIC (child age 5 or postpartum over 6 months), but are still in need of assistance, a referral may be made to the Commodity Supplemental Food Program (CSFP) which can provide USDA commodity food. The need for community outreach to get eligible participants enrolled in the appropriate programs resulted in the establishment of Family Case Management, a service which provides home visits to families, and makes appropriate referrals to maternal and child health services, including WIC.

At the State agency level, the WIC Program falls under the Bureau of Family Nutrition. This is overseen by the bureau chief, who supervises the following four sections:

- Nutrition Services (breastfeeding, nutrition resources, regional nutrition)
- Special Supplemental Nutrition Section (WIC banking, farmer's market, CSFP, WIC vendor management)
- Administrative Support (office staff)
- Public Service Administration (includes WIC vendor compliance).

At the local agency level, the WIC program director oversees operations at the agency and all the clinics that fall under it. Certification, prescription of food packages, and nutrition education are all responsibilities of the certifying health professional (CHP). The position of CHP may be filled by any of the following: registered dietitian, nutritionist (Bachelor or Masters level), registered nurse, or home economist (Bachelors with an emphasis in nutrition).

Many of the duties of the CHP can be performed by the registered dietetic technician (DTR) under direct, onsite supervision of the CHP. The breastfeeding peer counselor (BFPC) must have certification in a breastfeeding peer counselor program, and is responsible for promoting breastfeeding in the clinic and the community. These tasks are performed under the direct supervision of the CHP. Local agencies also frequently employ clerical staff to assist with interviewing for obtaining income, residency, and identification documentation and entry of the data into the computer system.

Illinois fully recognizes the importance of solid training for staff, and has at its disposal the Community Health Training Center (CHTC) which was developed as a joint venture between CHTC and the Springfield Urban League. This center provides "maternal/child health and nutrition-related programmatic and computer-based instruction to all local and State human service employees to help their clients achieve maximum self-sufficiency through integrated family oriented services." CHTC just received accreditation from the American Dietetic Association for continuing education, and works in conjunction with several local colleges to offer college credit.

Cornerstone Management Information System

The management information system currently in use by the WIC agencies in Illinois has been named Cornerstone. It is a PC and local area network-based system that is distributed to over 300 community health service locations. Statewide administrative staff as well as agency staff were consulted in the system's development. Cornerstone was developed with the State agency's philosophy about the importance of integration of services in mind. The Department of Human Services wanted a system that would share information between all of its maternal and child health programs, and Cornerstone does this. Cornerstone has the following features built in:

- Common enrollment component that allows participant information to be entered one time, then made available to all other service providers within the Cornerstone system
- Automated Care Plan, which generates service goals using participants' answers to a series of standardized questions which assess prenatal or child healthcare, nutrition, and child safety

- Scheduling and referral process, which matches the participant's needs with a available providers (both internal and external)
- Wide-area network which allows staff to access service history data (such as immunization history) when participants change clinics
- Confidentiality protection that allows staff to flag certain information so that it is only available to that site or that particular staff member.

As a part of the Cornerstone project, the Illinois Department of Human Services formed a partnership with Illinois Primary Healthcare Association (IPHCA). IPHCA handles certain administrative aspects of the system, such as:

- Cornerstone Call Center, a customer support helpline
- Cornerstone Quality Enhancement System Team (CQUEST), which manages the system's ongoing enhancement and development of the system-also monitors reports from local agencies and keeps records of call resolution information
- Cornerstone Network Support, which provides support for hardware and communications difficulties at participating agencies
- Cornerstone Solution Center, which makes repairs, tracks inventory and performs maintenance
- Cornerstone Asset Management, which maintains records of all Cornerstone system equipment
- Cornerstone Onsite Support, which provides contact with sites, changes to clinic sites, and coordination of moves

This award-winning system is viewed by the State agency as an invaluable tool in the prevention of fraud and abuse. The system has many built-in functions that aid in the detection and prevention of fraud and abuse, such as:

- Checks for dual participation
- Makes automatic conversion from infant to child
- Does not allow an agency to print checks that are outside the range of designated check numbers for that agency
- Provides staff with ability to identify patterns of issuance or redemption that are unusual
- Forces staff to enter all necessary information

- Will not allow user to proceed until income documentation is done, and will indicate if applicant's income is above program levels
- Detects whether a vendor is current before authorizing payment of checks
- Performs quick and accurate reconciliation and inventory of checks
- Can generate end of day report so checks can be inventoried
- Automatically terminates a participant who has not been active in the program for 2 months
- Can place a "lock" to restrict access to the file of participant who is also a staff member.

In addition to these built-in controls, the system maintains records, cuts down on the amount of writing, and speeds up the flow of clinic activities. This in and of itself is an effective control against fraud and abuse because it reduces the amount of time it takes staff to perform their duties, and reduces the likelihood that certain policies and/or procedures might be overlooked due to time constraints.

Local Agency Management Evaluations

The State agency conducts management evaluations of local agencies on a biannual basis. The evaluation form used by the State agency covers the following areas: administration, certification observation, outreach and civil rights, and program integrity. The evaluator makes suggestions for improvement, and the agency must provide a written response describing their plan of action in correcting the problems. Although it is not required, the State agency reports that local agencies do chart audits every 6 months.

Special Anti-Fraud Initiatives

Illinois has implemented a unique method for obtaining the cooperation of local law enforcement, and the State attorney general's office. The Illinois WIC Program has drawn up contractual agreements with the State police, and the Office of Attorney General to prosecute cases of criminal fraud and abuse. In the past, these cases have typically involved vendor fraud and abuse. Although this kind of support involves significant costs (\$400,000 to State police and \$80,000 to State's attorney general), the program considers it money well-spent. They also contract with an outside agency to perform compliance buys with their vendors. The funding for these contracts comes from NSA funds, and the State agency reports that they have chosen to put the money into these areas rather than hire additional staff. Their ability to do this, when many other states are experiencing staffing hardships, may be a result of having a comprehensive MIS, which eliminates a lot of the time staff would otherwise be spending on paperwork.

WIC Food Centers

Although Illinois is largely a rural state, it has within its borders the large city of Chicago, with its areas of concentrated poverty. According to the State agency, the WIC Program had trouble with vendor fraud, as honest vendors often avoided operating in these areas. The food centers were developed in an effort to deal with this problem. The food centers are operated in Chicago

by Catholic Charities, which contracts with the State agency. These WIC food centers stock only WIC-approved foods and accept only special WIC food coupons. The elimination of cash makes the food centers unattractive candidates for fraudulent activities.

Complaints about staff, participants or vendors always receive followup. If a complaint is made about a vendor, the State agency's vendor unit will investigate. Complaints made about staff or participants are investigated by State or regional staff.

II. WIC Program Operations and Processes

A. Certification

Online System for Screening and Certification

Illinois' Cornerstone MIS allows for screening and certification information to be entered directly into the computer at the time it is obtained. When scheduling an appointment, the applicant's first and last name, date of birth, and a unique identification number assigned onsite are entered into the system. Participants' Social Security numbers are requested at each visit until they are provided by participants, but lack of this number will not halt the process of certification or receipt of benefits. Once participant information is entered into the system, the MIS will check overnight for dual participation based on the information entered.

The system requires entry of information on income, residency, identification in order to proceed with certification. Cornerstone will perform an income calculation based on information entered and will let the user know if the applicant is over acceptable income levels. The system provides a built-in control in that it will not allow the user to proceed with certification until the income calculation is completed. If adjunctive eligibility is to be established, the applicant must provide documentation of participation in the program(s) involved. If an applicant cannot provide documentation of current participation in TANF or Medicaid, the staff have access to an 800 number where they can call to verify that the applicant is currently enrolled.

It is the policy of the WIC Program in Illinois not to print checks until all information is brought in, so that ineligible applicants cannot receive even a 30-day supply of benefits for which they are not entitled. Cornerstone cuts down on the amount of time needed to certify participants because there is little need for manual paperwork. Cornerstone is an integrated system shared by all State maternal and child health programs, so much of the information needed may already be in the system, and available to staff upon demand.

Documentation of Identity, Residence and Income

Applicants must provide appropriate documentation of identity, residency and income (or adjunctive eligibility) in order to receive checks. This information is also required at each recertification. Applicants are also asked to provide proof of pregnancy. If proof of pregnancy is not available at certification, the applicant may receive benefits, but has to provide this proof within 90 days. While the possibility of a participant receiving benefits secondary to falsifying a pregnancy exists, the 90-day waiver limits the amount of benefits which may be obtained fraudulently without posing an unreasonable barrier to eligible women who may not have had the opportunity to schedule a doctor's appointment. Some of the agencies that are not operated by a health department do not offer pregnancy tests, but will refer applicants to the health department

to get one. County health departments offer pregnancy tests, with charges based on a sliding scale. The cost is usually about \$5, and can be billed to Medicaid. If an applicant cannot afford to pay, the test will be done free of charge.

Dual Participation Check

The Cornerstone system will check for dual participation based on the information entered when the applicant calls for an appointment. The system checks first name, last name, date of birth, and unique ID number. Typically when participants call in, this information is entered, and if the system finds cases of possible dual participation, a message will appear on the screen the next morning that this may be a dual participation. The system places a lock on this file which only the clinic's coordinator can remove.

The coordinator would ask the applicant about this at the certification appointment, and will allow certification to continue only after this issue has been resolved. Walk-ins are uncommon, but if an applicant should show up with all appropriate documentation, the computer will inform the staff entering the information if a possible dual participation has been found. The system provides immediate indicators if the potential participant is already on WIC and if necessary the system would not at this point prevent the staff member from proceeding. It would be the responsibility of the staff to resolve such issues prior to proceeding.

As this check is performed prior to certification, the likelihood that dual participation would be discovered after someone has received benefits fraudulently is greatly diminished. In addition, the State agency prints a monthly dual participation report to alert staff about cases that may have slipped through the initial check.

Participants are not permitted to receive benefits from WIC and CSFP at the same time. CSFP records are not accessible through Cornerstone, so applicants are asked at certification if they are receiving benefits from CSFP.

Automatic Termination and Conversion

As a control against fraud and abuse, Cornerstone prevents staff from printing checks for a participant whose certification period has expired. Once the participant has been recertified in the system, checks can be printed. Cornerstone also automatically converts infants to child status to prevent the receipt of expensive formula when it is no longer needed.

Separation of Duties/Controls on Certification Authority

Documentation of identity, residency and income is typically verified and entered into the system by a clerk. The CHP would review and approve this, complete certification, and prescribe a food package. It is not unusual for the same employee to do the initial certification and check issuance. While the agencies recognize the importance of separation of duties, clinic flow and staffing issues are often an impediment.

If a staff member is participating in the Program, all appointments are scheduled on their time, records are reviewed regularly, and a "lock" can be put on the file in Cornerstone so that only the local director has access to it. Each staff member has a code that allows entry into Cornerstone. This code will only allow access to screens that are necessary for the duties performed by that

staff member's position. The user number allows a staff member's actions to be traced and monitored for evidence of irregularities.

Changes in Food Package/Special Formula

It is possible for changes to be made to a participant's food package both before and after checks have been issued. Since checks are printed on demand, staff can change the food package before the checks are printed. If the food package needs to be changed after checks have been printed, checks that must be voided in the system before new checks can be printed. Special formulas are usually expensive, so they are provided only with a doctor's prescription. Even then, the agency must get approval from the State nutritionist, who receives and monitors reports about issuance of special formulas. This allows the State agency to keep tight controls on distribution of this formula, and the reports would flag any agency or staff member who might be issuing an unusual amount of it.

Reliance on Outside Providers for Blood Work and Measurements

At certification, height, weight and hematocrit data must be obtained from each applicant. How often these values are retaken depends on the category the participant falls into (i.e. those at a high risk nutritionally will have this repeated more frequently). This information can be taken at the clinic or provided by a qualified medical professional, but the referral document must include the applicant's name, date of birth, date measurements were taken, physician's name, address, phone number and signature. If the data is questionable or the physician unknown to staff, a call will be placed to the doctor's office to verify the information.

B. Food Instrument Issuance and Management

Handling of Food Instruments

Illinois has a very comprehensive system in place for handling of food instruments. Blank food instruments are shipped to the local agency, who then sends a document back indicating which checks they received. Food instruments have preprinted serial numbers and MICR-encoding, but the participant information, food prescription, maximum amount and "use by" dates are printed upon demand by the computer. The background of the check is watermarked and the word "VOID" will appear on any photocopied checks.

When the State agency ships a box of checks to a local agency, the State agency assigns those serial numbers to that local agency. Clinics can only print checks that contain the serial numbers designated to them in the system. This is a control against a serial number being used at more than one site. The checks are single copy with a stub that is retained as a record of the food instrument printed. Upon receipt of a box of checks, the agency enters the range of check numbers into the computer.

The system will not allow anyone at this agency to print checks outside of this range. Sometimes it is necessary to ship a box from one agency to another. If this occurs, the State agency must be notified. One person in each clinic is identified as the person responsible for the checks. Designating a certain staff member as the person responsible for the checks is an important control in that it eliminates the diffusion of responsibility that may accompany a task that is "nobody's job" in particular. Blank checks are kept in locked cabinets when not in use, and are left in the printer when in use.

Check Issuance

WIC checks are printed on demand with participant information, food prescription, “use by” dates and maximum amount. Participants must show identification to pick up checks. What type of ID is up to the local agency, as long as it is something other than the WIC ID folder. Participants sign the check stub upon receipt of their checks. Proxies follow the same procedure for check pickup. The stub is retained by the clinic as a part of its records. Clinics do not replace lost checks. Checks may be reissued under certain circumstances, such as theft or fire, if approved first by the State agency. Checks may be sent to a participant via certified mail under certain circumstances such as when a participant is bedridden and cannot come to the clinic. This can only be done after the State agency grants approval. State agency staff reported that they cannot remember a time when this has been necessary.

C. Food Instrument Transaction and Redemption

When transacting checks, participants must show WIC ID folders and must sign the checks at the register. It is up to the cashier to make sure the signatures match. After the participant cashes the checks, the vendor deposits them in a local bank. Illinois has a contract with PDA Software Services, Inc., to handle check processing. PDA uses a contract bank to process WIC checks. When the checks are presented for redemption, the contract bank checks them against a list given to the merchant by PDA which includes all check numbers that have been issued, the valid dates, maximum amounts, and participant name.

If something doesn't match what is on the list, it is returned to PDA. PDA also looks for signatures, vendor stamps, and possible alterations. Any check that does not pass this inspection is returned to the vendor or the State agency for a secondary review. The State agency will decide which checks to pay if any, and what amount. All checks created by local agencies are reconciled to obligation records that are uploaded and transferred to PDA. The State agency gets an image of all processed checks on CD one week after redemption.

Use of a system that allows for checks to be printed on demand is a strength of the program. This results in fewer voids and unclaimed checks to keep track of. Illinois has a strong system in place for tracking checks that have been printed and/or redeemed. There is a systemwide trail of any check that may be in question. Staff can check to see if a particular check number has been issued, redeemed, voided, or returned for nonpayment. If a check or series of checks are unaccounted for or missing, the system can be immediately updated so that these are not issued or paid.

According to their contractual agreements, local agencies are fiscally responsible for any food funds which are lost “as a result of thefts, embezzlement or unexplained causes, or the misuse of Food Instruments which are voided in hand, stolen or reported to the Department as lost, and which are subsequently paid by the Department’s contract bank.” While this sends a strong message to local agencies about the serious nature of fraud and abuse and the sanctions imposed if it occurs, it may serve as a deterrent to agencies in that they may be reluctant to report these circumstances if it results in a financial penalty.

Voiding of Checks

Any checks that need to be voided are entered into Cornerstone as a void and are no longer eligible to be redeemed. Local agencies are only permitted to void checks that they actually have in their hands. After voiding them in the system, the checks are shredded. If a check is lost or stolen, the State agency must be informed, and will void the check in the system so that it cannot be redeemed. Cornerstone keeps track of which employees are voiding checks, and how many they are voiding, so unusual patterns of voiding can be investigated for possible staff fraud.

D. Management Evaluations

A management evaluation is performed at each local agency on a biannual basis. This is important because each local agency has its own policy and procedure manual and is allowed some discretion within the parameters of the regulations. The evaluation is performed by a field representative and a nutritionist from the State agency. It typically lasts from 2 to 3 days. The team interviews staff about operations in the clinic, reviews records and charts, observes operations (i.e. certifications) and assesses security of checks.

The State agency has a comprehensive evaluation form that covers the following:

- Administration
 - Facility observation
 - Caseload management
 - Staffing
 - Scheduling
 - Review of Nutritional Services and Administration (NSA) expenditures
 - Nutrition education and food instrument pickup
 - Local agency policy and procedures
 - National Voter Registration Application (NVRA)
- Certification Observation
 - Intake
 - Notification
 - Clinic
 - Food instruments issuance
- Outreach and Civil Rights
 - Outreach
 - Civil rights
 - WIC termination/ineligibility review
- Program Integrity
 - Food instruments
 - System security
 - Dual participation

Following each section is a “comments” section in which the evaluator indicates what changes need to be made in reference to that section. The agency is then required to submit a written response addressing how they rectified each of these areas.

Local agencies have their contracts reviewed annually, so it is important to them to follow procedures and receive favorable evaluations. Some agencies do their own management evaluations independent of the ones the State agency does. This may consist of using the State agency’s evaluation form as a checklist to make sure they are not deficient in any area, or performing regularly scheduled or random chart reviews to ensure that staff members are doing a sufficient job of documentation.

These evaluations are an invaluable tool in the prevention of fraud and abuse because they communicate the program’s dedication to following the rules that have been established to prevent such events from occurring. They also allow for the detection and rectification of any areas of weakness in Program administration and operations. Local agencies know that someone will be looking over their work, and that they will be asked to explain and correct anything which is not being done according to the State agency’s requirements.

E. Food Center

In 1993 the State agency in Illinois implemented a pilot project of the Food Distribution Centers in Chicago. The decision to try this innovative approach was a result of several concerns on the part of the WIC administration. According to the State agency any significant level of fraud and abuse usually involves vendors, so with the food centers, the potential for fraud and abuse is greatly reduced. The food centers are located in the inner city where most instances of fraud and abuse were occurring.

The State agency reported that many legitimate stores would not operate in these areas and that women were being accosted and/or robbed at the existing retail stores, so the food center concept has also addressed the issue of safety for WIC participants. The food center project has been a great success, and expanded so there are now 16 of them. Catholic Charities currently operates the food centers on a contract basis. Operating costs are included in the food cost, which is about the same as food costs with inner city vendors.

The State agency reports that the food centers have caused very little problem with vendor relations, as the food centers only operate in areas where many legitimate vendors may not wish to operate. In other areas of the city, WIC still maintains traditional relationships with vendors who accept WIC checks. Additional food centers will be opened as needed.

The food center is different from a regular store in that only WIC-approved foods are stocked, so participants cannot use their checks to purchase non-WIC items. Aisles are fully stocked with WIC items so participants can obtain all items on their food prescription. This eliminates the scenario where a store might transact a check for the amount of all the items on it even if a participant could not get one or more of the items because they were out of stock. Many items (especially high-cost items like formula) are labeled specifically with WIC labels to reduce the chance of their being resold.

Participants are given a special orange food instrument that is only redeemable at the food center. Participants cannot collude with vendors to exchange food instruments for money or get change back when transacting them, as there is no money in the registers. In addition, the food center provides onsite episodic daycare and nutrition education for the convenience of WIC participants. The general atmosphere at the food center is friendly and inviting. The development of the food center was an insightful solution on the part of the State agency to manage difficult problems. It not only serves as a control against fraud and abuse, it also addresses the concern of the program for providing better services for their participants.

III. Summary of Site Visit Results

The key practices that promote staff and participant integrity in the Illinois WIC Program are the following:

- No allowance for waiver of documentation of identity, residence, and income
- Requirement of proof of pregnancy before issuing first month's checks, coupled with easy access to testing
- MIS that will not allow completion of certification until income eligibility screen is completed
- The Cornerstone MIS is integrated with the public health system, and can detect dual participation within this system in a timely manner
- On-demand printing of checks, which eliminates the need to have unissued, pre-printed checks in the agencies
- Use of individual codes for staff members to access Cornerstone, which can be used to track unusual patterns of issuance, voiding, etc.
- MIS that tracks checks, provides capacity for instant voiding, and will not allow a serial number to be used twice
- MIS that will not allow participant to receive checks past the date when recertification is due
- Automatic conversion from infant to child status
- Automatic termination from the Program of anyone who has not participated in 60 days
- Follow up on all complaints
- Strong management evaluations/audits complete with a followup and requirement for a written plan for correcting problem areas

The detailed check for dual participation in Cornerstone is done overnight. Because of this, applicants are scheduled for the certification appointment no less than a day after their information is entered into the computer, so the check for dual participation can be performed prior to certification. This system prevents dual participation instead of detecting it after the fact. However, it would not be feasible in a State where forms are handwritten and mailed to a data processing facility.

A strong MIS like Cornerstone allows for tracking and reports that aid in the detection and prevention of staff fraud and abuse. The use of individual codes for local staff restricts the activities they can perform and allows State agency staff to detect anything unusual that local staff might be doing on the system. It also serves as a preventive measure, because staff are aware that there is a record of what they are doing each time they log into the computer.

The Illinois WIC Program had incorporated many controls against participant fraud and abuse in its MIS and program procedures. Cornerstone provides automatic termination of participants who are not recertified, and automatic conversion of infant to child status so these things cannot be overlooked. No provision of allowance of waiver for documentation of identity, residence and income is a strong control against the receipt of benefits by ineligible persons. The requirement for proof of pregnancy with a 90-day waiver reduces the amount of benefits a woman could receive by falsely declaring a pregnancy.

The strong management evaluation process that is in place with its followup component is an effective control as it helps ensure that policy and procedures are being followed. Not only does this process identify areas of weakness, it sends a message of accountability to staff at the local agencies. It also allows the State agency staff to step into the local agencies and see how well they are being operated on a multitude of levels, and communicates the State agency's dedication to program integrity.

4. Kansas Site Visit Summary Report

I. Background

The State WIC agency in Topeka, KS, was visited during the week of August 14, 2000. The Shawnee County Health agency and the Johnson County Health Department were the two local agencies interviewed during the site visits. The Kansas WIC Program receives Federal funding in the amount of \$19 million in food funds and more than \$6 million in funding for NSA. The Program also receives \$10 million in rebates.

The State agency reports several factors that account for population fluctuations among their participants. While there is not a large number of participants who meet WIC's definition of migrant workers, there is a large population of Hispanic participants who live and work in Kansas, but travel back to Mexico in the summer when the school year is over. A significant military population also exists that fluctuates. For example, Fort Riley recently shipped out a large number of military personnel. There are currently no eligible applicants who are denied services due to lack of funding or who have been placed on waiting lists.

WIC Program Organization

At the state level, the WIC Program falls under the Bureau for Children, Youth & Families Nutrition & WIC Services Section. The director of nutrition and WIC services supervises:

- Nutrition services (breastfeeding, nutrition services)
- Community program consultants (program operations, training, management evaluations, vendor authorization and monitoring, provides consultation and technical assistance to local agencies)
- Office staff (provides clerical and secretarial support)

There are 36 parent agencies in the Kansas WIC Program. The Program serves approximately 50,000 to 54,000 participants. Most of the agencies are housed in County Health Departments. Other organizations that have had contracts to run local agencies in the past have been mostly nonprofit organizations, and one conglomeration of Native American tribes. Agreements with local agencies are contractual agreements that are renewed annually and are not limited to county health departments. The number of clinics operated by each local agency varies.

The State agency uses reference checks and interview teams with structured question lists prior to employment of state staff. They do not conduct background investigations or drug testing although they report that some of the counties require drug testing prior to employment of county health department staff.

Local Program Administration

At the local agency level, the WIC Coordinator oversees operations at the agency and all the clinics that fall under it. Initial screening, intake and issuance of vouchers are typically performed by clerical staff. The certified professional authority (CPA) who can be either a nurse

or dietician, does certification and recertification. Positions for staff in the WIC Program may be funded partially by other departments. Such staff are cross-trained and must complete daily time study reports indicating how much of their time was spent working for each program (i.e. maternal and child health nurses often spend 50 percent of their time working for WIC).

Training of new staff consists of orientation, a new employee training clinic which is done by the State agency three times a year, on-the-job training, educational modules, and observation of a seasoned employee. Followup training for current staff is accomplished through management evaluations, and annual statewide conference, and sometimes through self-training modules.

Management Evaluations

Local agencies are audited a minimum of every 2 years. All parent agencies are responsible for conducting their own management evaluations of sub-agencies, and most do staff performance evaluations. The audit team may go back some time within 6 months as a followup if a local agency has been having problems.

Management Information System

Kansas has a contract with P D A S software Services, Inc. (PDA) to handle processing of transacted vouchers, food instruments, and entry and management of program data. When new participant information is taken or existing participant information changes, a form is filled out manually and mailed to PDA via UPS. PDA's system automatically converts infants to child status at the appropriate time, and will terminate a child at 5 years and a postpartum woman at 6 months or 1 year depending on breastfeeding status. The system also terminates pregnant women 6 weeks after their estimated date of delivery if they have not been recertified.

Food instruments are generated for all existing participants and mailed from PDA to the clinics via UPS. Dual participation reports are printed and mailed out by PDA on a quarterly basis. One computer at the State agency provides access to the database maintained by PDA. The local agencies do not have direct access to this database. The State agency can pull up the unreconciled voucher report to determine which vouchers have been entered as issued, compared with which ones have been presented for payment. In order to establish the maximum amounts printed on the food instruments, PDA conducts price surveys with WIC vendors to establish average amounts. Any food instrument presented by the vendor for payment that exceeds the average amount for that food package by 20 percent is kicked out of the system and returned. The statements generated by PDA have a built-in point system to detect high-risk vendors based on data such as high food costs.

Fraud Prevention Initiatives

Complaints related to fraud or abuse can be made in writing on a complaint form that is made available to participants, vendors and staff, or by calling the State agency's hotline. All complaints are handled by the local agencies with the exception of complaints about discrimination, which are immediately forwarded to the State agency. Local agencies must respond to complaints and fill out a form that includes a narrative section about the nature of the complaint, and what action was taken in response to it. The local agency keeps one copy of this form, and sends one to the State agency where State staff members review it and do any followup that is necessary.

When cases of fraud or abuse are detected, followup actions for potential prosecution and sanctioning is often a problem for several reasons, including lack of requisite staff resources and specialized skills. The State agency feels that prosecution of fraud and abuse often becomes a cost vs. benefit issue. If the dollar amount of the loss is not significant, it often does not seem cost effective to invest a significant amount of staff time attempting to recover the loss.

It is the responsibility of the vendor manager to prosecute vendors and to assign individual staff members to prosecute participants. Typically, the followup for program participants is a letter that is sent to the participant by the State agency requesting reimbursement of the funds involved.

II. WIC Program Operations and Processes

A. Certification

Screening and Certification

When applicants call to schedule an appointment, the clerk either tells them what to bring or mails a letter listing what documentation will be needed. There is no initial eligibility established prior to the certification appointment. The appointment may be logged either on the computer or in a schedule book depending on the agency. Kansas does not have an online certification process, so a form is filled out with the applicant's information. A State application form is available for use by local agencies. One agency has chosen to use its own form for the purpose of integration of services across other programs. A required WIC/CSF certification form is filled out for those who are found eligible and a copy of this is sent to PDA for computer processing. No checks for dual participation are done at this point in the process. Applicants who are not eligible for WIC can be referred to the Commodity Supplemental Food Program if it is available in the WIC service area.

Verification of Adjunctive Eligibility

The WIC agencies in Kansas have a memorandum of understanding that allows them to share eligibility information with programs such as Medicaid, TANF or food stamps. This information comes in the form of a listing of participants exchanged between these programs. For those who do not, a certification letter or eligibility card from Medicaid or TANF can be used as proof. This information is recorded on the certification form.

If a participant moves from another State and has a verification of certification (VOC) card, this person will be considered automatically eligible. The VOC card has the participant's name, date of last eligibility determination, date of income assessment, and nutritional risk. The date of last eligibility determination will be used to establish the next date of recertification. In addition to the VOC card, another form of identification must be shown to establish the identity of the participant.

Documentation of Identity, Residence and Income

Participants are required to provide proof of identity, residence and income at each certification. Although Kansas is largely a rural state, the WIC Program does not have a problem with documentation of residency. Because of the 911 system, most homes have addresses. Participants are assigned a unique identification number (Social Security number is considered

optional). The beginning part of the identification number will be shared by all members of the same family, while the last part of the number is unique to each participant. Kansas does not require proof of pregnancy.

Although program authorities recognize that the possibility of someone falsely declaring a pregnancy exists, they have chosen not to require proof of pregnancy because there is a cost associated with it. Documentation is recorded on the chart, but agencies are not required to make photocopies of documents. If a participant is lacking documentation, a 30-day supply of benefits is issued, and the documentation must be provided at the next visit. A waiver of this requirement is sometimes allowed for participants who are migrant workers or who are homeless.

Checks for Dual Participation

Kansas receives quarterly dual participation reports from PDA. The system checks for dates of birth within 30 days of each other, last name, and first initial. The reports are sent to both local agencies involved, who are then responsible for checking with each other and resolving any actual cases of dual participation. The State agency has chosen quarterly reports rather than monthly reports because of the cost of having PDA print the report and the time lapse that occurs when mailing the data back and forth. Although clinics receive a printout from PDA of participants listed alphabetically and numerically, this printout is not used to check for possible dual participation at the time of certification.

PDA also provides data management for the Commodity Supplemental Food Program in Kansas, so a dual participation report for WIC and CSFP is sent by PDA to both programs. PDA checks the same items as the dual participation report between programs. The State agency said it has had very few cases of actual dual participation. However, with the current quarterly report system, the potential exists for a participant to receive several months' worth of benefits fraudulently before dual participation is suspected, investigated, and detected. Kansas City has been an area of concern due to the fact that part of it is in Kansas and part in Missouri. The computer systems in the Missouri WIC Program are not compatible with the ones in Kansas, but the two are currently trying to coordinate so their systems can share information.

Separation of Duties/Controls on Certification Authority

Kansas does not have a policy on separation of duties due to program authorities' concern about staffing issues in small clinics. In larger clinics where staffing levels are high, separation of duties is more prevalent. The State claims that the person who is in charge of receiving vouchers from PDA should not be authorized to issue vouchers from a WIC Program. Initial eligibility information may be taken by a clerk, but certification is performed by a CPA.

Automatic Termination and Conversion

PDA will automatically convert an infant to child status at the appropriate time. Children are automatically terminated from the Program at 5 years of age, and postpartum women at 6 months postpartum or 1 year postpartum depending on breastfeeding status. The system also terminates pregnant women 6 weeks after their estimated date of delivery if they have not been recertified.

If a participant has not been recertified by the end of the certification period, the system will automatically terminate that participant 45 days after recertification was to occur. PDA then will generate a certification form that is coded to indicate that the participant missed the

recertification date. The automatic performance of these functions is a built-in control against participants receiving benefits from the program for longer than they are entitled to.

Special Formula

Any special or non-rebate formula will be provided to participants only with the order of a physician. The documentation provided by the physician must include the diagnosis, the reason why that particular formula is needed, the quantity needed, and length of time it will be needed. This documentation must be reissued at each recertification, or at the end of the period specified by the physician, whichever is shorter.

Blood Work and Measurements

Blood work and measurements can be done in the clinic by an authorized health professional or a member of the WIC staff who has been trained to do so and is under the direct onsite supervision of an authorized health professional. Blood work and measurements may be obtained from a healthcare provider outside of WIC, however, the data are only valid for up to 60 days, and data on pregnant women must be collected in the trimester of certification. When medical information is coming from an outside source, the possibility exists that it may be falsified. If the data appear suspicious, a call can be placed to the doctor's office for verification. Having onsite collection provides the clinic with an immediate method for verifying any information that appears suspicious.

B. Food Instrument Issuance and Management

Agencies receive all vouchers directly from PDA. When a box of vouchers is received, it is opened and checked to make sure the agency number is correct. The contents of the box are compared with the packing slip inside to ensure that the sequence of serial numbers is correct, and that all the vouchers indicated have been received. The person checking this will date and initial the packing slip to indicate that they have been checked. Inventory is typically checked by the local agency WIC coordinator, but this can vary by agency.

State policy requires that the person who issues agency vouchers does not do the check-in of vouchers sent by PDA. If any discrepancies are found, the State agency is contacted immediately. The local agency is informed prior to shipment of its vouchers, so if the vouchers do not arrive, the State agency is alerted so the shipment can be tracked, and PDA is informed if the vouchers are not located. Vouchers are kept in a locked cabinet when not in use.

Use of Preprinted Manual or Computer-Generated Vouchers

Since data management for the WIC Program in Kansas is handled by PDA, checks for participants who are already in the system are printed by PDA complete with participant information, clinic information, maximum amount, valid dates and food package. PDA will not generate preprinted vouchers for participants who have not been recertified at the time recertification is due. PDA's MIS also has a function that will stop printing vouchers for a participant after the estimated date of delivery which was entered at certification. The vouchers are shipped via UPS to the clinic for pickup.

If a participant is receiving the first set of vouchers or is in need of a prescription change, a manual voucher must be printed by the agency. Manual vouchers provided to Kansas by PDA

are of two types: blank and preprinted (with food package). The blank voucher must be handwritten and is encoded with a serial number beginning with a "9." Blank vouchers can also be printed on clinic computers using automated voucher printing (AVP). AVP blank vouchers have a serial number beginning with an "8."

Having the capacity to print AVP vouchers for participants who are new or in need of a prescription change means clinic staff spend less time writing them out by hand. AVP printing is a stand-alone system, and the majority of the clinics in Kansas use it rather than receiving preprinted participant vouchers from PDA. The AVP vouchers are not printed until the participant shows for pickup, so the void rate is very low. For clinics that still receive preprinted vouchers, the policy for retaining vouchers that are not picked up is that they are to be kept for 5 days, then voided with a reason code and sent back to PDA.

One carbon copy is retained at the clinic for their records. Every week the agency sends a disk to PDA with information on all the AVP vouchers printed by the agency. A carbon copy of manual vouchers issued is mailed to PDA. The WIC ID folder or another form of ID is required at voucher pickup. Participants sign the voucher register when they pick up their vouchers. The clinic keeps a carbon copy of manually generated vouchers (AVP and non-AVP) for their records.

A weakness of this system is the amount of time that elapses between what occurs in the agency and when the information is received by PDA. A voucher could conceivably be presented for payment before PDA receives any information about it from the agency. A PDA report is generated that lists all vouchers redeemed at the vendor for which no information has been received by PDA regarding the voucher's issuance. This report is sent to each applicable local agency.

Voucher Replacement Policy

It is Kansas' policy to replace vouchers that are damaged if the voucher is physically present at the time of replacement. Vouchers that are lost or stolen will not be replaced. Exceptions to this rule will be made only by the State agency and only under special circumstances such as fire or flood.

WIC Staff as Responsible Party

It is the policy of the State agency that WIC staff should not serve as the responsible party to pick up vouchers for WIC participants other than for their own family members.

Changes in Food Package

PDA sends preprinted vouchers to clinics with the participants' information and food package already printed on them. If a change needs to be made to a food package, the PDA vouchers are voided, and manual vouchers are filled out. PDA will not make changes to the food package until it receives a form from the agency requesting this change. The food packages for AVP vouchers can be changed and new vouchers printed, if necessary.

Voiding of Vouchers

If a voucher must be voided, it is stamped with "VOID" and the register is marked with "VOID" next to that voucher's sequence number. The reason for voiding the voucher must be indicated

and the date and initials of the staff person voiding the voucher must also be noted. One carbon copy of the voucher is kept in the agency for their records, and the white copy is retained to be sent to PDA on a weekly basis. AVP vouchers are voided in the agency's computer, and that information would be included in the disk that is sent to PDA at the end of the week.

C. Food Instrument Transaction and Redemption

The Kansas WIC Program is currently in the process of implementing the WIC ID folder. It has historically been the responsibility of the vendor to decide whether or what ID to request when participants are redeeming their vouchers. Participants sign their vouchers at the register, and the cashier may check that signature against whatever identification is provided. After the participant redeems the vouchers, the vendor retains the cash register receipt and sends it along with the voucher to the store's WIC clerk.

The WIC clerk batches the white copies of the vouchers and sends them to PDA for payment. If the amount on a voucher is 20 percent over the average amount, PDA's system kicks it out, and sends it to the State agency. The State agency will decide what amount they will pay on the voucher and send it back to PDA. A weekly data tape of vouchers to be paid is sent by PDA to the State agency for processing through the Kansas Department of Administration for actual payment to each vendor. A reconciliation list printed by PDA is sent to the local agency by the State agency for record keeping and reconciliation purposes.

D. Management Evaluations

The State agency conducts management evaluations of local agencies every 2 years at a minimum. If the local agency is a large one, a team of two (one from administration and one from nutrition) will conduct the evaluation; if it is a small one, only one person might conduct the evaluation. A very large agency may have a team of three with the third person concentrating on the review of vendors and vouchers. Local agencies must complete and submit self-evaluation forms prior to the review.

During the course of the evaluation, staff will be interviewed and then observed to determine level of compliance with policy. Documentation (i.e. chart reviews) will be checked as well. The following areas are included in the review: certification, procurement and property, outreach, referral, nutrition, education, breastfeeding promotion, civil rights, fair hearings, records and reports, financial management, audits, vendor compliance, food delivery system, and program costs. Within 30 days of the review, the local agency receives a written report indicating areas needing improvement. The local agency must submit a response within 30 days of receipt of the report indicating a plan of action for corrective measures. If needed, the State agency may schedule a followup visit to ensure that these corrective measures are being implemented in an acceptable manner.

Local agencies operate on contractual agreements with the State agency. These contracts are renewed on an annual basis, so it is important for the continuation of the agency to receive favorable evaluations, and to make timely corrections to any problem areas. There have been cases where contracts with certain organizations were not renewed because they received unfavorable reviews, and the State agency felt they were not sufficiently meeting the needs of the

participants. One of these organizations took legal action against the Kansas WIC Program and the case went all the way to the Supreme Court. The organization lost its case. The State agency reports that the clinic now operating in that area is providing services to WIC clients in an acceptable manner.

Some directors of local agencies perform their own management evaluations independent of the ones performed by the State agency. This usually consists of chart audits, or use of the State agency's evaluation form as a "checklist." Local agencies do internal management evaluations at varying times, from quarterly to yearly.

Management evaluations are an important and effective control against fraud and abuse. They provide an opportunity for the State agency to review the operations of the local agencies on a regular basis to ensure that the policies and procedures established to prevent and detect fraud and abuse are being implemented. The management evaluation's followup component is an effective tool for communicating the State agency's expectation that any problems will be corrected and for ensuring that this is done in a timely manner.

III. Summary of Site Visit Results

The key practices that promote staff and participant integrity in the Kansas WIC Program are the following:

- Automatic termination of participants who have not been recertified within 45 days of recertification date
- Automatic termination of participants at the end of their period of eligibility (i.e. postpartum woman after 6 months)
- Clinics have a memorandum of understanding with other programs to check for adjunctive eligibility with those programs
- Computer check for dual participation between WIC and CSFP
- Requirement of detailed physician's order for nonrebate formula and State agency monitoring of special formula issuance
- Report tracking distribution of nonrebate formula
- Documented followup on all complaints
- Requirement of additional identification in conjunction with VOC card for establishment of automatic eligibility
- Use of AVP in most clinics during initial certification and when unforeseen changes are necessary.

Vendor price monitoring

The ability to verify participation with other programs is a strength of the Kansas WIC Program. A direct eligibility check with Medicaid, TANF or the Food Stamps program eliminates the chance that an applicant could falsify documentation of eligibility to fraudulently gain benefits from WIC. While this is not available to all clinics, it is an effective control against fraud and abuse, and should be pursued in any clinic where it is available.

The check for dual participation with CSFP is a good control against fraud and abuse, because participants are not permitted to receive benefits from both programs at the same time. Kansas has an advantage over most other States where this is concerned, because PDA also does data processing for CSFP in this state. The quarterly report could be strengthened as a control against fraud and abuse by increasing its frequency. Quarterly reports allow too much time to lapse between the dual receipt of benefits and the detection of it.

Outsourcing of the maintenance of data files results in certain problems, such as a delay in updating of information, and limited access to data at the local level. In the absence of a more sophisticated online system, PDA is able to provide the Kansas WIC system with some effective controls against fraud and abuse. In addition to the check for dual participation with CSFP, PDA prints a report on dual participation within the WIC Program that is sent quarterly, but could be sent more often at the program's request. PDA also does automatic conversion from infant to child, and automatic termination. The ability to print vouchers on demand with the AVPS system is a strength during initial certification. Vouchers are printed as needed and thereafter are printed by PDA.

Strict controls on the distribution of nonrebate formulas provide an important protection against fraud and abuse, because many of the formulas are expensive and have a high resale value. The requirement of detailed documentation of need from a physician as well as receipt of a distribution report help the Kansas WIC Program keep a handle on distribution of this expensive formula.

A strong management evaluation process with a followup component is another effective control against fraud and abuse. It helps to ensure that the policies and procedures that have been established to prevent and detect fraud and abuse are being implemented. This process helps to identify and rectify areas of weakness, so that program integrity can be strengthened.

5. Massachusetts Site Visit Summary Report

I. Background

WIC agencies in Massachusetts were visited during the week of July 17, 2000. Two local agencies included were Massachusetts General Hospital (MGH) Healthcare Center in Revere, MA, and Brookside Community Health Center, Jamaica Plain, MA.

Massachusetts is a mid-sized State in terms of population, with two distinct regions: the urbanized eastern half and the more rural western half. In recent years, the State has absorbed many new immigrants from Latin America, Europe, Asia and Africa. The State is known for its many educational institutions, as well as its high technology and medical sectors. The State takes a relatively central role in human service programs, whereas county and local governments play a much smaller role than in many larger States.

The WIC Program in Massachusetts serves 124,000 participants, providing for services to 85 percent of the estimated eligible population at a total annual Program expense of approximately \$73 million. About 55 percent of participants are children, 23 percent are infants, and 22 percent are children. Hispanics make up 27 percent of the participant base, while African-Americans account for 18 percent and Asian-Americans account for 6 percent. Massachusetts was the first State to supplement the funding for WIC; this funding ensures that eligible applicants are served without recourse to waiting lists.

WIC Program Organization

The WIC Program in Massachusetts is administered by the Department of Public Health (DPH). The State WIC staff of 55 persons is organized into the following units: administration, fiscal, public policy and special projects, vendor systems, information systems, nutrition, and local Program operations. The local Program operations and vendor systems units have the most responsibilities in the area of fraud prevention and detection.

The responsibilities of the local Program operations unit include: monitoring and providing technical assistance to local Program operations, coordinating participant hearings, overseeing the check system, and reviewing and resolving fraud cases. This unit operates a facility that provides training for local agency staff, including orientation, certification for nutrition assistants and program assistants, and continuing education. The vendor systems unit is responsible for vendor training and communications, policy and procedures, electronic service delivery and vendor fraud and abuse.

Responsibility for the prevention and detection of fraud is shared by the State and local WIC agencies. Other agencies become involved only at the request of the State WIC staff. For example, the program manager has enlisted the collaboration of bank administrators who alert the WIC agency of any suspicious check activity.

There are currently 36 designated service areas, each with a local agency operating under contract with the State. About two-thirds of local WIC agencies are operated by community health centers or hospitals; the rest are operated by community action agencies. Local WIC

Programs are expected to have a site at each community health center within their service area where a minimum of 100 WIC participants could be served. The DPH specifies the minimum number and approximate location of sites within a service area, as well as how often sites must be open. There are 155 service sites. Three mobile vans are used to provide services to participants in rural areas.

Local agencies typically employ several types of staff. Program assistants schedule appointments; determine identity, residency and income; enter certification data into the MIS; and issue checks. Some sites use program assistants as receptionists, while others employ staff specifically as receptionists. Nutritionists take measurements and blood tests, perform nutritional assessments, assign food prescriptions, authorize check issuance, and provide nutritional education. Certified nutrition assistants perform some or all of the nutritionists' duties for low-risk participants under the supervision of a nutritionist. These staff members have participated in a training program provided by the State. Breastfeeding counselors are women from the local community who provide outreach and advice on a part-time basis. Supervisory staff members include senior program assistants, who oversee the program assistants, and program directors.

Management Information System

A major change for the WIC Program occurred 10 years ago when the WIC system in Massachusetts was computerized. The DPH decided to base its system on the PC-based MIS then used by Illinois, which represented the state of the art at that time. (As discussed in the Illinois summary report, Illinois has since replaced its WIC MIS with the Cornerstone integrated public health delivery system.)

The WIC Program uses four kinds of software. The Massachusetts WIC System is a menu-driven, distributed application used for appointments, certification, WIC check issuance, and reporting. First Choice software is used for word processing and to construct databases and create spreadsheets. The programs can write letters to participants, create nutrition education materials, print labels, keep mailing lists, etc. PC Anywhere is used to send data to and from the State office with a modem. The WIC Program uses the Massachusetts Automated Dietary Assessment (MADA), a specialized software program for nutrition assessments and for entry and maintenance of dietary information.

The system runs on personal computers (PCs) at the sites, PCs at the State office, and on a mainframe computer in Boston. Depending on a site's size and hours of operation, staff may use a PC LAN, stand-alone PCs, or laptop PCs.

The State office PCs collect and process data from each WIC site every evening. Data exchange with PC LANs and most stand-alone PCs is scheduled and run via a dialup process by the State's host. This process must be locally initiated for laptops and some standalone PCs. Once all new and changed data are uploaded, the participant information is updated on the main frame. Participant files are transferred, recalled, and compared for dual participation. Daily management reports are produced and distributed. In addition, check status information is forwarded to the State's bank, and updated information is downloaded to each site.

Management Evaluation

The WIC Program staff monitors the performance of each local program. They conduct biennial management evaluations, financial reviews, and ongoing data reviews. DPH combines results of the biennial management evaluations with other factors to establish a compliance score. If a local agency's score falls below the standard, the agency will be required to establish a corrective action plan. A local agency can have its contract placed on a provisional basis or terminated due to poor performance. Local agencies are required to conduct self-evaluations in the years when they are not subject to a State review.

Recent Changes in Program Integrity Practices

The 1998 Goodling Act gave DPH the mandate it sought to strengthen existing screening of income and residency. The State agency had required income screening since the mid-1980s, but it undertook an initiative to retrain local staff and close gaps in its policy and procedures. A requirement that all participants provide residence documentation and the establishment of firmer rules for participants who have difficulty presenting income documentation were among the first steps taken.

The State agency also began to record and file separately the records of foster children involved with a WIC family. Along with changes in operational policies and procedures, the State WIC staff updated the related core standards for local agency performance reviews. As a more long-range approach, State staff began discussions on how to share data with other programs that serve the WIC population, such as Medicaid (known as MassHealth) and Head Start.

Electronic Benefit Transfer/Electronic Service Delivery Plans

Currently, the staff is participating in the New England PARTNERS Project, a joint initiative with the States of New Hampshire, Maine, Rhode Island, Vermont, and Connecticut. The PARTNERS intend to develop and implement a "smart card" based delivery system to meet the needs of clients receiving public health and human services. The idea is to test the electronic benefit delivery and information exchange for multiple programs on one card. The programs that may be incorporated include WIC, the Commodity Supplemental Food Program, the Farmers' Market Nutrition Program, the Food Stamp Program, immunization services, Head Start and EPSDT.

II. WIC Program Operations and Practices

A. Certification

Applicants request appointments for WIC certification by telephone or by walking in to the local clinic. A staff member takes the applicant's name, date of birth, address and telephone number, asks whether the applicant is already on WIC, and schedules an appointment. Some clinics use the computerized scheduling systems maintained by their parent agencies or manual appointment books, and also maintain appointment schedules in the WIC MIS. In one clinic, the appointment system provides an automated interface to determine the Medicaid eligibility of the participant; otherwise, the staff member inquires whether the applicant is on Medicaid.

If an applicant has been referred by another unit in the parent agency (such as an infant born in the hospital that operates the clinic), the applicant usually has an existing record in the agency's information system. Otherwise, the staff member establishes a record in the agency's system and

assigns a patient ID number to the applicant. This patient ID can be recorded on the WIC MIS demographics screen to facilitate information sharing with the clinic's parent agency, provided that the participant has given consent.

The staff member explains to the applicant what documentation to bring to the appointment and sends a letter confirming this information and the appointment time to the participant. This letter can be used as proof of address at certification.

At the certification appointment, the screening process for identity, income, and residency is handled either by a WIC program assistant or by a registration unit serving the entire clinic. In the latter case, a WIC program assistant also reviews the patient demographics, income and household composition. The applicant must report household size (which may include an unborn child or children), show proof of household income, identity, and residency.

The program assistant enters this information into the WIC MIS and records the information on a paper certification form. After completing this stage of certification, the applicant goes to the nutritionist or nutrition assistant (depending on risk indicators) for nutritional assessment, counseling, and the food prescription.

Identification and Categorical Eligibility

Several documents are accepted as proof of identification:

- Medical record
- Birth certificate
- Hospital birth card
- Driver's license
- Military ID
- Work or school ID
- Social Security card
- Voter registration card
- WIC ID/verification of certification card (for transfers)
- Medicaid card
- Insurance card

The type of proof is recorded in the WIC MIS. Providing the Social Security number is optional, because DPH does not want to present a barrier to participation by immigrants. DPH assigns its own WIC ID number to each participant. For infants and children, the names of the participant's parent or guardian and mother's maiden name are used as additional identifiers. Members of the same family are assigned a common group number to facilitate scheduling and updates.

To confirm categorical eligibility for infants and children, an official document providing the birth date is required. For women, proof of categorical eligibility status can be taken from medical/birth records, referral forms, WIC records, or observation of pregnancy. If a woman's pregnancy cannot be confirmed at certification, she is classified as presumptively pregnant and certified for 60 days of initial certification. If she does not provide proof by presenting a medical referral form or a blood test within this time period, she is terminated from WIC and ceases to

receive benefits. To minimize the risk of fraud and to ensure compliance, a presumptively pregnant woman is scheduled for a followup appointment 30 days after certification.

In Massachusetts, each new WIC participant receives a plastic ID card to be used as identification for check issuance and redemption. This check cashing card, which bears the participant ID number and authorized shopper signature, is more secure and convenient than the folder formerly used for this purpose. The participant also gets an appointment card and a plastic checkbook to hold the WIC checks.

Physical Presence Requirements and Documentation

In accordance with WIC Program requirements, all applicants must be physically present for initial certification and each recertification, with the exception of individuals with disabilities who would have difficulty going to a WIC clinic for certification. However, documentation of impairment is required, and this exception is only applicable for the certification period in which it is provided. For long-term conditions, the same documentation can be accepted. If the adult applying on behalf of an infant or child is not the natural or adoptive parent, proof of custody must be obtained.

Residence Documentation Obtained

Applicants applying for WIC benefits must live in Massachusetts, but they do not necessarily have to live in the Program's service area, nor do they have to be U.S. citizens or permanent residents. To verify residency upon initial certification or recertification, the applicant must present a document with his/her name and current address on it. Self-declaration is not acceptable. The following are typical documents:

- Telephone bill
- Cable bill
- Water bill
- Bank statement
- School record
- Rental agreement
- Mortgage agreement

A pay stub with the applicant's address printed on it or the WIC appointment letter also can be used as proof of residency.

Adjunctive Eligibility Documentation

Local WIC Program staff are required to screen all applicants for adjunctive eligibility. About half of all applicants are certified for income eligibility based on current eligibility for Medicaid, TANF or Food Stamps. Program manuals and training material stress that screening for adjunctive eligibility speeds up the certification process; this process also identifies needed referrals when participants are not receiving benefits for which they are eligible. The following documents accepted as proof of adjunctive eligibility for WIC benefits: a Medicaid card, a TANF notice of eligibility, or the Food Stamp program's notice of eligibility.

The Medicaid card is not dated, so current eligibility must be verified. The program assistant verifies Medicaid eligibility by swiping the card through a point-of-sale (POS) terminal or

calling a toll-free automated information line. If an applicant has proper identification and a Social Security number but does not have the Medicaid card, the program assistant can use the SSN and last name to obtain the Medicaid number and status by calling the toll-free line. The use of a POS device appears to be a faster procedure than the telephone system, but both procedures work well and with minimal interruption in the client contact flow. If adjunctive eligibility is proven, the program assistant enters the appropriate proof code on the MIS.

Income Documentation Obtained

For participants who are not adjunctively eligible, there are several types of documents accepted as proof of income, such as the following:

- Pay stubs
- Employer letter (signed on employer letterhead)
- Unemployment checks/statement or letter from unemployment office
- Savings book
- Court order (used for alimony or child support)
- Estimated (quarterly) income tax form
- Tax documents-W2, 1040 (used in January only)
- Military pay statement
- Department of Social Services payment (foster child)
- Supplemental Security Income check
- Financial aid transcript (U.S. students)
- Certificate of finances (I-20 for foreign students)

The program assistant enters household size, the type of proof code, and the weekly, biweekly (every two weeks), monthly or annual household income in the MIS, which automatically checks the income eligibility. If the applicant is deemed “over income” by the MIS, the program assistant cannot proceed to certify the applicant. One system limitation is that the program assistant must manually calculate the total if there is more than one source of income. Income documentation is not copied, as a copy is not required by WIC regulations.

Zero Income or No Proof of Income

When DPH implemented the WIC Program rules on income documentation, it established special procedures for situations when the usual documentation of income is not available. If an applicant can provide proof but fails to bring it to the appointment, the agency can complete the rest of the certification process, print checks and hold them, and then issue the checks when the applicant does bring proof. If an applicant has income but cannot provide proof, he/she must write a detailed, signed statement explaining his/her situation on a “No proof” form. This form has an explicit statement that repayment of benefits may be required if the information is incorrect. Staff members check to make sure that there is an acceptable reason for a lack of proof of income, such as being paid in cash for babysitting.

An applicant who reports zero income will be prompted to describe how he/she obtains food, medical care, and shelter. If the applicant appears truly to have no income, the program assistant asks him/her to obtain a “benefactor letter”, which is a statement from a minister, social service agency or other reliable third party in support of the applicant’s statement. In this case, the

applicant receives one month's benefits and must return with the benefactor letter in order to be certified for the full period of eligibility.

Screening/Interview Techniques

Staff members are trained to ask questions sensitively, listen attentively, and not to make assumptions. For example, it should not be assumed that an applicant is or isn't a permanent resident or has or hasn't been seen by a private physician. Staff needs to ask questions in ways that participants can understand. Staff is also encouraged to establish a relationship with the client and to be supportive of them. DPH provides detailed instructions and training to program assistants on how to determine the appropriate economic unit and how to probe for unreported income, based on valid indicators of the applicant's circumstances. Supervisors provide backup for difficult cases.

Nutritional Status Documentation

A nutrition screening, done by the nutrition staff, documents medical and behavioral data related to the participant's health status (i.e. verification of a pregnancy, postpartum information, miscarriages or termination of pregnancies, smoking, and dietary assessment). In addition, medical documentation is obtained if it is relevant to the participant's nutritional risk (i.e. pregnancy complications, medical diagnosis of diabetes, immunizations, low birthweight, breastfeeding schedule/termination, last checkup). The MADA program is used to guide dietary assessments, determination of nutritional risk, and food prescriptions. The nutritionist or nutrition assistant documents this information on the certification form and enters the data on the WIC MIS.

Measurements are obtained at the certification appointment or from a signed medical referral form completed within 60 days of the appointment. Blood work is obtained at the clinic or via medical referral form in accordance with WIC Program standards. Most participants (70 to 80 percent) obtain their medical care at the health center where the WIC clinic is located, so access to medical records is usually easy and followup with medical providers is rarely needed.

Method for Documenting Prescription and Food Package

The nutritionist or nutrition assistant selects the food package most appropriate to the participant's category and dietary needs, following the State agency's instructions. The food package is recorded in the MIS by entering a code from the list of standard packages. The nutritionist also determines the frequency of check issuance (1 to 3 months, depending on risk factors).

An important control in the system is that program assistants do not have access to nutrition screens, and nutrition staff members do not have access to intake and check issuance screens. Thus, it takes two different staff members to complete certification and print checks. The MIS automatically divides the food package into checks. Most food packages given to participants have four checks, but some have more and others less depending on the amount and type of food in the package.

Statement of Rights and Responsibilities

At each certification, the participant reads and signs a statement of rights and responsibilities. The program assistant reviews this statement to emphasize key responsibilities, including the

reporting of changes affecting eligibility and the proper use of WIC benefits. The program assistant also signs the form.

Dual Participation Controls

Each clinic has access only to its own participant data. The program assistant handling intake can not directly check whether an applicant is already on WIC at another site, but the State agency's help desk can provide this information if there is a question. A participant's data can be transferred from one site to another via the nightly upload/download process with the State mainframe. This process ensures that the record is only available at one site at a time.

Dual participation is defined as receiving more than one set of WIC checks for a given month. DPH runs a daily report to identify possible dual participation among the participant records added or modified on the previous day and notifies the local agencies whose participants have been identified. Both State and local staff review these reports; normally, local staff members resolve the "hits" by comparing demographic data, signatures and other records.

Cases identified as potential dual participants are flagged in the MIS, and will continue to appear on reports until they are resolved, either by terminating one of the participant's IDs or by entering a "resolved" code to identify a false match. The local staff members also record the disposition on the participant's chart or the dual participation report. The MIS also generates a monthly report of all unresolved matches indicating potential dual participation. The local agencies receive this report and are required to resolve the matches within 2 days.

The dual participation report generates a substantial number of "hits" each day, but true dual participation is very rare. A common problem is that twins are identified, because they have the same last name and date of birth. The lack of a Social Security Number is an impediment to efficiently identifying true dual participation, but the State agency prefers to cope with this problem and maintain the confidentiality and accessibility of the Program. The dual participation report also detects situations where checks have been issued by different sites for a 1- to 3-month period because the participant has moved without requesting a transfer.

The State agency's policy allows participants to be served where they choose, regardless of where they live in Massachusetts, so the risk of this problem is somewhat higher than it is in States where local agencies have exclusive service areas based on residence. Overlapping registrations are not common, however, most participants find it easier to request a transfer than to reapply.

Massachusetts has densely populated areas near the New Hampshire and Rhode Island borders where cross-border dual participation is a risk, but the State agency does not have a formal arrangement for data exchange with these states. Residency documentation requirements also help reduce the risk. Local staff in border areas scrutinize this documentation more carefully, checking postmarks as well as addresses on letters.

When they identify reasons for suspicion, local staff members share information on an ad hoc basis with their counterparts in the adjacent State. State staff monitor patterns of transfer activity and investigate if there are unusual patterns. State staff also point out that dual participation across State lines requires access to a car and a considerable investment of time. Also, no out-of-

state vendors are authorized to accept Massachusetts WIC checks. Based on these considerations, State agency staff members believe they have adequate controls on crossborder distribution participation.

B. Food Instrument Issuance and Management

Handling of Food Instruments

WIC checks are printed from serialized, multipart stock on demand at the clinic, using the participant information in the MIS. Typically, blank food instruments are stored at each local site. The local agency director is responsible for ordering check stock, which is shipped to the local agency's main site from a secure warehouse site. The State agency staff members at the check desk maintain a log of all orders and monitor local inventories to make sure that supplies are sufficient for at least 2 weeks and not more than 3 months.

Upon delivery, the local director calls the check desk to report the ranges of check numbers received. The State agency staff then enters this information to the MIS, so that State's bank will be notified that the checks are active and can be paid. State agency staff monitor a weekly report indicating unused check stock in each carton, to make sure that local agencies remember to void the last checks in each carton when they cannot be used (for example, when there are only 2 checks left and 4 checks need to be printed).

The check ranges are then entered into the computer's administrative menu located at that main site. If the stock is to be used at another site, then the site name is entered in the reference field, and the staff takes the stock to the site. The stock range is then entered into the administrative menu at that site. The MIS will not allow a check to be printed if the serial number is not assigned to the site.

Each site is required to have locked storage for check stock. The local program director must sign check stock out to each person who will print checks. In order to receive direct delivery of check stock, a site must be operational 3 days a week.

Check Issuance Cycle

In general, checks are issued to participants in a 3-month cycle, with some exceptions. Checks are issued for partial cycles when an applicant will reach the end of the certification period in less than 3 months. Cycles of 1 and 2 months are scheduled (as discussed earlier) in presumptive pregnancy cases or for high-risk cases requiring more frequent monitoring.

Checks specify the first day they can be used (known as the base date) and the last day they can be used (the expiration date). The best date for checks to be printed is 0–3 days before the base date. Four to 14 days before the base date is the next best date when checks can be printed. This period is considered an early issuance: the system has a restriction that must be overridden before checks can be printed. Printing checks early can cause problems if they are used before the base date because the bank will not accept them.

If checks are printed after the base date, the package for the current monthly cycle is prorated according to the time remaining until the next base date. The MIS automatically prorates the food package when the checks are printed from the "print checks screen." The checks can be

prorated manually by the WIC staff and are printed from the “void/reissue” screen. The automatic proration can be overridden if good reason exists (e.g., clinic not open as scheduled); these overrides are identified on a report sent to the State and local agencies.

Check Issuance Controls

In each office, designated workstations are used to print checks. The MIS allows checks to be printed only at these stations using authorized login IDs and passwords. The MIS keeps tracks of who printed what set of checks. Staff members are required to log off when they leave the check printing station, and the system automatically logs off users after a specified period of inactivity. An active participant record with a valid prescription must exist in order to print checks.

At the start of the day, the local director logs out a box of checks to each program assistant who prints checks. The program assistant logs onto the MIS, enters the first serial number, and prints a test pattern on the first check to make sure that checks are aligned. For each participant, the program assistant prints the checks and verifies that the preprinted serial number in red matches the computer-generated serial number printed in black. The MIS periodically prompts the user to enter the current serial number as an additional check to ensure synchronization of check numbers. An error message prompts the staff if a discrepancy needs to be corrected; action must be taken before additional checks can be printed.

Before issuing checks, the computer prompts the person issuing checks to check the serial number on the checks against the number in the computer. The participant signs a log indicating the serial numbers of the checks received; the blank log with preprinted serial numbers is supplied with the blank check stock. The program assistant examines the participant’s check cashing card to match signatures. To ensure that signatures are obtained, local agencies regularly check the logs for missing signatures. The program assistant removes the check stubs for the agency records and gives the checks to the participant.

Issuance of Checks to Family Groups

Every effort is made for WIC participants who are family members to receive benefits as a group. The effort requires a high degree of staff cooperation because it may take more than one staff person working on more than one screen to successfully coordinate family groups. Multiple issuance to family groups involves adjusting the base dates and termination dates of everyone in the group. This ensures that all members have certification and followup appointments at the same time. Group processing of WIC benefits increases access and saves time for participants and staff. Each site is responsible for setting up systems for grouping family members.

Authorized Shopper Procedures

A participant can designate an authorized shopper to receive checks in an emergency or to transact checks. The participant designates the authorized shopper in writing at the WIC office or calls the WIC office with the name of the authorized shopper and sends the shopper to the office with written permission to obtain a WIC check-cashing card. The shopper produces identification, reads a list of responsibilities as a shopper, signs an authorized shopper form, and signs the WIC check cashing-card, which then can be used to redeem checks at the store. If a participant needs to have the authorized shopper receive checks, the participant must send a note to the WIC office, and the authorized shopper signs the receipt log. When local or State agency staff conduct quality control checks on the receipt log, they look for signatures that do not match

the participant's name; if there is a mismatch, they check whether an authorized shopper form is present in the participant's file.

Voided Checks

Checks on hand at the clinic are only voided if they have not been transacted. Voided checks in the possession of local staff (such as returned or damaged checks) are stamped "VOID" and entered into the program with a code of "H". Then the checks are filed following the serial number order, the void date and the check range. The procedure makes it easy to locate checks and identify any problem with the checks. Signature logs and check logs are kept in storage for 7 years.

Replacement of Lost Checks

If checks are reported lost or stolen, the participant calls or visits the local office, where a staff member initiates a Lost Check Report. Lost checks are replaced only 1 month at a time. The State Help Desk is called at this time to determine the status of the checks, and the staff member records this information. This call helps identify if checks already have been transacted. The participant is given an appointment 5 banking days from the day reported. The reason for this wait is that the bank transmits information on redeemed checks to the WIC office overnight, and the State's policy is that five banking transmissions must take place before checks can be reissued. The wait can be waived in emergency situations with the approval of the local director.

At the time of this appointment, the local agency must call the Help Desk to determine the status of the checks. Transacted checks are not reissued even if the participant states that s/he did not use them, and the number of checks replaced is prorated depending on the number of days left in the check cycle. The participant must sign the Lost Check Report attesting to the accuracy of the report and affirming that s/he will return any of the reported checks if they are found. This statement also bears a warning of the penalties for a false report, which may include a fine of up to \$2,000 or imprisonment of up to 5 years. The staff member replacing the checks also signs the report and then gives a copy to the participant.

Prescription Change

When a formula package change is requested, a dietary assessment is completed using the "Formula Intolerance Checklist" and the rationale for the change is documented in the progress note section of the participant's chart. If a special formula is needed (noncontract or metabolic) a special formula form is requested from a medical provider. A 1 month followup appointment is scheduled to determine if the formula is acceptable to the infant and whether the formula has eliminated the symptoms.

Formula Return/Re-issuance

WIC foods cannot be exchanged at the store for food, formula, cash or credit. This is why, on rare occasions, formula that has been bought with WIC checks may be returned to the WIC Program. If the formula returned is standard, the site donates it to a homeless shelter or a local food pantry. The WIC breastfeeding policy prohibits that the formula be given to other WIC participants. If special metabolic formulas are returned, on the other hand, the State agency is notified.

Check Issuance History and Reconciliation

At the end of the day, check activity in each site is processed. This process generates a printed log of all checks issued, voided or reissued during the day, as well as an end-of-day processing report. Local staff members are responsible for comparing the check log to the signature log and investigating any discrepancies. If a signature is missing, staff note this information in the participant's MIS message screen and have the participant sign the log at the next appointment.

The records of all check actions (issuances, voids, and replacements) are uploaded nightly to the State office mainframe, along with new and updated participant records. Each check record includes the check serial number, the worker and participant IDs, the items on the check, and the valid dates for the check. The mainframe updates the master history file of check records and sends a file of currently valid checks to the bank that processes checks presented for redemption. The check history file is available online to the State Help Desk for inquiries about lost and stolen checks etc. The MIS uses the updated information to generate a series of daily reports to State and local staff; routine reports for local agencies are downloaded to the local PC or LAN during the system startup process at the beginning of the day. Additional reports are available to local agencies upon request.

State and local staff make great efforts to maintaining program-data integrity. At the start of each day, local supervisors review reports indicating the results of overnight processing to ensure that data transfers were processed successfully. Local offices receive and research exception reports that identify discrepancies in the data, such as the Participant Data Certification Correction Report and the dual participation report. State staff members also review the daily mainframe reports to monitor that data are entered and processed correctly, and to detect any procedural errors or anomalous patterns in local operations. If errors or problems are found, local staff are contacted and asked to follow up on the findings. The review includes daily and monthly potential dual certification reports and the status of checks (void, lost, cashed) reported by the site report.

C. Food Instrument Transaction and Redemption

Vendor Authorization and Monitoring

WIC vendors are authorized for a period of 3 years to redeem WIC checks for specific foods. Vendors must meet selection criteria to ensure business integrity and adequate service to participants. Vendors must sign an agreement detailing their responsibilities and attend mandatory annual WIC training sessions. Vendors must train all staff who handle WIC checks in correct WIC procedures and requirements. The vendor agreement states that there is no conflict of interest between the local WIC Program and the vendor. All vendors are inspected to verify the accuracy of their applications.

Vendors are routinely monitored for compliance. Local program staff visit at least 50 per cent of authorized stores annually, and fraud investigators conduct undercover compliance investigations.

Check Acceptance Procedures

Check acceptance procedures are included in the vendor agreement. The vendor must agree to accept only WIC checks with the WIC imprint on the right hand side and reject outdated or

presigned checks. They must also observe WIC shoppers sign the check and then verify that the signature matches the authorized signature on the WIC check-cashing card.

Each authorized WIC vendor is issued a rubber stamp, which allows the vendor to validate WIC checks for deposit in the bank. The first 2 digits of the stamp identify the local WIC Program and the last 2 digits identify the individual vendor. Every year the stamp is redesigned, and the State agency reissues it only to authorized vendors. Checks will not be reimbursed if submitted after the vendor's agreement has expired.

Participant Training

Participants must read the information provided in the *Rights and Responsibilities Guide* on how to buy food at WIC stores as part of the initial certification process. Other participants are asked to read the guide and if they have questions the staff can review with them the procedures that were not understood.

Redemption Monitoring

The State reviews the redemption level of each authorized WIC vendor on a periodic basis. No WIC sales or a low volume of WIC sales could result in the loss of WIC authorization. A high volume of WIC sales (or a variance of 30 percent or greater from a previous month), on the other hand, could be an indication of abuse of the Program. Massachusetts also uses an innovative price monitoring system that identifies vendor claims with excessive prices and automatically reduces payments, based on peer group averages for each type of food instrument. This mechanism serves as a control against tampering with food instruments to increase their value and against vendors inflating the value of checks.

Voided checks presented for payment are identified by the bank and sent to the State agency. The State agency sends a copy of each check to the local office for investigation of possible fraud by participants or staff. The most common problem is that checks reported as lost or stolen have been transacted. In such a case, the local agency supervisor reviews the file to determine whether all the proper procedures were followed, and to check whether the signature on the check matches the participant's signature on file. If the participant has fraudulently transacted the check, the State agency's policy is to disqualify the participant for up to 3 months and either seek repayment or report the matter to the police. The State agency did not indicate that any such sanctions had been imposed in recent years.

D. Participant Fraud Investigations and Sanctions

Scope and Nature of Fraud and Abuse by Participants

Massachusetts has few known incidents of fraud by participants or staff. In the few cases that fraud was suspected the staff followed it up. The staff reported to us two situations requiring investigation. The first situation was a case where one participant informed on another, indicating that the person was not income-eligible. The monetary loss to the WIC Program was \$100. The second case involved a divorce and the claiming of benefits by both partners. In this case the monetary loss for the WIC Program was approximately \$5,000. Both cases were resolved when the participants agreed to pay the money back.

A third, more complex case also was reported. It had taken place a couple of years earlier. In this situation the participant misrepresented her circumstances, claiming to be homeless with zero income, and obtaining multiple benefits at multiple sites. She visited several WIC sites in the Boston area and repeated the same basic pattern to obtain benefits 40 times, either for herself or in the names of several infants and children, some real and some fictitious.

WIC staff attributes the low incidence of participant fraud to the controls they have implemented during the past several years at all levels: certification, issuance and redemption/vendor management processes. The controls are discussed in more detail in the section that follows. Reportedly, most participant fraud falls into two categories, misrepresentation of eligibility and misuse of WIC checks. The State agency requires that all programs establish procedures to ensure that WIC food checks that are issued to participants are accounted for and to conduct timely investigations of potential fraudulent activities.

Investigating Participant Fraud

Local agencies usually take the primary role in identifying instances of possible fraud, conducting investigations and administering sanctions. State agency staff provide information and guidance as needed. If the abuse is serious enough to warrant a warning letter or disqualification, the local agency director or another senior staff member reviews the information and makes the decision. Otherwise, the staff member meeting with the participant will counsel the participant about the problem.

Implementation of Sanctions

The State agency's policy provides guidelines for sanctions, according to the seriousness of the abuse, but local agencies are given discretion within the set guidelines and the limits of WIC Program regulations. Local program directors balance the need to send a message about abuse with the nutritional needs of the participants, particularly infants and young children. For less serious abuses, such as transacting checks outside their valid period, a participant will receive a warning letter and education about Program rules for the first offense, but he or she can be disqualified for up to 3 months if it is the second offense of any kind within a year. More serious offenses, such as false report of stolen checks or selling checks for cash, are considered grounds for 3-month disqualification on the first offense. An alternative to disqualification is repayment by voiding subsequent checks equal in value to the amount of the abuse.

When a sanction is imposed, the local director sends the participant a warning or sanction letter (written on the Program's letterhead) describing the specific incident and the penalty being imposed. The letter advises the participant that she/he is entitled to a fair hearing, that the penalty imposed does not preclude others being imposed and the participant's "civil rights" are intact.

A disqualification letter (3 months) is sent to the participant by certified mail. After the disqualification period has passed, the participant's re-entry into any program is monitored. One such monitoring tool is monthly or even weekly issuance of checks.

When a participant is sanctioned for fraudulently obtaining benefits, the local agency notifies the State agency and sends it copies of pertinent information. The State agency in turn notifies other local agencies, especially if there is a risk that the participant will try to defraud another local

agency (as in the case described earlier). The State agency may also notify bordering states if appropriate. If a former participant is found to have obtained benefits fraudulently, the State agency requests repayment. Where there is evidence that the abuse involved a vendor, the State agency reviews the vendor system to determine which vendors were most frequented by the participant, and assesses possible vendor participation in fraudulent activities.

Administrative Review of Disqualification

Applicants who have been disqualified from the WIC Program have the right to appeal any decision that denies them WIC benefits, and can apply for a fair hearing. The results of the hearing are mailed to both parties within 45 days of the receipt of the request for a hearing. If the hearing officer decides in favor of the participant, the decision must be implemented within 7 days from the day the decision was received.

E. Staff Fraud Controls

All reports of abuse by staff are investigated promptly. Some examples of staff abuse include: theft of checks, entering false or undocumented data into the computer system, and falsifying participant records in the computer system. If an investigation corroborates that abuse has occurred, the staff conducting the investigation follows the agency's personnel policies and documents in the suspect's personnel file any actions taken. If the abuse involves a staff member who is also a WIC participant, warnings and sanctions for participants are applied. The State agency program manager or check systems manager is available for technical assistance.

The State agency staff interviewed for this report commented that most employees who work in the WIC Program became WIC service providers because they want to help the population they work with, so committing fraud goes against the staff's core beliefs. Moreover, State agency staff members believe that employee abuse of WIC Programs would be extremely difficult to carry out, because of the controls put in place by the State agency.

Hiring Process

Local WIC employees are subject to the hiring policies and qualifications standards established by the agency sponsoring the WIC Program. For agencies sponsored by healthcare organizations, external standards established by other programs and by accreditation bodies affect job requirements and hiring practices.

Local agencies screen applicants to check that they meet the academic qualification standards set for their positions and related work experience. This screening may involve the agency's human resources department. Some agencies, such as the two agencies visited for this report, recently have instituted criminal background investigations for some or all positions, at least for final candidates.

Qualifications Standards

The academic qualification requirements for staffing the WIC Program depend on the position to be filled. For example, all WIC Program and nutrition assistants, WIC community coordinators, and WIC Program site coordinators need to have a minimum of a high school diploma. They also must have related work experience ranging from a minimum of 6 months to 1 year for a WIC assistant to 2 years for the WIC Program coordinator. The qualifications for senior and

community nutritionists include a bachelor's degree in nutrition, and a Registered Dietician certificate or R.D. eligibility.

Masters' degree is preferred, but years of experience in the field can be substituted for it. Fluency in a language other than English might be a requirement for some of the positions; some local agencies serve areas where five or more languages are spoken. Whenever possible, local agencies try to hire residents from the community they serve, both to make the Program more customer-friendly and to tap informal networks for information and outreach.

Local Staff Training

DPH places a great deal of emphasis on training and educational materials for staff. Training of WIC staff in general is provided at different levels: self-study of WIC manuals, local staff meetings, and formal sessions through the State's learning center. In addition, the State agency staff is available for technical assistance when dealing with difficult situations.

Site staff are provided two manuals: the *Operations Manual* and the *Administrative Manual*. These manuals describe in detail each procedure necessary to run an efficient and effective WIC site program. The manuals are revised every 2-3 years and distributed to all staff.

Each local agency is expected to hold regular meetings for Program and nutrition staff. At these meetings, managers communicate policy changes, staff can discuss problems encountered, and in-house or outside training is often offered.

The State agency provides training to local staff via the Learning Center and via in-service training at the local level. The Learning Center is a facility dedicated to WIC staff training on all Program rules and procedures. All new staff are trained there, and other staff can get training to overcome performance problems, learn new procedures, or obtain certification in nutritional assessment and education. The Learning Center has a large number of training modules and works with local agencies to develop customized training upon request.

Quality Assurance Reviews

DPH requires local agencies to maintain a quality assurance program for all aspects of Program operations, in order to promote program integrity, efficiency and customer service. The State agency provides suggested forms for record reviews and a monthly report selecting a representative sample of records for review. Record reviews are a team effort wherein each area of operations is reviewed by members of the staff with responsibility in that area; reviewers may be peers or senior staff.

A complete records review includes eligibility, transfers or terminations (if applicable), nutritional assessment and education, and check issuance. For each of these areas, reviewers check all of the available documentation for internal consistency, compliance with Program procedures, and appropriate exercise of professional judgment. Quality assurance also includes review of data quality and exception reports, examination of the physical security and integrity of check issuance, observation of staff conducting key functions, and collection of participant satisfaction input.

Management Evaluations

DPH conducts a management evaluation (ME) review of each local agency every other year. The standards for these reviews are based on the administration and operations manuals, and on the performance standards in the local agencies' contracts with the State agency. These standards are summarized in a set of service standards that form the benchmarks for the evaluation. The State ME review process is similar to the quality assessments: it includes record reviews, structured observations of program assistants and nutrition staff, and procedural compliance checklists. For some specific areas, there are quantitative standards. For example, the standard for signatures on the check log is 99 percent.

DPH uses the results of ME reviews in two ways. First, State staff members respond to findings of deficiencies with training and technical assistance as appropriate. Issues requiring the attention of management are sent to the local agency director (i.e., the local WIC director's ultimate supervisor). Individual staff may be sent to the Learning Center to get help with problem areas. Starting in fiscal year 2001, DPH began computing a compliance score from the ME reviews and other indicators. If a local agency's score is too low, a corrective action plan is established by the State and the agency, and the agency's contract may be placed on provisional status.

Local agencies are expected to conduct similar self-assessments in the years between State ME reviews. The self-assessments are expected to include the same activities plus a description of procedures and performance in the areas of staff training, quality assurance, notification of ineligible/terminated participants, check accountability and special projects.

An equally important component of State agency oversight is the less structured day-to-day communication driven either by issues identified by State agency staff (e.g., exception reports) or queries from local staff. The relatively small number of local agencies and the experience of many State agency staff as former local staff help keep these lines of communication open, so that State agency staff can clarify policy and resolve problems in a timely manner.

Performance Contracting

A standardized contract performance review process is used to determine the local program's accomplishment of specific performance measures. On an annual basis, the State WIC office compiles information from monthly, quarterly, and ad hoc reports, as well as results from local WIC program management evaluations and self-evaluations. This information is used to review the program's performance. The core standards of the management evaluation and self-evaluation are incorporated into the performance assessment. Results are reported on the DPH Contract Performance Review Form.

Local WIC programs also are required to report specific performance measures as part of the Uniform Financial Statement and Independent Auditor's Report. The data are transmitted electronically to the State through an Internet-based program.

Results of performance assessments determine the future status of local WIC program contracts. A satisfactory overall level of performance ensures the continuation of the contract and the ability to receive up to two 2-year extensions on the original contract cycle. An unsatisfactory performance score results in a conditional status for the contract, requiring specified

improvements as a prerequisite for contract continuation. Failure to achieve satisfactory performance levels may result in termination of the contract and rebidding of the service area.

III. Summary of Site Visit Results

Some of the key practices that promote staff and participant integrity in the Massachusetts WIC Program are the following:

- Use of community health centers and hospitals as local agencies to leverage information and staff resources
- Computerized system for certification, demographics, nutritional assessment, and food prescriptions
- Solid procedures to document identity, income and residency
- Use of online capability to verify Medicaid eligibility
- On-demand check printing with signature log, validity stamp, and MICR line
- Daily data exchange with State host to update check history and transfer records
- Comprehensive tracking of check inventory from initial shipment to final disposition
- Check replacement procedure that provides balance between security and meeting participant needs
- Daily dual participation report to local agencies, with procedure to remove flag, monthly followup report, and State agency review of reports
- Active vendor monitoring via price checks and compliance buys, followed up with sanctions and disqualifications, to augment basic controls
- Extensive documentation of Program requirements and recommended procedures in manuals
- Training and technical assistance resources to enable local staff to perform well, including the Learning Center
- Local and State agency quality assurance to verify compliance and identify weaknesses.

Massachusetts relies heavily on preventive measures to minimize fraud, particularly the front-line procedures followed by the program assistants during certification and check issuance. The ability to maintain these procedures, especially the separation of duties, comes in part from two features: the degree of automation in local operations and the approach to local agency contracting. By ensuring that each local agency operates on an adequate scale and is adequately

staffed, Massachusetts is better able to maintain controls than States whose WIC Program operations are dispersed among many small agencies. The largely urban geography of the State also helps in this regard.

Although Massachusetts does not have a designated program integrity unit, State staff members play several important roles in maintaining program integrity. On a day-to-day basis, the use of monitoring reports and other procedures ensures that State agency staff are aware of problems when they can be addressed in a timely fashion. The experience and cooperative attitude of the State agency staff helps to maintain good working relations with local agencies. The State agency has devoted substantial resources to training, technical assistance and quality assurance.

There are some important constraints on the State agency's ability to achieve its program integrity goals. Much of the responsibility falls on the lowest-paid staff in the local agencies, the program assistants. Stress levels and turnover among these staff are acknowledged to be high, although the Program does a good job of attracting and retaining workers motivated by commitment to the Program. The opportunity to move up to a better job via the nutrition assistant training and certification program also helps address this issue.

State and local staff in Massachusetts want to maximize WIC Program access within the limits established by Federal Program rules. A prime example of how they strike this balance is the policy on Social Security numbers. A more aggressive effort to get these identifiers would make dual participation checks more reliable and efficient. The State agency has chosen, however, that it is more important to avoid creating a deterrent to participation among immigrants and others who may be sensitive about a request for this information.

The State agency reports a very low level of identifiable fraud, so it is difficult to gauge whether this experience is entirely the result of all of the measures in place, or whether there remains a level of undetected fraud. The notable incidents that have been detected suggest that there were significant weaknesses in the past, before current documentation requirements were established. The State does not yet have enough experience with the most recent requirements to determine whether they are really addressing those weaknesses, but State and local staff are clearly committed to making the requirements work.

6. Tennessee Site Visit Summary Report

I. Background

The State WIC agency in Nashville, TN, was visited the week of August 28, 2000. The local agencies visited were Tennessee Department of Health, Mid-Cumberland Regional Office in Nashville and Williamson County Health Department in Franklin.

WIC Program Organization

The Tennessee WIC Program serves approximately 150,000 participants per year; children and infants account for approximately 100,000 of this population. TDH has integrated the WIC Program with its network of comprehensive primary care clinics administered through county health departments. Six of these county health departments operate as contractors to TDH; these counties include the three largest metropolitan areas-Nashville (Davidson County), Knoxville (Knox County) and Memphis (Shelby County).

TDH directly administers the rest of the county health departments, which serve mostly rural areas, through eight regional offices. WIC Program administration in the contract counties is in large part the same as in the State-run county health departments, because all counties operate under the same policy manual and use the same management information system (MIS). Although a large majority of the 140 WIC service sites offer a broad array of primary healthcare services, several sites serve more specialized populations, such as pregnant teenagers.

The fundamental integration of WIC services with healthcare delivery at the local level aids certain aspects of program administration. The integration of patient registration makes it easier to secure Social Security numbers for data processing. Staff are usually quite familiar with clients and their health histories since participants consistently receive health services at the same location. This level of familiarity promotes high-quality service and enhances program security.

The WIC Program in Tennessee is administered as part of the Tennessee Department of Health (TDH), Nutrition Services Division. WIC Program management is overseen by the WIC director who has responsibility to the director of nutrition services. The director of nutrition services also supervises community nutrition programs and a special projects division. The State WIC director maintains a small staff that handles vendor relations, clinic nutrition education, program review and data management.

Local clinic staff include both clerical personnel and health professionals. Typically, at least one clerk is assigned exclusively to the production of food instruments and at least one clerk handles the reception area. The usual staffing of a local clinic also includes a nutritionist who assesses and documents nutritional risk, prescribes food packages and provides nutrition education. Other professional staff at the local clinics, such as physicians and nurses, are usually less involved with WIC services but provided related healthcare, including prenatal care, well-child care and immunizations.

Each of the eight TDH regional offices has a specific geographic area to serve and a regional director to oversee operations. Each region has a WIC director who oversees local program operations, one or more vendor representatives (charged with handling all aspects of local vendor relations), and one or more nutritionists who oversee the nutritional assessments, education and other services provided by clinic nutrition staff.

In addition to WIC, TDH also administers the Commodity Supplemental Food Program (CSFP). This program operates on a small scale in three locations: Nashville, Memphis and a small rural county. A small number of pregnant/postpartum women and children receive CSFP benefits. At the State level, CSFP administration is housed within the WIC division.

Management Information System

Complementary to the integration of public health service delivery, the data systems for the various client services are also integrated. All WIC patient data is entered into the Patient Tracking Billing and Management Information System (PTBMIS), a statewide database combined for all services provided by the TDH. The PTBMIS has modules for patient registration, collection of financial information, tracking of services, and maintaining medical records. The WIC module supports all program functions, including certification, nutritional assessment, food prescriptions, nutrition education, and check issuance.

The PTBMIS operates on a network of AS400 servers, with one server for each TDH region and one for each contracting county agency. Each clinic has one or more terminals with access to all of the data for the clinic's region or contracting county agency. The statewide PTBMIS host exchanges data on a daily basis with the regional servers and with other TDH data systems.

The Tennessee PTBMIS was developed following the decision in the 1980s to integrate WIC with other local public health operations. The system was developed by QSTechnologies, Greenville, SC, and the pilot was installed in Tennessee in 1989. Implementation was arduous because so many agencies had to be brought on board. Tennessee is currently alone in its statewide use of this software. Numerous county health departments in other States utilize the application.

The WIC Program uses a separate vendor MIS, known as SAMIS, for vendor management. SAMIS is a PC-based Microsoft Access application that maintains all data needed to meet WIC Program requirements for The Integrity Profile (TIP) database. Each regional office has a runtime version of SAMIS for use in adding and updating vendor records.

Quality Management

Quality Management of WIC Program operations is a centralized, State-mandated function. Within the WIC Program, there are local, regional and State levels of operational review. WIC Program administration is also subject to reviews from the quality management (QM) unit of TDH's Bureau of Health Services Administration (BSA) and from TDH internal auditors.

The BSA QM reviews are conducted once a year per clinic, with criteria based upon the quality management standards that were developed by the state in 1998 and later revised in 1999. Quality management focuses on customer service, quality of care and standard medical practices.

The TDH internal auditors focus on compliance with Federal requirements, fiscal management and appropriate administrative procedures.

TennCare

In an effort to better meet the health needs of its citizens and maintain financial solvency, Tennessee opted not to be a part of the conventional Medicaid program, and to offer a reform plan called TennCare. On January 1, 1994, the State extended health insurance to its Medicaid population and to all others who were uninsured or considered uninsurable due to a denial by a health insurance provider. By January 1995, TennCare reached 90 percent of its target population and closed its rolls to additional uninsured participants.

Currently, enrollment is open to persons who are Medicaid-eligible, deemed uninsurable by virtue of denial from a health plan or are under the age of 19 and not covered by a family health plan. Participants with income above the means test for Medicaid pay premiums, copayments and deductibles on a sliding scale based on income. TennCare enrollees may choose from managed care plans in their geographic area. They can also obtain services from the system of county health clinics. As of May 2000, the TennCare system provided insurance to approximately 1.3 million residents of Tennessee, of whom approximately 800,000 qualified for Medicaid.

The TennCare system has been an important advance for the level of healthcare in Tennessee. Since TennCare has brought healthcare coverage to a previously uninsured population, Tennessee citizens now have access to primary care physicians in their community and a decreased reliance on county health departments. This has translated to a greater prominence of the WIC Program in the county health department administration since patient rolls for other services have waned. At the same time, WIC program administration has become more complex since a simple means test does not govern eligibility for TennCare coverage. WIC staff must determine whether TennCare participants are Medicaid-eligible, a more complex confirmation than in other States where a current Medicaid card is sufficient proof of categorical eligibility for WIC.

II. WIC Program Operations and Processes

A. Certification

Integrated Registration/Appointment System

The PTBMIS uses a standard sequence of registration screens for all services. These screens capture identifying and demographic information on the patient, parent/care giver information, insurance coverage, FSP and TANF participation status, and household composition and income. This information is then carried through to screens used to schedule appointments, check patients in for visits, record WIC-specific certification data, and issue checks. This standardization avoids multiple entry, promotes accuracy on the part of the registration clerk, facilitates the sharing of staff and equipment across programs, and simplifies patients' access to services. An abbreviated registration screen is available to record information necessary for scheduling a patient's first appointment and to track the initial data of contact for compliance with WIC standards. For each child, the mother's Social Security number is used to link records to the mother's records and to other children in the same family.

The PTB MIS also manages appointments and service tracking. All appointments within the clinic's region are shown to the clerk making an appointment, thus facilitating coordination of appointments for different services. Provision of services, including WIC visits, is tracked through the creation and completion of encounter records, with each encounter having a unique identifier and one or more codes indicating the services provided. Patient transfers between clinics are easier because of the history of encounters available on the PTB MIS. In addition, all PTBMIS client service records also have an accompanying paper trail from the encounter form upon which WIC staff initially record information. These are used for data entry into the PTBMIS and are retained and filed at the local clinic.

Verification of Participant Identity, Income, and Residence

As of July 1, 2000, all WIC clients must be present at clinic at time of certification to meet the physical presence requirement. Exceptions are made for health conditions if they are certified by a nurse or physician. Mothers can present a birth certificate, crib card, or hospital bracelet as forms of identification and proof of age for their infant. Women must present suitable proof of identity, such as a driver's license or birth certificate.

WIC staff members are trained not to accept a post office box address as proof of residency. Instead, a prospective client must prove that she has an address at which she resides. Most often the client provides a utility bill. The disaster clause in the State agency's policy delineates that if a fire destroys the home and is the cause for having no record of residence, the client will receive 1 month of checks and be asked to bring a report from the Fire Department to validate this missing documentation.

A WIC client who lacks an independent residence can produce a utility bill for the person with whom they live. No third party verification is needed in this situation. If the client has access to a utility bill, it is assumed that she actually resides at the stated address. The PTBMIS registration screen is used to record the type of identification and residence documentation presented through a coding system.

The financial information (FI) screen guides the income determination process for all TDH clinic users, including WIC participants. This screen is completed after registration, with identifying information carried over from the initial registration screen. Past versions of the FI screen are saved in case they are needed for investigations.

If documentation of income eligibility entered into the PTB MIS is based upon reported income in the form of a pay stub, the financial information screen allows entry of income for individuals with name, dollar amounts and period of time over which income was earned. The system calculates annual household income. If income changes, the user can input new income for one member and the system recalculates the total. The user looks up the WIC guideline for the household on a hard-copy table. (This information is on the system in a sliding scale table, but it is awkward to access and users are not trained to use this table for this purpose.) The family size that is keyed in is checked against the count of members entered.

For each type of documentation, PTB MIS has a table of acceptable codes; the user can pop up the table to select a code or enter a valid code from memory. Examples of acceptable income

documentation include last W2 statement and most recent pay stub. For the exception codes that apply when documentation is unavailable, the pop-up table indicates when a signed statement is required. The system vendor added these fields at no charge to the State agency when the WIC Program regulations were changed, as provided for by the State agency's contract with the vendor. These upgrades to the system were implemented in July 2000.

All WIC applicants must provide documentation of income eligibility, although those who can prove that they are adjunctively eligible need not provide other income documentation. DHS retains income information for services provided on a sliding fee scale. This requirement was implemented in 1998, before the Federal income documentation requirement was established.

Clerks are trained to ensure that income documentation presented is no more than 3 months old and that gross income is presented. If the client has been unemployed for more than 3 months, additional information is typically required, e.g. a bank statement or any other last income record. The client must sign an informed consent form that States that all information presented is true. Income information is only required at certification visits; the previously existing policy called for information (but not documentation) at every visit to the clinic.

In general, clerks are trained to probe for additional information in situations where a client's lifestyle does not appear to match with income that is reported; often family history information available in a small community aids this pursuit. If a client reports that she has no cash income and is living with a relative, she must provide a statement of support from the relative indicating the cash value of the support. One particular challenge is delineating the number of household members who are counted as a WIC household compared with the family economic unit used for Medicaid and TANF eligibility.

Online Access to Verify TennCare Status and Medicaid Eligibility

When a client presents a TennCare card or indicates that she participates in TennCare, WIC staff look up the status code on the Medicaid system, which is available via the terminals used to access the PTBMIS. Specified TennCare status codes indicate Medicaid-eligible (presumptive or determined by the Department of Human Services). The codes are in the table of accepted income proof codes. The TennCare code is entered into the PTBMIS as the code for income documentation. WIC will accept presumptive Medicaid eligibility status to authorize 1 month's worth of checks. The participant must then present proof of full Medicaid certification by the Tennessee DHS at the next visit to complete the WIC certification process.

Linkage of Infant and Child Records to Immunization and Birth Records

For infants, the WIC record is matched to the TDH immunization registry, which records by birth and death records. The immunization registry is not directly accessed via PTBMIS but the databases are linked. When immunization data in PTBMIS are updated, the information in the registry is updated and sent to all regional PTBMIS databases. Conversely, when the immunization registry is updated by another source (such as input from a private physician's office), the immunization history in PTBMIS is updated.

This linkage facilitates the timely, accurate collection of Social Security numbers for WIC infants. In Tennessee, a SSN is automatically requested when a birth is registered. When the SSN is assigned, the data from the Social Security Administration are loaded to the immunization

registry and then used to fill or correct the SSN in PTB MIS. The mother's maiden name field also is populated from the immunization registry, and the PTBMIS calculates the mother's age at the child's birth from the birth dates for mother and child.

Real-time Dual Participation Check within Region with Lockout from CSFP for WIC Participants

The PTBMIS checks online for a duplicate SSN within the clinic's region during registration. (The region is the county or group of counties covered by the clinic's PTBMIS server.) If a client attempts to register with a SSN that is already in the system, staff cannot register that client.

When a prospective client signs up for the PTBMIS module, CSFP certification checks for WIC enrollment within the region and blocks the user from printing a CSFP food ticket if a duplicate benefit is noted. The WIC module does not check for CSFP benefits because the CSFP program was added after the system was implemented, but there are reasonably good controls to prevent dual participation. Clerks in the three counties with both CSFP and WIC are able to check CSFP status during enrollment. But on a practical level this check may not happen on a regular basis. If a participant enrolls in WIC after receiving CSFP benefits, the participant can only get CSFP benefits until the next CSFP visit, at which time more CSFP benefits are blocked.

Flexible Report to Detect Other Dual Participation

A flexible batch report provides TDH with the means to detect dual participation across regions. All PTBMIS WIC updates from each region are uploaded to a central server on a daily basis. CSFP participation data come from a monthly transfer from the regional sites.

The dual participation report program is run monthly to detect participants receiving WIC or CSFP benefits in more than one region. TDH can change the focus and scope of its dual participation report by adjusting the criteria for identifying a match. The monthly report identifies a match if records in a different region have the same SSN or the same combination of name, date of birth, race, and sex. Each field used for matching has an adjustable score, and the user can specify the total score required for a match. TDH had only been running the dual participation report on a quarterly basis because of a large number of false positives, but refinement of the matching criteria made monthly runs manageable. The dual participation report is highly efficient because of the high proportion of participants for whom TDH obtains SSNs.

Once or twice a year, TDH runs a check to identify all cases with multiple issuance records for the same month, including multiple records within the same region. This process produces a long list of potential duplicates, but most are justified (change of formula etc.) and do not represent fraud. Nevertheless, TDH finds that this report provides a useful check for fraud and over-issuance errors.

TDH is building a central patient index that now exists, but is not in operation. This tool could be used for dual participation, but a lot of duplicate records are produced which do not involve actual cases of dual participation. To make this index useful as a check on WIC fraud, the State would have to invest a fair amount of work to define the criteria for accurate dual participation reports.

Automatic Termination

The PTB MIS automatically calculates the due date for the next certification, based on the certification category and the date of certification. Checks cannot be issued after this date without updating the certification data. The PTBMIS notifies the check clerk when a participant is due for recertification at the next appointment, and the clerk gives the participant a form indicating the documentation that must be provided at certification. As of October 2000, the clerk will also notify the parent or caregiver of an infant or child participant of the physical presence requirement for certification.

Clinic Staff Conducts Blood Work and Measurements

In Tennessee WIC clinics, competent professional authorities (CPAs) are trained to perform their own blood work and interpret the results, and also to take accurate height and weight measurements for children, infants and pregnant women. (Participants can provide referral measures from other medical professionals if they are timely.) Providing this type of services is an added benefit to participants and also increases the personal knowledge of staff about their participants. For example, a CPA is more likely to detect signs of child neglect—a potential indicator that benefits are being abused—if the CPA has closer contact with the child during the certification process.

B. Food Instrument Issuance and Management

To begin client services, an encounter must be established in the PTB MIS, which automatically assigns a unique tracking number for the visit. The clerk issuing checks cannot open encounters at the same time. The encounter tracking process generates a label with the tracking number for the encounter form, which provides paper documentation of the patient visit. In the future, TDH will also use this label for the informed consent form completed at each certification.

The PTBMIS restricts the types of service that are allowed based upon the categorical status of the patient. In particular, a community health user will only be allowed services pertinent to that type of patient. To close the encounter, the check clerk must record the check issuance as a service provided. The system keeps an audit trail of who opened the encounter and who provided each service.

On-Demand Check and Receipt Printing with No Serialized Paper

Once the check clerk completes the WIC data screen with the required information (including updated certification data, if certification is due), the clerk issues a command to print the checks. The PTBMIS automatically assigns the next available serial number to each check. Based on the food package code entered by the clerk, the PTBMIS automatically generates the appropriate set of checks for 1 to 3 months, depending on the specifications provided by the clerk and the certification period. The clerk can reduce amounts of foods on the checks. The system also prints a receipt for the participant to sign indicating the number of checks issued and the date.

All information on the check is printed on demand. The check stock has no preprinted information, so blank checks remain worthless until a participant encounter is processed. The check stock does, however, have a watermark and other security features. A template of standard information and graphics printed on all checks is stored in a memory card in the printer, expediting the printing process.

The information that is specific to the check is provided by the PTBMIS, including the date of the check, participant name, identification number of the issuing clerk, and the components of the food package. To support this method of check printing, TDH uses laser printers with special toner cartridges containing magnetic ink that can be read by the magnetic ink character recognition (MICR) devices used by the State's bank. TDH implemented this system in July 1997 to eliminate the central printing of checks and the many logistical and security problems they created, especially the need to produce checks manually under a variety of circumstances.

Automated Proration

If a client comes to a clinic after the beginning of the service month, checks will be prorated to reflect the actual date of pick up. When an encounter is opened and the date of service recorded, an automatic proration to the food instrument will occur. The proration system allows for four levels available for infant formula based upon date of pick-up of check, each level relating to 1 week of a calendar month. All other food packages, which are lower in value, are prorated upon a two-level system. If a client is issued sample formula from clinic stock, the clerk will also prorate the food instrument that is distributed with the formula.

Controls Over Check Printing

Checks can only be printed at a designated terminal—typically two per clinic, usually with only one in use at a time. Each clinic has its own ID and can print only within specified hours. The check clerk has a separate function from the check-in clerk to minimize opportunity for fraud. Clerks must be certified to issue checks and have password/system identity to do so as provided by the regional system administrator. Clerks are automatically signed off a terminal after 30 minutes of inactivity, and they must sign off a terminal whenever leaving for a significant period of time. This is done as a form of protection against the production of fraudulent checks in a staff member's name.

Controls on Special Formula Issuance

Tennessee maintains tighter controls on special formula issuance due to cost factors involved. The nutrition coordinator must approve all special formula requests. The State purchases formula and it is shipped to the health department. Usually, one pharmacy per county distributes noncontract formula. This acts as a check on the purchase given the advance notice. Special checks are printed for formula based upon two codes in the system, one for special formula and another for the remainder of the food package. On the check print detail screen, the clerk can reduce quantities. This is done to split checks for special formula because of supply constraints or for use on a trial basis.

Automatic Check to Prevent Duplicate Issuance of Food Package without Voids

The PTBMIS will not allow the same food package to be issued twice within the same 3-month period unless the first set of checks have been voided via the check history screen. Checks may be voided and replaced if medical reasons exist (i.e., allergy, change of prescription). For a voided check, a comment and accompanying reason must be recorded. This information is used as justification when the double issuance shows up on a dual participation report.

The system retains the cause of void, the date, the user ID of the clerk completing the void, and the face value of check. Returned checks must be physically stamped as "VOID" to prevent

fraudulent transaction and redemption. If formula is returned, the staff issues prorated checks for the current month. Formula that is returned is logged and can be reissued to another recipient who will sign for it, as any other food instrument. If a check is accidentally voided, a designated regional WIC staff member can reverse the void.

Automated Check Replacement Process

TDH allows replacement of stolen and damaged checks; lost checks can be replaced after a five-day wait if a CPA certifies that the participant would otherwise be at nutritional risk. The check clerk voids the checks to be replaced with the appropriate code and comments, and the PTBMIS produces duplicate checks. If food purchases and checks are destroyed in a household disaster, the clinic issues checks to replace the food under a different food package code, because the system will not let the same food package code to be printed again. Designated regional WIC staff have the special right to replace checks on behalf of merchants so that they can be redeemed (e.g., if a check is damaged after the merchant accepts it).

C. Food Instrument Transaction and Redemption

Participants may transact their WIC checks at any authorized food store (vendor). At the time of checkout, the cashier enters the total on the check, the participant signs the check, and the cashier stamps and dates the check. Cashiers are expected to verify that the check is presented within the valid dates and that the foods are authorized for purchase with the check. The vendor submits the check to its bank for redemption, and the vendor's bank submits the check to the bank under contract with the state.

The State agency's bank performs a physical review of the checks before accepting them for redemption. About 1,500 checks are rejected by the bank each month. In the physical review, checks are rejected if they are missing the vendor stamp or date (the most common reason for rejection), or if they show evidence of tampering or other damage. If the vendor stamp is missing but the vendor information is printed on the back of the check, the bank will process the check but flag it as fixed. This step cuts the number of rejections in half. To prevent rejections and the accompanying fees, the State agency encourages vendors to review their checks before depositing them. The bank sends the State agency a monthly report listing all returned and fixed checks.

The State agency will review checks upon the request of the retailer before they are submitted to the bank. The vendor representatives in the regional offices are authorized to validate or replace legitimate checks that have been rejected so that they can be processed by the bank. For example, a clerk may record the total with tax (which does not apply to a WIC purchase) and then scratch it out to enter the correct total. If the store submits this check to the bank, it will be rejected; instead, the store can have the State agency validate the check. There is a special function on the PTBMIS that allows authorized State agency staff to replace damaged vouchers so that they can be paid. Stores have started to present more checks for validation before submission to a bank.

Automated Check Reconciliation

Tennessee's check reconciliation process identifies checks that meet one of four exception criteria: checks that are transacted yet voided in the system; checks that are transacted without a valid record of issuance; checks that are transacted, but a duplicate check number has also been

transacted; and checks presented for payment past their expiration date. In all of these cases, the check has been transacted by the participant, but payment is denied by the bank, based on the file of valid checks provided daily by the State agency.

Checks that are transacted without a valid record of issuance and checks which have been transacted under 2, seemingly identical, serial numbers are researched by the State agency. This process entails retrieving the check's image from files maintained on CD-ROM. Virtually all of these cases are misreads of the MICR encoding at the bottom of the check. Checks that are transacted yet coded as a void in the PTBMIS are sent to the regional WIC directors for research in the field. Most often, these checks have been voided in error, and payment will be made to the vendor.

For checks that have been transacted past their expiration date, the bank confirms that the food instrument was used past the expiration date and returns them to the vendor, if this is the case. Once a year, usually at the close of the State government's fiscal year, a report is run that automatically voids checks in the PTBMIS that have passed their expiration date.

D. Quality Management and Staff Oversight

WIC clinic operations are subject to several layers of review oversight to ensure quality of service, compliance with regulations and policies, and program integrity. Check clerks are required to perform daily quality control checks. Local clinic supervisors review records, specifically the check issuance process, monthly.

The regional WIC office administers an ongoing review, which examines each clinic once a quarter. In addition, there are state-level review functions. TDH's Quality Management (QM) group reviews each clinic once a year. The Bureau of Internal Audits (BIA) conducts a review of each region once a year, including visits to a sample of clinics. (In the counties that contract with TDH to operate their own WIC clinics, independent audits take the place of BIA's reviews.) The State auditor also reviews the WIC Program once per fiscal year.

Quality Control Checks of Food Instrument Issuance

Check accountability is ensured through the daily printing of the check receipt report, which compares all checks printed that day against the number of receipts printed with each check issuance and signed by the participant. The clerk who runs the report looks for gaps in the sequence of check serial numbers.

The clerk also prints the void check report, which lists all checks that have been voided on the PTBMIS that day, and performs a match by serial number against the checks that have been physically voided. Voided checks are sent periodically to the State agency, where they are imaged for ease of retrieval and spot-checked against the void check report. Clerks who issue checks and those who run the reports must initial and date their work, to establish an initial line of accountability for the checks.

Local clinic supervisors review the check accountability reports once a month. This review helps ensure that the daily quality controls are maintained and any problems are detected promptly. A more informal but equally important control is the fact that the check clerk operates in the

reception area of the clinic, a high-visibility location where supervisors can readily observe the clerks at work.

Integrated Quality Management Reviews by Regional Offices

Each TDH regional WIC staff conducts a review of every clinic in its region at least once a year. This quality control function is conducted by the regional WIC director to review 3 months of checks at a time. The process entails confirming the work of the local clinic supervisor and check clerks, including data entry, signed receipts, and daily issuance report review. A reconciliation process is conducted by both the regional and central staff.

TDH has a system of comprehensive QM reviews of all clinic operations, including WIC. Each region has its own QM team, led by a QM coordinator, which goes to each county site twice or more each year for various reviews. Most QM reviews are done by nurses, but the regional accountant does fiscal standards. Either the WIC regional director or a QM staff member may do the WIC review. The State QM coordinator prefers to have QM personnel to conduct WIC reviews because they tend to document problems instead of just fixing them.

TDH has an integrated QM manual with standards for all grants. Topics of QM reviews include: administration, health maintenance standards, encounter/medical records standards, fiscal review, risk minimization and WIC operations. The administration review deals with personnel records, patient satisfaction surveys, appointment schedules, posters, policy and procedures manuals, etc. The review of health maintenance standards uses a sample of records from PTBMIS. This includes correct plotting of growth, plans of care present and followed, referrals and follow up as appropriate. The encounter/medical records standards review includes checks that charges match medical records and key information on each encounter is filled in. The fiscal review deals with receipts, cash boxes, shortages and refers problems to internal audits. The risk minimization review looks at following proper safety procedures according to the clinic manual.

WIC reviews are based on standards provided by the State's WIC director and WIC quality assurance supervisor. These standards were first used in 1998 and have been updated each year. They cover certification, health histories, nutritional assessment, growth measures, blood tests, assignment of risk codes, nutrition education plans, food prescriptions, check issuance, immunizations, patient responsibility, and completeness of records. When income documentation requirements were implemented in July 2000, the review guide was revised to cover these requirements.

For each clinic, the annual review includes a variety of inspections, observation of procedures, and record reviews. The WIC reviewer pulls 10 or more WIC records to verify compliance with all program requirements, including certification and food package issuance rules. The reviewer also examines the check accountability reports for a 3-month period. Current clinic oversight visits include the observation of nutritionist with client, ensuring that the assessments made and instructions and advice given are appropriate.

The audit tool is on a laptop, which is used to enter findings into the database. The software application allows the reviewer to produce a report of preliminary findings for the exit conference with clinic management.

Typical problem areas identified in WIC reviews are medical history, growth measures, development, and behavioral screens. Initial measures are adequate, but there are common problems in plotting trend data versus expectations for growth. These problems might affect the quality of care, but not the integrity of WIC certification. The most common security problem is that staff members do not sign off when they leave their computer terminals, a requirement that is sometimes difficult to meet in the busy clinic environment.

The TDH regional office sends findings from QM reviews to the local director for response in 30 days. When problems are found, an automatic 3-month followup is pursued. Often peer review is utilized to discuss problems and assess causes. Patterns are discussed at regional QM committees and the State quality committee's annual meeting. Summary reports on the results of QM reviews are provided to State WIC management and other program managers. The State QM office oversees regional plans for focus on areas needing improvement, and meets annually with reviewers to assure consistency by reviewing the standards and addressing problems with applying them. QM nurses meet 4 times a year regarding medical records review standards.

Internal Audits of State-Operated Clinics

In addition to the reviews conducted by QM, the TDH Bureau of Internal Audits (BIA) also looks at various aspects of the county health department including WIC. These audits analyze reported income and ensure that income is documented at every certification. The BIA review also looks at a random sample of charts, screens and other documentation. The review criteria include: documentation of certification consistent with reason for nutrition care, proper time between certification and recertification, timely notice of ineligibility for termination, and proper nutrition education per nurse's notes. Audits also cover personnel records: applications, employee qualifications, and payrolls. The review of check records includes check receipt reports and receipts, void reports, and voids.

Fewer problems have been observed in the internal audits process since the advent of the QM program. BIA reports that it is now less common to see undocumented income or a client reporting no income. The most common problems observed involve missing or improper documentation of dietary recalls, growth charts, or nutrition education.

Participant Sanctions

TDH has a very specific sanction system, defining the actions taken against the participant when program abuse is detected. Upon a first violation of fraud, a participant is usually given a warning by the local clinic staff. The local clinic can also require that a participant pick up checks on a monthly basis. It is feasible to require a participant to transact checks at a specific vendor by pre-stamping checks, but TDH does not currently use this strategy. The most common sanction taken upon a second offense is program suspension for a specific period of time.

Employee Fraud

In the counties where TDH directly manages the clinics, all employees who will work for the WIC Program are State employees and subject to State personnel procedures. All new hires must go through a standardized Civil Service procedure to be hired. This is a preventive step against any opportunity for collusion among staff members-it is a check against any favoritism in hiring. The Civil Service application requires the applicant to state whether he or she has a criminal record, but no actual criminal background check is performed.

State WIC officials question the usefulness of a background check of this type, since employees who have been caught abusing the WIC Program and subsequently were sanctioned did not have a previous criminal record. The metropolitan counties that operate their own WIC clinics follow their own personnel procedures to ensure employee integrity. The two known cases of employee fraud in the history of the Tennessee WIC Program involved the theft of preprinted checks under the previous issuance system.

III. Summary of Site Visit Results

The key practices that promote participant and staff integrity in the Tennessee WIC Program are the following:

- The integration of WIC services as part of the public health clinic system
- A single process for making appointments, registering customers, screening for income eligibility, and tracking encounters for all services
- The integrated design of the PTBMIS to support integrated local operations and enhance information linkages between WIC and other programs, notably immunization and TennCare/Medicaid
- The separation of duties between registration and check issuance
- The highly effective dual participation checks based on real-time information for the clinic's region, a high rate of success in obtaining SSNs, and a flexible system for statewide dual participation checks
- An on-demand check printing system that eliminates serialized blank checks and controls when, where, and by whom checks can be produced
- Strong daily reconciliation processes for check issuance and voids, coupled with monthly supervisory reviews
- Multiple layers of regional and State review, including both WIC and non-WIC staff

The ability to check in “real time” for duplicate registration on a regional basis represents a mid-level of security compared to other State agencies’ fraud prevention systems that have been analyzed in this study. Specifically, WIC facilities in California are able to perform a real-time match of pending participants against the entire State’s WIC rolls at initial registration. Texas, on the other hand, does its dual participation check through a nightly batch process, and thus must follow up after dual participation has occurred.

Tennessee has chosen to incur the cost of online data communications between the clinic and a central host computer. By using an existing infrastructure for these communications, Tennessee substantially reduced the cost of providing online capability for WIC. According to TDH, the

amount of dual participation that is detected outside the real-time system is too small to justify the added expense of expanding online access to the entire WIC participant database.

The Tennessee certification system has a small window of vulnerability because it relies on the current presumptive eligibility process for Medicaid. WIC staff ask pregnant clients to self-declare their income and household size. A preliminary certification including, the issuance of 1 month's checks, is performed. After this is completed, WIC staff contact the Tennessee Department of Human Services to confirm the information provided by the client. Even if the participant does not meet eligibility requirements, the month's checks have already been issued. Although there is a low incidence of abuse, this situation represents an avenue through which fraud might occur.

Despite the statewide use of the WIC policy manual and the PTBMIS, there are some reasons to question whether program integrity is as strong in the county-operated clinics as it is in those operated directly by TDH. The State WIC management team has less control over the county-operated clinics. For example, the State WIC director prefers for all WIC clinics to provide scheduled appointments for all participants, as the State-run WIC clinics are required to do, but the county-run clinics often operate on a walk-in basis.

The county-run clinics are not reviewed by the TDH's internal auditors. Instead, TDH relies on the counties' own auditors and their direct accountability for program integrity. It is true, nevertheless, that the Tennessee WIC Program has exercised a significant amount of control through the contracts it has established with the metropolitan counties and the checks built into the PTBMIS. Moreover, TDH maintains strong lines of communications and a shared vision with the WIC directors in these counties. We are left with some uncertainty about how well these more indirect management tools take the place of TDH's internal management systems for its own clinics.

Finally, the quality management structure that has been developed is characterized by creation of quality control standards for the WIC Program by non-WIC personnel. In addition, it is very typical for quality management personnel to perform annual reviews rather than a regional WIC director. Some of the expectations for performance may be somewhat misfit to WIC operations. The entire quality management program has only been in existence since 1998, so it is natural that there is room for improvement.

This situation begs the question of whether the additional layer of oversight, although valid, makes a difference in actual quality control terms, given the layers of internal WIC Program reviews that exist. Essentially, if accountability processes work, quality management merely confirms the procedural priorities of the program. Other States' Agencies have chosen less frequent State reviews, but have implemented much more of an arm's length distance between oversight and the clinic operations that are being reviewed.

7. Texas Site Visit Summary Report

I. Background

The State WIC agency in Austin, TX, was visited during the week of September 11, 2000. The local agencies visited were the South Austin Clinic of the Austin/Travis County Health Department and the Hondo and Devine Clinics of the Medina County Health Department.

The Texas WIC Program serves about 750,000 participants per month. Texas is a very large and geographically diverse state, encompassing three major cities (Dallas/Fort Worth, Houston, and San Antonio), numerous smaller cities, and many rural counties. About 50 percent of the participants are children, 25 percent are women, and 25 percent are infants. About 64 percent of WIC participants are Hispanic, and 14 percent are African-American.

WIC Program Organization

The Texas Department of Health (TDH) administers the Texas WIC Program. TDH is operated by a governing board and is overseen by the commissioner of health. The Bureau of Nutrition Services (BNS) is overseen by the associate commissioner who also is responsible for the women's and children's health bureaus.

Within the BNS, there are five divisions, each with a specific role in statewide program administration. The Provider Relations Division establishes and oversees agreements with local agencies. The Vendor Operations Division oversees all WIC Program interactions with the State agency's authorized vendors, including authorization, monitoring, compliance enforcement, voucher processing, and other communications with vendors.

The Public Health Nutrition and Education Division is charged with overseeing the clinical aspects of the WIC Program, including nutrition education and annual updates of the approved foods list. BNS has a Training and Technical Assistance Division that develops training materials for local WIC staff and provides a variety of training and technical assistance, as well as an Electronic Benefits Transfer (EBT) Planning Division. TDH also has an Automation Planning Division that deals with, develops, and manages all automated systems including the WIC system.

The TDH Investigations Section, which is part of another bureau, oversees all cases of suspected program abuse by WIC participants, vendors and staff. The Investigations Section recently added a fraud analyst position to assist in the use of automated systems to detect WIC fraud. The analyst will develop and initiate routine monitoring of various indicators previously used by investigators on a more ad hoc basis. TDH expects that this initiative will significantly enhance its ability to detect fraud at the local agency level, as well as strengthen current efforts to detect participant fraud.

The contracts maintained with local agencies for client service delivery are established and renewed by the Provider Relations Division. The contracts are renewed on an annual cycle. The Provider Relations Division is also responsible for approving purchases to be made with WIC funds.

Both the Training and Technical Assistance Division and the Public Health Nutrition and Education Division provide a variety of support to local agencies. Among other initiatives, the training unit holds training twice a year for local directors and develops materials for local agencies' own in-service training for staff. The Public Health Nutrition and Education Division provides technical support, especially in locales where agencies do not have a registered dietician. For example, the referrals for special formula prescriptions become crucial when a local nutritionist is not available. This division also oversees nutritional assessment, food prescriptions, nutrition education plans, and updates to the list of allowable foods.

Local Program Administration

Texas WIC operates under contracts with a variety of local agencies throughout the State to deliver client services. These include 85 local agencies with a total of 850 clinic sites. Most areas are served by local health departments or private nonprofit organizations, such as counties, hospitals, universities, or community-based organizations. TDH has four regional offices which operate local clinics in 25 counties. The WIC administration takes basically the same approach to all local agencies. Nevertheless, differences in authority structure and governance among the local agencies (especially between public and private agencies) affect such processes as hiring staff and setting salary patterns and ranges.

This organization has come about due to the State's policy of devolution of services to local providers as local capacity grew. TDH once had eight regional offices that directly operated public health services in many rural areas. As a result of the devolution, most of the local agencies are small, and many have difficulty funding and retaining a full complement of professional staffs, a problem aggravated by the difficulty of attracting health professionals to rural areas.

State agency staff indicate that a local agency needs at least three staff members to be viable. Under the State agency's participation-based funding formula, it is hard to operate with fewer than 1,000 participants and best to have at least 1,500 to 2,000. When the TDH regional offices provided more of the WIC services, they had floating teams that served larger areas. Some local agencies have similar arrangements, with one core site plus part-time satellites. The funding formula adjusts somewhat for the effect of size, but the State agency has to balance funding for small agencies in rural areas with five very large urban areas.

A number of factors in the way that WIC is administered at the local level affect the potential for dual participation to become an issue. In the larger metropolitan areas, WIC is delivered through multiple local agencies, and participants often have the option of choosing the most convenient agency. These areas usually have high densities of potential participants, so there are few territorial disputes among agencies, but participants' choice and mobility contribute to the risk of dual participation.

For the smaller agencies, funding issues add to the sensitivity of border issues, as when participants live close to the county line and find that the agency serving the adjacent county has a more convenient clinic. The se border situations are usually not contentious. If the local agencies agree, they can get State approval to shift responsibility for participants in border areas.

USDA Regional Fraud Initiatives

The State has been active in program integrity work groups convened by the FNS/USDA Southwest Regional Office (SWRO) in 1998. The workgroups developed guidelines for income screening and preventing/detecting dual participation. The State and Indian Tribal Organization (ITO) WIC agencies in the region voluntarily adopted guidelines before the 1998 legislation and WIC Program 1999 policy mandating income, identity and residency documentation. According to TDH, the regional workgroups' guidelines generally match the pre-existing policies in Texas. The National Association of WIC Directors (NAWD) in turn took the regional group's guidelines as a model for national use.

Management Information System

To serve the client data needs of the Texas WIC Program, the State has developed the Texas WIC Information Network (TXWIN) system. This is a PC-based distributed application specific to WIC that runs on networks, standalone PCs and laptops. The application supports appointment scheduling, certification, on-demand voucher issuance, voucher inventory control, other voucher management functions, and reporting.

There is a separate database for each clinic containing the information for the assigned participants. In some local agencies, a single laptop may contain more than one clinic's data. TDH maintains a central computer host in Austin containing the entire statewide database. Data updates are exchanged between the field sites and the host via dial-up connection initiated from the field, normally on a daily basis. The State is committed to developing satellite communications to improve the database updating function. Plans are also under way to develop a wireless LAN for the laptops commonly used in part-time clinic sites.

Public Health Programs

Given the size of client rolls for many of the public assistance programs in Texas, there has been much effort on part of the State administration to simplify and link eligibility for social service programs. The Texas Integrated Eligibility System (TIES) project tried to develop a single eligibility process for food stamps, TANF, Medicaid and WIC as well as other health and human service programs. The campaign was dropped due to the policy and technical barriers posed by the programs' differing rules, but the Texas Department of Human Services is proceeding with a new eligibility system for food stamps, TANF and Medicaid.

TDH is also moving ahead with a pilot project to integrate maternal and child health services, primary health services, and family planning services. Currently, it is not feasible to integrate WIC in this project, because of differences in program eligibility regulations, but TDH hopes to build stronger links between WIC and the other health services for the WIC population. TDH has requested approval from USDA to accept income eligibility determination in these other programs as a basis for establishing adjunctive income eligibility for WIC.

In Texas, the CSFP is a very new, small-scale program administered by the Department of Human Services. TDH is working on a mechanism for data exchange between WIC and the CSFP to detect dual participation. TDH is also working with the New Mexico WIC agency to implement an EBT program. A vendor has been selected and the pilot program is planned for El Paso in the summer of 2001.

Program Characteristics

The WIC Program in Texas is operated in an environment of fiscal conservatism at the State and local levels. As a result, WIC has a strong mandate to prevent and detect fraud, reflected in a long history of requiring documentation to support applications for benefits. At the local level, many staff members of the WIC Program will go above and beyond the mandatory standards of fraud prevention. In addition, given the high rate of new immigration into Texas, many WIC recipients are neither native Texans nor predominantly English speakers. In some areas, the State agency has found that cultural differences between participants and staff have heightened the focus on integrity and led local agencies to create unnecessary barriers to service. On the other hand, the State agency has experienced occasional problems with local agencies failing to enforce eligibility rules and, in at least one instance, overstating participation levels.

II. WIC Program Operations and Processes

A. Certification

When a client calls the clinic to make an appointment for first-time WIC certification, the WIC clinic staff can complete a brief screen to record the pertinent information and establish a new participant record in the MIS. The required fields include name, date of birth, sex, address, and language. TXWIN requires this intake information before an appointment can be scheduled.

Clients are issued a WIC family ID (FID) number and card once registration is opened in the MIS. Since social security numbers are not required for WIC certification, a unique identifier is needed. The FID card and the ID number are used to identify the entire family. The system also assigns ID numbers to individual participants and links these numbers to the shared family ID. The FID becomes the crucial link to initiate all client services and record services received by the client in the MIS.

The FID card is bar-coded, so after initial certification, the participant (or parent) presents the card and the clerk scans it, which brings up the family information screen on TXWIN. If the card does not scan properly, the clerk can key in the ID number. The last digit of the FID number is a check digit derived from the other digits. Thus, if a key or scan error occurs, the check digit will be invalid. The check digit also serves to catch a false FID number created in order to fabricate a fraudulent participant record. A FID number can be assigned only if it is recorded as in the clinic's inventory. If the card is lost, a clearly labeled replacement with the same FID number is printed at the clinic and issued to the participant.

Each family also gets a WIC folder to hold vouchers, appointment notices and other documents. Each participant in the family is listed on the folder. This additional form of identification is useful if the participant comes to the clinic without the FID, especially a participant transferring from another site.

Proof of Identity Requirements

Texas has always required proof of identity for all participants, but the allowable types of documentation are quite broad. For an infant, any birth certificate or hospital form is accepted, including documents from Mexico. The State agency used to require Social Security numbers,

but this practice was discontinued because of Federal rules and the desire to serve all eligible persons, including undocumented immigrants. Local agencies can request SSNs, and many do. From conversations with staff and observation in local clinics, it appears that there is some variation in how aggressively the SSN is sought and how clear it is to the participant that the information is voluntary.

Physical Presence Requirement

In October 2000, after the site visit, TDH implemented a new policy to meet Federal regulations requiring the physical presence of all participants at certification, with certain exceptions. Infants younger than 1 month old can be certified without being present if all other documentation requirements are met, but the infant must be presented at the clinic within 6 weeks of certification. A waiver can be granted if the requirement would pose a barrier to participation for a disabled or medically fragile individual.

Local clinic staff estimated that 95 percent of participants were present at certification under the previous policy. They also noted that it may be a struggle to keep track of the 6-week deadline for the physical presence of infants, but that formula samples could be used in lieu of issuing vouchers if parents are late in bringing in their infants.

Residence Documentation

As with identification, TDH required residency documentation before the WIC Program regulations were issued. TDH allows local agencies to accept a variety of documentation to meet this requirement, within guidelines set forth in State policy. Participants usually do not have trouble documenting residency and will often present a utility bill or a lease. If a WIC family is sharing housing with another family, a copy of a bill and a note from the addressee of the bill can be used to prove residency. As a last resort (most often in rural areas with less formal addresses), the certifying worker will have the participant point to his/her residence location on a map and sign a statement regarding that location.

Income Screening

Texas has had a strong policy of income screening in place since the mid-1980s, when some cases of high-income people on WIC were publicized. Previously local agencies had the option to require documentation, and many did not. Staff noted that aside from blatant fraud, verbal declaration tends to lead to more subtle forms of underreporting in the form of rounding down or leaving out minor but potentially significant income (such as informal child support).

The income screening process begins when the participant makes the initial appointment; at this time, the clerk explains the documentation needed to complete certification for WIC services. Documentation requirements do not usually delay certification by more than a day, as the participant will return promptly with the missing information. The participant's income information is recorded first on a family information form before entry into TXWIN.

Adjunctive Eligibility

WIC staff members try first to ascertain whether the client is a gateway program participant (i.e., approved for Medicaid, TANF or Food Stamps), making the process easier for the participant and the agency. The participant must present some form of documentation of gateway program eligibility, such as a letter from TDHS. The WIC Program will not accept a LoneStar EBT card

as it does not actually confirm current eligibility, but staff will use the information on the card to verify eligibility by calling a computerized inquiry system operated by TDHS, or by calling the local TDHS office.

Challenges of Income Determination

All participants must provide income documentation, but TDH has forms for substantiation when people claim zero income: either a statement of support from a third party or verification of zero income from a reliable source (church group etc.). TDH also has developed a specific form and procedures for documenting self-employment.

Each household member's income is entered in to the computer. TXWIN checks the reported income and household size against table, automatically notifying the user if the applicant is over income and stopping certification. This control catches any errors made in the review and processing of the paper application form.

Despite the strong policies in place, State and local staff acknowledge that there is still a potential for underreporting, especially when the income reported is plausible but not necessarily complete. If the participant shows uncertainty or hesitancy about the number of individuals in the household, this provides a trigger to more closely scrutinize the income contributions of each individual to the household. It is often difficult to ascertain the income contribution of the father of a child when the father is not living in household but is still active in the lives of the mother and child.

State staff members rely primarily on the aggressive approach of local agencies to WIC fraud, probing for unreported income and getting and passing on tips about participants with unreported income. Systematic income verification, such as wage matching with the data reported by employers to the Texas Workforce Commission, is not considered cost-effective, because the likely result does not appear to justify the high cost (possibly as high as \$1 per name, but current data were not available.)

The experience of State staff suggests that relatively few applicants are denied based on income. This may be due to the size of the low-income population, but it is possible that applicants are using available information and tailoring their reporting to ensure that they qualify. Income guidelines are provided in outreach materials and available from the WIC information hotline. As evidence of low pay scales, State agency staff note that many clinic clerks qualify, as do some State staff.

Use of Specialized Income Screening Clerk

The South Austin clinic visited for the study employed a clerk who specialized in income screening. After the applicant presents herself at the clinic for services and passes through initial screening for identification and residence, the income screening clerk will visit with the client to collect all relevant documentation to determine whether she is income-eligible. This entails questions on the size of the household, the applicant's hours of work and income, and other sources of income received (i.e. child support).

The separation of this function from the front-desk functions of registration and voucher issuance provides a more secure process and also permits discussions of income to take place in a more

private setting. In smaller clinics, however, the same clerk may complete all certification steps prior to nutritional assessment and issue the vouchers, or a nutritionist may complete the entire process with the participant.

Rights and Responsibilities Acknowledgment

As part of each certification visit, the participant must sign the Supplemental Information Form (SIF), by which the client attests that all information presented to the WIC Program is accurate to the best of their knowledge. The client must also agree to follow WIC Program policies, including purchasing only WIC-authorized foods, not trading or selling food instruments, and behaving politely during interactions with vendor clerks and clinic staff. Participants also are informed that any lost or stolen vouchers will not be replaced. To stress the importance of the statement, TDH encourages local agencies to read the statement to the applicant or at least point out the key language while the applicant reads it.

Dual Documentation of Certification with Paper Records and MIS

For all client services performed, a paper record exists. These files are maintained at clinic sites and provide an additional level of security since a fraudulent identity cannot be completely created if a paper record does not also accompany the identity in the MIS. Some clinics maintain hard copies of all documentation that is presented by the client to meet identity, income and residency requirements, even though this is not required by State agency standards.

Measurements and Blood Tests

At Texas WIC clinics, the competent professional authorities (CPAs) who handle nutritional assessments and counseling also take participants' height, weight, and blood samples. Since clinic staff are caring for participants as well as issuing them vouchers, there is the opportunity for greater personal knowledge of the participant and their WIC history. This situation also presents the first opportunity to detect signs of neglect, often a product of program abuse when food instruments are not being used in an appropriate manner. Taking blood tests also provides occasional evidence of dual participation, when clinic staff notice that a child already has been tested.

Daily Dual Participation Check

As part of the daily client services process, clinics upload information into the State database each night. This provides the State agency the capability to run a nightly dual participation report matching vouchers on the participant's name, date of birth, sex, and the first day of validity for the voucher. The WIC Program does not require its participants to submit a Social Security number, so the SSN is not useful for dual participation checks. TDH has set its MIS to check for dual participation by looking at voucher issuance data. The parameters used for flagging dual participation have been modified to give local agencies more flexibility in scheduling appointments, and to prepare for EBT.

Fraud Unit Researches Dual Participation

Once a case has been identified as an example of potential dual participation, it is reviewed by a member of the State agency's investigative staff who is assigned full-time to this task. If this initial review finds that there is no reason for further investigation, the staff member clears the dual participation flag. If there is a reason for investigation, the staff member will request an

investigation and place a lock on the participant's record, prevent the issuance of additional vouchers, and notify the affected local agencies.

If the review is not completed within 7 days, the lock will be placed automatically. When a lock is placed because of possible dual participation, the affected local agencies research the case and coordinate the response, with the last agency visited by the participant having the primary responsibility. If a actual dual participation is identified, the local agency follows the policy concerning participant abuse, which may entail counseling or suspension depending on the circumstances. If no abuse occurred, the clinic that will continue to serve the participant can obtain a security code to release the lock.

To prevent hits on the dual participation report, clinic staff will lock a participant's record when they know in advance that a participant plans to transfer to another clinic. Once a transfer is made (if the transfer was not known about before client began receiving services at another clinic), staff at the participant's former clinic must wait for the record to expire as it becomes inactive. If clinic staff members know of an out-of-state transfer in advance, they can issue a verification of certification card and lock the record against further issuances.

TDH has discussed plans for cross-state checks for dual participation, as part of USDA's regional integrity work group. However, the question of practicality has arisen since there is a significant cost associated with sharing data and implementing such a system in the face of a suspected small dual participation incidence. Local agencies in border areas do contact neighboring States if they suspect that applicants are already participating elsewhere. TDH considers these ad hoc measures fairly effective given the rural nature of most border areas. There is some potential for more significant abuse in the more heavily populated area of eastern Texas along the border with Louisiana.

B. Food Instrument Issuance and Management

TXWIN has a table of standard food packages from which the clerk selects based on the food package prescribed by the CPA. The tables are maintained as a set number of options for food instruments from which the MIS can pick combinations. This information entered at the time of registration and each subsequent certification determine the food package that is selected for a client. The TXWIN data include the maximum unit price for each item allowed by TDH. The use of these standard food packages helps control food costs and reduces the risk of over-issuance. Nearly all varieties of formula are listed in the TXWIN system, but if the prescribed formula is not listed, the clerk can use the "other non-contract formula code" and enter the name, quantity, and price.

Print-on-Demand Capability

Texas has an automated, print-on-demand voucher issuance system. This system has saved a lot of effort and enhanced security compared with manually produced vouchers. The print-on-demand capacity assures that vouchers have no cash value until they are printed. Vouchers are occasionally printed prior to a participant visit, as when a participant is redirected from one clinic to another within a local agency to receive needed services. There is some evidence of staff printing vouchers in advance for routine appointments, but this practice is against TDH WIC policy and does not appear widespread.

For part-time locations, staff members bring laptops when sites are in operation, and printers and voucher stock are kept in locked storage locations when not in use. This system allows for the same standard of care based upon up-to-date information as in full-time clinic sites with stand-alone or networked desktop computers.

Security Limits on Voucher Printing

Staff must complete an update of the electronic file with all required information (including certification or recertification, if due) to be able to begin voucher issuance. Based upon staff ID numbers, only authorized staff members can print vouchers. In addition, only specified workstations have the capability to print food packages. Each voucher has a staff ID on the food instrument, providing a degree of accountability for the production of food instruments. Local staff members are generally cross-trained, and in some clinics all staff must be authorized to print vouchers in order to handle the client flow. The MIS will only allow the production of food instruments at clinics during predesignated hours during which client services are provided. The MIS also has a time-out feature for inactive workstations, and both State and local supervisors stress the importance of logging out when leaving a workstation.

Voucher Serial Number Controls

Vouchers are preprinted with a bar-coded serial number for tracking purposes. This provides Texas the capability to use inexpensive, compact printers, rather than having to use special MICR ink or high-resolution printers to print the serial number at the time of issuance. The clerk scans the bar code of the first voucher in the printer before starting to print vouchers, and then scans the bar code of the last voucher printed to confirm completion of the process. This barcoding creates a degree of resistance to tampering, because the identity of the voucher is maintained in the MIS and cannot be changed. The barcode has one important limitation: it is not consistent with banking industry rules, so the vouchers can not be handled as easily by banks as can the MICR-encoded checks used by other States' agencies.

Vouchers are shipped from the State to the local agency-local agencies decide how to allocate vouchers from that point on. Upon distribution a "ship to" electronic record is produced, to confirm the inventory that has been shipped and for comparison to what will be received at the clinic site. The clinic also receives a print bill of lading to confirm receipt of the shipment. The staff member responsible for voucher inventory records the range of serial numbers received on TXWIN. If voucher shipments are not logged as received in the system within a certain period of time, they are coded as missing in the system. Before voucher stock can be used, the clinic must "expand" the box of vouchers, a process that creates an electronic entity and status for each voucher within TXWIN.

Identification for Voucher Issuance

After eligibility has been determined and counseling is complete, the WIC FID goes with the participant's chart to the clerk responsible for data updates and voucher issuance, who scans the card before entering updates and before the voucher printing process. If the FID is not present, the local agency can permit the participant to pick up vouchers based on a photo ID, but the family ID number must be entered to initiate voucher issuance.

Voucher Issuance Documentation

The food instruments are three-part forms, and the participant signs each voucher to acknowledge receipt. One part of the food instrument is maintained as a receipt and used for comparison against the voucher report that is produced at the end of the day. The client's signature on the receipt can be compared with other documentation for fraud investigations.

Formula Exchange Vouchers

Unlike many State agencies, Texas does not allow its clinics to accept returns of formula purchased from retail vendors. If a client needs another type of formula, the voucher must be presented at the clinic and then voided. Only advance-month vouchers can be re-issued for the new formula, and only if all vouchers for the specific month are presented and voided, (i.e. none of that month's vouchers have been spent). If a formula voucher has already been transacted, the client has to take the unused formula to the grocery store along with an exchange voucher issued by the clinic.

In these cases either WIC owes the grocer for the additional cost of the new formula or the grocer owes WIC for the net credit on the exchange. The MIS calculates the amount due to or from the grocer, and then the clerk manually issues the voucher to the client. Clinics do, however, maintain inventories of formula samples for use in emergencies or in cases when a participant needs to try a new formula before receiving a full voucher for the formula.

C. Transaction and Redemption of Vouchers

Once end-of-day information is provided from each clinic site, the information is used to create a current file of valid vouchers. During this process, TXWIN determines which outstanding vouchers have expired or been marked as void or missing. This information is used to update the voucher processing system so that no invalid vouchers are paid.

Each food instrument produced has a maximum total amount and a maximum price for each item. As a result, the vouchers are more resistant to tampering by participants or vendors. The vendor must record the amount for each item, and this information is entered in voucher processing. The State agency reduces payment on a voucher if the price on any item exceeds the maximum.

The State agency also checks for signatures before processing vouchers and rejects any claim if it includes an unsigned voucher. This has proved to be a very effective way of ensuring the vouchers are signed, although compliance investigations still find that stores accept unsigned vouchers and then sign them before submitting them for redemption.

The State agency maintains information on the voucher number, the account name and number, the outlet name and the claimed amount versus the paid amount. A report on what has been paid is run nightly; those vouchers that have not been paid fall into an "error" category, usually resulting from missing issuance information. These serial numbers of these vouchers are run through the MIS to confirm issuance information, if possible.

The MIS produces a voucher status report that is reviewed nightly. This report identifies vouchers according to their status: missing, issued, voided, and apparent duplicates. When a

duplicate is suspected or appears on a report, it is usually because a voucher serial number has been scanned incorrectly.

One of the aims of vendor training is to reduce participant abuse. Vendors are trained to follow their normal return procedures and be consistent with all customers. Vendors are told that if they know that an individual is a WIC participant, the individual cannot exchange returned food items for cash or store credit. TDH believes this training cuts down on the fraudulent practice of returning WIC food items for cash. Vendors also are trained to require the participant to countersign the voucher and to check for obvious mismatches of name between the signatures. As noted, any claim that includes a voucher without two signatures is entirely rejected.

Investigation of Vendor Fraud Allegations

A key element of vendor management is the compliance buy process. Specialized vendor management staff members are sent into stores to attempt program violations, ranging from selling non-food items to charging for items not purchased. Stores are targeted based on customer complaints and on patterns of redemption transactions. If there is evidence of serious fraud, the case will be turned over to the investigations unit, which conducts further undercover operations and seeks legal action if allegations are substantiated.

D. Participant Fraud Investigations and Sanctions

Investigation of Tips from Hotline

All tips that are received, either from the State WIC hotline, clinic staff or vendors, are passed to the investigations unit. These include allegations of certification fraud, dual participation, and selling vouchers or WIC foods. If program abuse is suspected, the client's record is locked and the case is assigned to an investigator who will then attempt to gather all pertinent records. The investigative unit tries to gather information from available sources—marriage licenses, Texas Workforce Commission, community, etc.

Investigators also conduct fieldwork in some cases, such as surveillance of participants suspected of major fraud. For example, in one case, investigators staked out the home of a participant shortly before a certification appointment to observe whether unreported (and potentially working) household members were present. Before committing intensive resources to an investigation, TDH assesses the strength of the available evidence and the likelihood of successful criminal prosecution.

The use of a centralized investigations unit takes the burden of investigation and sanction out of the hands of the local agency. The local agency can focus on customer service, while the investigative unit takes the more adversarial role of conducting investigations and initiating sanctions. The investigations unit also develops considerable expertise, because it conducts about 200 investigations of alleged participant fraud each year (not counting the initial hits on the dual participation report). TDH has obtained criminal convictions of participants, vendors and employees of local agencies. TDH investigators have served as a resource to a number of other states seeking to set up similar units.

One challenge that often arises is the difficulty of confirming a participant's identity because a Social Security number has not been obtained. External sources for income verification and other

tools are hard to use without a SSN for the participant in question. The TDH investigators use a variety of resources to obtain SSNs, such as marriage records.

Process for Collecting Overpayments

When a case of dual participation has been confirmed and the intent to defraud the Program has been established, the State agency will try to collect the program benefits that have been collected fraudulently. The investigations unit determines the amount of over-issuance and sends a letter to the participant requesting the amount. This is seen as sending a message to participants about the seriousness of abuse, even when the prospect of recovery is slim.

Participant Sanctions

The length of program abuse and the severity of fraud that has taken place will determine the type of administrative sanction that is levied against the participant. For the first offense, the local agency usually counsels the participant about the abuse and warns that the next offense may result in suspension. If there is evidence that a parent is selling WIC formula, the local agency may report the participant to child welfare authorities as a case of potential child neglect. Only in the most extreme incidences will the case be referred for prosecution, since district attorneys will rarely consider WIC cases unless they involve large-scale fraud.

E. Local Agency Oversight

Local Agency Contracting

The local agency contracting process features a number of controls to promote program integrity. Local agencies must meet a series of criteria to ensure that they are legitimate, viable organizations capable of meeting documented community needs. The local agency's agreement with TDH stipulates that the local agency is accountable for the security of vouchers and for undocumented or invalid issuances. Unsatisfactory quality assurance reviews (as described in the next section) can lead to probation or termination of a local agency's agreement.

Training to Promote Program Integrity

TDH provides a variety of training resources for local WIC staff, including introductory and refresher training on integrity issues. Each WIC local agency prepares an annual plan for training, and TDH encourages the local agencies to periodically assess their achievements relative to the plan.

Management Evaluations

Each local agency is required to conduct an annual self-audit. The State agency provides local agencies with a review packet for this purpose. Included in the self-audit are: records, physical audit on the building, check of the procedural log, participant's satisfaction survey, and a fiscal review done in the county treasurer's office.

Every other year, each local WIC agency is subject to a State agency-conducted quality assurance review. This entails a sample of at least 40 percent to 50 percent of the agency's clinics. All clinics are reviewed for fiscal operations, risk indicators, computer equipment and voucher stock. The standards include review packets used for all TDH contractors. The Quality Assurance (QA) Monitoring Division of the TDH is responsible for the review of staff performance and personnel records. The QA monitoring staff responsible for review of local

programs includes nutritionists. In addition, the WIC Program maintains a fiscal review unit to oversee the financial operations of local agencies.

Employee Fraud Prevention

Texas Department of Health asks potential employees applying to its regional clinics whether they have criminal backgrounds. TDH also runs a check on all driver's license records. County and city governments retain the right to perform criminal background checks for positions they consider sensitive. Local agencies identify staff participating in WIC, disclose the information in the MIS, and maintain a separate file of income documentation for these individuals. Employees are not supposed to certify relatives. Each year, all WIC staff members must sign a conflict-of-interest statement attesting to the fact that they do not hold a financial interest in any vendor or grocery store.

The biggest risks of employee fraud are due to: the mobility of participants and the need to have staff perform many functions. If a participant leaves the clinic area without registering for WIC elsewhere, a staff member can print that participant's vouchers and keep them. One deterrent to this is the paper trail for all visits, which is difficult to fabricate. TDH relies on the local agency reviews and on tips to identify these and other instances of staff fraud. The incidence appears to be rare, but the investigations unit handles about six cases each year.

III. Summary of Site Visit Results

The key practices that promote participant and staff integrity in the Texas WIC Program are the following:

- A widely shared concern for program integrity at the State and local levels
- Well-established, time-tested procedures for documentation of identity, residence and income
- A WIC information system well-adapted to the variety of local agencies and clinic facilities in the state, supporting all local agency functions
- A combination of automated and paper records of certification information providing a solid trail for quality assurance and audits
- A simple yet reasonably secure and very useful family ID card
- Daily checks for dual participation with initial review at the State agency level, automatic locks on records of possible violators, and clear procedures for investigation and resolution
- A reliable on-demand voucher printing system with strong access and inventory controls
- Countersigning of vouchers at issuance to deter use by unauthorized persons and to provide a record of issuance

- Use of a daily updated file of valid vouchers in voucher processing
- Specialized investigative staff to resolve allegations of participant and staff fraud
- Substantial resources devoted to training and technical assistance to local agencies
- Comprehensive self-audits and State quality assurance reviews of local agencies.

The TXWIN system has some important limitations. First, its stand-alone design means that participants must provide the same information to different agencies to get WIC, health services, and public assistance. Also, local WIC agencies in Texas have more limited access to Medicaid information than counterparts in several other States. Furthermore, the current process of data exchange required to maintain the integrity of the State database relies on a dial-up connection without encryption, a system that is neither the most reliable nor the most secure option. The satellite technology soon to be implemented by TDH will address this last issue.

There are issues regarding the efficiency and equity of local agency operations. From an efficiency perspective, there is the potential to reduce the reliance on paper forms through more complete automation of certification, although TDH notes that the forms are designed to ensure compliance with federal documentation requirements. Such a change would require that WIC CPAs have access to computers at the point of service.

Both integrity and equity issues are raised by the level of discretion that local agencies have, not only because of explicit State agency policies but also because of the limited resources for State oversight and the limited alternatives to the present array of contracting agencies. This discretion is acknowledged by the State agency to create both inequities in the treatment of participants and exposure to the risk of fraud, particularly when requirements for the separation of duties are relaxed to facilitate staffing the many small-scale clinics operated in rural areas. The State agency has a comprehensive quality assurance process designed to prevent local discretion from creating problems, but the reviews are only conducted biennially for each local agency and less often for some clinics.

Lastly, it is important to note the substantial commitment of resources to the investigations unit. TDH views this investment as worthwhile, both to its own anti-fraud efforts and as a resource and model for other State agencies. The new fraud analyst position has the potential to provide efficient new investigative tools that make better use of the available data in the WIC MIS. The most intensive investigative resources are applied only when justified by a strong likelihood of a criminal conviction. Nevertheless, it is important to note that other State agencies might choose to use their resources differently, particularly if they operate in an environment where it is more difficult to prosecute and convict participants for WIC fraud.

8. Virginia Site Visit Summary Report

I. Background

The State WIC agency in Richmond, VA, was visited during the week of August 7, 2000. The local agencies visited were the Henrico County Health Department in Richmond and the Alexandria City Health Department in Alexandria.

Virginia has a population of almost 7 million. Approximately 125,000 participants are served by WIC each year. There are currently no eligible participants who are denied benefits due to lack of funding, or who have been placed on waiting lists.

WIC Program Organization

At the State agency level, the WIC Program falls under the Division of Chronic Disease Prevention/Nutrition. The following work as a team on WIC: Vendor Services Management, Information Systems, and Training and Development. Oversight of this team is the responsibility of the State WIC nutritionist coordinator. The team consists of:

- Cost containment/caseload management coordinator
- Several nutrition coordinators
- Chronic disease nutrition and 5 A Day manager
- Statistical analyst
- Program compliance coordinator
- Office service assistant

The Virginia WIC Program encompasses approximately 170 local agencies, which are run by 35 different health districts, 5 of which are private/county-run as opposed to State-run. The State agency has a contractual agreement with the health districts which is renewed on a yearly basis.

Local Program Administration

At the local agency level, the WIC Program coordinator oversees operations at the agency and all the clinics that fall under it. Interviewing clients, distribution of WIC vouchers, blood work and measurements, preparation of paperwork and clerical support are the responsibility of the office service specialist (OSS) or office service assistant (OSA). Training for this position is done at the local level and varies along with the duties performed.

WIC certification, nutrition education, nutrition assessment and care plans are conducted by the nutritionist or nutrition assistant who are competent professional authorities (CPAs). Qualifications for the position of nutritionist include a Bachelor's degree in nutrition or related field (Master's degree in nutrition or public health or registered dietitian certification is preferred). The staff members who are nutritionists are CPAs by virtue of their educational background. Other staff members who do not have a nutrition education background may complete the State's standard competency training to become approved as a CPA. These staff members are called nutrition assistants and they may complete certification for and offer nutrition education to low-risk clients only.

They may also do height, weight, blood work, and assist the nutritionist. The public health outreach worker does breastfeeding education and outreach, home visits to women with newborns, or visits to the obstetric (OB) clinic to talk with pregnant women. This position is filled by former WIC participants who must complete 24 hours of training. Background checks are done prior to employment in a position that entails home visits.

Management Information System

The management information system currently in use by the Virginia WIC Program is named IRMA. It is a “front end” system, and is housed in the Department of Information Technology. Checks are printed centrally and mailed to the agencies. With the new WICNET system, contract formula will be printed on a different check so the cost versus the number of cans can be verified to make sure all of the cans were purchased.

A new system, to be called WICNET, is currently under development. This online system was initially being developed by CMA, Inc., but the State agency staff members were not satisfied and decided to finish the system development themselves. WICNET will compare vendor prices by peer group (i.e. mom & pop stores vs. large chain groceries), which will allow the State agency to identify high-risk vendors as well as set maximum values for food instruments. WICNET will print checks on demand, and identify possible dual participation at certification.

Fraud Prevention Initiatives

The State agency reports that prosecuting participant and staff fraud and abuse has been difficult in the past. Typically, when local police departments were called, they would discount fraud and abuse reports; and when the WIC agency made efforts to get assistance from the State’s attorney general office, the staff was told that because WIC is a Federal program, the State would not get involved. There was also confusion among the agencies about whose responsibility it was to prosecute fraud and abuse.

In order to deal with these issues effectively, it was felt that a new position, that of WIC program integrity manager, should be created. This staff member would be in charge of detecting, preventing, and prosecuting fraud and abuse, and would have experience in criminal justice. The State agency wanted someone who could “speak the language” of law enforcement officials—someone who would know how to present a case in such a way that it would be taken seriously by those officials. The position had just recently been filled at the time of the site visit, by a former police officer from New Mexico.

In addition to dealing with issues of fraud and abuse, the WIC Program integrity manager also keeps a log of all complaints, follows up on them, and records their resolution. Prior to the establishment of this position, the nutritionist handled complaints but not on an extensive level. If a complaint required followup, the nutritionist contacted the district to try and resolve it. Since a large number of complaints have to do with altered checks, followup is important in detecting fraud and abuse.

In addition, this position is involved with program review (i.e. monitoring corrective actions and compliance issues) and civil rights (i.e. compliance with civil rights requirements). The State agency reports that since this position was filled, the staff members now feel they have someone

knowledgeable to turn to, and the local agencies have been coming forward more with their concerns.

II. WIC Program Operations and Processes

A. Certification

Screening and Certification

When an applicant requests an appointment, only categorical eligibility is determined. The applicant is then given an appointment and told to bring proof of identification, residency, income, and pregnancy. Proof of identity, residency, income, and pregnancy are documented. The Social Security number is not required. Participants are given a unique WIC ID number. For families with multiple participants, the ID number for children is the same as that of their mother with the exception of the last few numbers that differentiate that participant from others in the family.

If an applicant is eligible to participate in the program, a 2-month supply of checks is given. If ineligible, referrals are made to other programs, such as Temporary Assistance for Needy Families (TANF), or the Commodity Supplemental Food Program (CSFP). In addition to signing a rights-and-responsibilities form, participants may watch a video that explains the process of shopping and redeeming WIC checks. In the video, a veteran WIC mother is taking a new WIC mother shopping to buy WIC foods, and explains each step of the process to her. This video is not a requirement of the Virginia WIC Program, but is available to all clinics to use if they wish. The video is an interesting, informative, and creative method of acquainting new WIC participants with the process of using their WIC checks.

Verification of Adjunctive Eligibility

Applicants are considered adjunctively eligible for WIC if they receive Food Stamps, TANF or Medicaid benefits. Adjunctive eligibility is also extended to families containing a pregnant woman or infant who receives Medicaid or a member receiving TANF. Applicants must bring documentation of proof of eligibility with them to certification (i.e. a letter of eligibility), or a call can be placed to a helpline that will enable staff to determine whether the applicant is still eligible for the programs. If an applicant is presumed eligible (eligibility is still being processed) for TANF or Medicaid, adjunctive eligibility is allowed without documentation, but the applicant must sign the affidavit and will be given only a 30-day supply of checks. Proof of eligibility must be established at the next appointment.

Documentation of Identity, Residency and Income

Documentation of identity, residency, and income must be provided at each certification, and this information is recorded in the participant's chart. The WIC ID folder is acceptable identification at recertifications. If proof of identity, residency, or income is not available, the applicant can sign an affidavit and will be provided with a 30-day supply of benefits. The proper documentation must be brought in within 30 days or the participant will be terminated from the program and must reapply. If an applicant is claiming zero income, a written statement from a reliable third party (i.e. social service agency, church, legal aid society or employer) who has knowledge of the applicant's lack of income is acceptable.

Proof of Pregnancy

Proof of pregnancy must be provided for women who are not visibly pregnant. Self-declaration will be accepted initially, but documentation of pregnancy by a doctor or nurse practitioner must be provided within 90 days, or the participant will be terminated from the program. Some clinics provide pregnancy tests at a minimal cost (based on a sliding scale), or a referral can be made to prenatal health services to obtain proof of pregnancy.

Specialized Staff for Investigating Dual Participation

Virginia's Department of Information Technology produces a dual participation report on a quarterly basis. The system identifies possible cases of dual participation by matching the first four letters of the participant's last name, middle initial, WIC code, race, sex, and date of birth. This report is reviewed by the WIC Program Integrity Manager, who feels the criteria for matching names on this report is too broad, and results in too many false positives.

The report that was generated for the quarter before the interview listed 300 names. Out of these, only 68 required close inspection. Any matches that appear suspicious are sent to the WIC coordinator of that health district for further investigation. If an actual case of dual participation has occurred, the WIC program integrity manager is available to facilitate prosecution if necessary.

Automatic Termination and Conversion

IRMA will automatically terminate a participant who has not been recertified by the date recertification is due. This termination may occur 1 or 2 months after the recertification due date depending on the category and check cycle. The system performs automatic conversion from infant to child status. It changes the WIC code, food prescription, and priority of need.

Separation of Duties/Controls on Certification Authority

Separation of duties is strongly encouraged by the State agency, but staffing issues occasionally dictate that the same person who certifies a participant must also issue checks. The agencies recognize the importance of separation of duties as a method for controlling staff fraud and abuse, but at the same time, feel the pressure of serving a large number of participants with a limited staff.

Changes in Food Package/Special Formula

Since checks for an established participant are printed at a central location, a change to the food package can be made by voiding the preprinted check and issuing a manual check with the revised food package. Special formula is distributed only with a doctor's prescription, and approval of the WIC nutritionist. Special formula is delivered to the local agency from the formula company. The State agency keeps a database of all formula ordered, but does not do any tracking to identify unusual distribution amounts. If formula is not picked up, changed, or returned, the clinic may have a small stock on hand. There is no formal system for handling this inventory, but the local agency staff members frequently call one another to check for special formulas on hand prior to ordering them. It has become a sort of unofficial network in which excess formula is transferred to clinics that need it.

Reliance on Outside Providers for Blood Work and Measurements

Blood work and measurements are to be collected at each certification. These can be taken at the clinic, or by a private provider, but only if taken within the last 60 days, and if the documentation has been signed by that provider. If the information provided by an outside source appears suspicious, a call will be placed to the provider to verify the authenticity of the data. Since these services are available in the clinic, measurements and blood work can always be retaken.

B. Food Instruments Issuance and Management

Checks are printed at a central location and sent to the State agency where they are inventoried and remain locked up until they are sent via UPS to the local agencies. When the checks arrive at the local agency, they are inventoried and a report is sent back to the State agency that indicates what was received. If a shipment does not arrive when expected, the local clinic notifies the State agency. If the shipment cannot be located, the State agency has a record of what checks were to be sent, and can void the whole series of serial numbers of the checks that would have been in that shipment. Some clinics have designated someone as the person responsible for the checks, and some have not. The checks are to be kept in a locked cabinet when not in use. Local agencies are required to perform a monthly inventory of their checks to ensure that they are all accounted for. The MIS does a weekly check for unmatched redemptions.

Check Issuance

The Virginia WIC Program uses three types of checks:

- Computer printed: Printed at the State's Department of Information Technology and mailed out to agencies. Have all clinic, participant, food prescription, and valid dates printed on it. Printed for participants who are already in the system.
- Preprinted manual: Come in a booklet with food prescription already printed on the check. Participant and clinic information must be written in by staff.
- Manual: Come in a booklet. All information must be written in by staff. Used for special food packages.

On-demand check printing or manual draft printing are not currently available to the clinics. Manual checks are entered into IRMA, and a carbon copy is kept in the booklet as a record. IRMA keeps a record of which checks have been issued or redeemed, and performs monthly checks for unmatched redemptions. Participants must show their WIC ID folders when picking up their checks. If the check is computer-generated, the participant signs the check register upon receipt. If the check is manual, the participant signs the carbon copy of each check.

The system does not have a built-in function to stop printing checks for a participant who has missed recertification. The checks will still be printed and sent to the local agencies. It is the responsibility of the local agency to verify that the participant is currently enrolled in the WIC Program before handing out checks. If the participant has not been recertified, the local agency would need to inactivate the client in the IRMA system to stop the printing of checks.

Checks that are not picked up are kept in the clinic until they expire, and are locked up when the clinic closes. This practice provides flexibility for the participants who may not be able to make it to the clinic on the day scheduled for check pickup. However, it results in an increased concern for check security, as a large number of preprinted, unissued checks are on hand in the clinics at any given time.

Voiding of Checks

When it is necessary to void a check, the check is immediately stamped “VOID” then entered into the computer with a code that indicates the reason for the void. The check register is also marked with “VOID” beside the check number for computer-generated checks. For manual checks, the carbon copy of the check is stamped “VOID”. The voided check is shredded. Placing a void in IRMA will not prevent a check from being redeemed once it reaches the bank. If a local agency needs to void a check that is not in its possession (i.e. if lost or stolen), a call must be placed to the State agency so they can issue a “stop payment” with the bank.

Use of Serialized, MICR encoded Check Stock

Computer printed checks are serialized and have MICR encoding on them for processing and tracking purposes. All manual checks have preprinted serial numbers on them, but not MICR encoding. With the new system, serial numbers and MICR encoding will be printed on demand along with the rest of the information on blank check stock.

No-Replacement Policy

Lost or stolen checks may be replaced under certain circumstances, such as when lost in a fire or natural disaster, or if stolen, with a copy of the police report. The requirement for a copy of the police report is waived if there is a charge associated with obtaining it. If infants or children are removed from the home and placed in foster care, checks can be replaced with documentation from the social service agency. If participants must leave their homes due to domestic violence, checks can be replaced with a self-declaration.

A copy of documentation or self-declaration must be filed in the participant’s record. Checks reported as lost or stolen are voided in the system, and replacement checks are not issued until 10 days later, as a control against a participant redeeming both sets of checks. Lost or stolen checks must be reported to the State agency. The State agency reports this to the bank, and places a “stop payment.” When the “stop payment” is confirmed, the State agency sends a form to the local agency for replacement of the checks. If the “stop payment” is confirmed and the form received prior to the 10-day waiting period, the local agency can go ahead and replace the checks.

C. Food Instrument Transaction and Redemption

Participants must show their WIC ID folders when transacting checks. The cashier writes in the amount of the check and the participant verifies the amount and signs the check. The checks are deposited in the vendor’s bank and routed through the Federal Reserve system. Before the checks are cashed, they are examined for presence of a signature, valid dates of transaction, and any evidence of alteration. If the bank does not consider the check acceptable, it will be rejected and sent back to the retailer. The retailer can send the check to the State agency for a second review.

D. Management Evaluations

Every 2 years, the State agency monitors the local agencies. A memo indicating the date of the monitoring visit, and requesting any premonitoring information needed, is sent to the local agency at least 60 days in advance. The monitoring visit is performed by the State nutrition coordinators, each of whom is assigned a certain number of districts to monitor.

The nutrition coordinator typically spends 2 days interviewing staff, observing certifications and other clinic activities, and reviewing records. Monitoring activities are conducted for the purpose of evaluating the following: certification procedures, food package prescription and issuance, nutrition education, check security, accountability, maintenance of records, civil rights procedures, staffing, training, caseload management, referrals, and outreach.

An exit interview is held within 2 weeks of the monitoring visit, and a written report completed within 30 days of the exit interview. The district health director then has 60 days to submit a response to the State agency. The monitoring team informs the director if the response is acceptable. If necessary, followup will continue until the problems are sufficiently resolved.

The contractual agreements that the districts have with the State agency are renewed on a yearly basis, so it is important for the local agencies to do well on these evaluations, and to ensure that any areas of deficiency are corrected in a manner that is acceptable to the State agency. The management evaluation also serves as an opportunity for the State to reiterate to the local agencies its commitment to program integrity, and to ensure that policies and procedures that have been established to prevent and detect fraud and abuse are being followed.

III. Summary of Site Visit Results

The key practices that promote staff and participant integrity in the Virginia WIC Program are the following:

- Establishment of the position of WIC Program integrity manager
- Monthly review to check for unmatched redemptions
- Confirmation of “stop payment” prior to replacement of checks
- Requirement of proof of pregnancy
- Video available that details the process of transacting WIC checks
- Management evaluation with followup until resolution

In the absence of a more sophisticated online MIS (which is currently under development) the Virginia WIC Program has several controls built into its current system. The monthly report for unmatched redemptions provides the agencies with a tool for identifying missed entries or possible staff fraud. In a system where voids are not processed in real time, a wait for confirmation of “stop payment” prior to issuance of replacement checks is a good control against the possibility that a participant might report checks lost or stolen and transact both the replacement and the reported checks before the system could be updated with the void.

The practices of printing checks for participants who have not made it to their recertification appointments, and keeping unissued, preprinted checks in the clinic until they expire are system weaknesses. The potential for staff fraud and abuse too occurs increased with unissued, preprinted checks on hand. In addition, the shredding of voided checks leaves no physical record that the check was actually voided.

Maintaining uninventoried stock of special formulas in the clinics is another area of weakness. These formulas represent a cost to the Program, and have a resale value. Since there is no tracking of this formula, the potential for staff to remove and resell it without detection exists. A system for tracking and inventory of special formulas would greatly reduce this risk.

Staffing problems, lack of legal-system expertise, and lack of support from law enforcement officials were issues raised by other State WIC agencies regarding the difficulty identifying and prosecuting fraud and abuse. In light of these issues, the establishment of the position of WIC Program integrity manager was an insightful solution. A statement expressed repeatedly during the site visits to various States was it was “nobody’s job” to prosecute fraud and abuse.

Development of the position of WIC Program integrity manager is an excellent control because there is now someone whose job it is to detect, prevent, and prosecute WIC fraud and abuse. State and local agencies in Virginia now know exactly who to turn to with concerns about fraud and abuse. This will likely result in an increase in detection of fraud and abuse. The State agency has indicated that they are already receiving more calls from the local agencies in reference to concerns of this nature.

Another effective control utilized by the Virginia WIC Program is a comprehensive management evaluation process with a followup component. This allows the State agency to ensure that local agencies are following the policies and procedures that are in place to prevent and detect fraud and abuse. It also enables the State agency to hold the local agencies accountable if they are not adhering to anti-fraud policies and procedures. The followup is an effective tool for ensuring that local agencies follow through with the corrective measures they have agreed to take.

9. Choctaw Nation of Oklahoma Site Visit Summary Report

I. Background

The Choctaw Nation ITO WIC agency in Durant, OK, was visited the week of September 11, 2000.

The Choctaw Nation Indian Tribal Organization (ITO) is located in the southeastern corner of Oklahoma. This area is a overwhelmingly rural area that has been historically inhabited by members of the Choctaw and Chickasaw tribes. Low-income women and children in southeastern Oklahoma have the option of turning to the State or to either tribe to receive WIC benefits. This option exists because, unlike the Indian Nations with traditional reservations, each Indian Nation in Oklahoma has a designated geographic area but does not have exclusive jurisdiction over the area.

No tribe in Oklahoma operates its WIC services for the exclusive benefit of its tribal membership. There is no specific residency or Native American heritage requirement in place to limit participation. Since the eligible population for the Choctaw WIC Program is not defined by specific geographic or membership boundaries, its service delivery areas overlap with those of other governing entities. Food retailers authorized as vendors by the Choctaw WIC Program are also authorized by the State.

Given the unique situation in which Choctaw tribal lands are served by both Oklahoma and the Choctaw Nation WIC Program, many opportunities for dual participation exist. Often, non-Native American participants will be served by Choctaw Nation WIC, if Choctaw clinics are much closer to their residence than a State clinic. The situation is similar for the other WIC ITOs in Oklahoma. In response to this unique challenge, the State and the ITOs have established an agreement to share information on WIC participants. For the purpose of identifying dual participants, the State and the ITOs have set the standard of dual participation to reflect the receipt of two sets of benefits rather than registration in two programs.

WIC Program Organization

Choctaw Nation of Oklahoma operates its tribal headquarters in Durant, OK. To service the needs of those living in tribal lands, as well as Choctaw Nation tribal members in areas that are not geographically contiguous, tribal administration includes a social service division, headed by an executive director for social services, a position that is appointed by the chief of the Choctaw Nation. This division operates and is accountable for the administration of the WIC services. The WIC Program is run by a WIC director and maintains a small staff at the central office that performs data entry, voucher transaction and redemption, coordination of nutrition education and voucher issuance.

The Choctaw Nation WIC Program employs a vendor clerk, WIC director, a nutrition coordinator, a data entry/management information operator, and part-time employees who handle paper work, filing, and redemption issues. The nutrition coordinator manages the nutrition education program and the breast-feeding program, including traveling to the field for appointments with patients and supervising care for high-risk patients.

The WIC program also employs a field staff of five full-time paraprofessionals, who conduct certifications, issue vouchers, and provide nutritional counseling and education. These staff members deliver services at 14 sites—all of them operating at least 2 days per month. The Program maintains secure storage at each site for files and food instruments. The Choctaw Nation WIC Program serves about 2,300 participants each month.

Management Information System

The Choctaw Nation of Oklahoma WIC Program uses a centralized MIS to maintain client records. This system is operated out of the Durant administrative office and retains all client registration, issuance and certification information. The system runs on the Choctaw Nation's AS400 computer system, which is used for all of the tribe's centralized information systems. At the clinic sites, certification information is recorded on hard-copy forms, and the only participant information is in paper files.

The certification forms are mailed or hand-delivered to the data entry/MIS operator at the central office, who keys the data into the MIS. The same staff member generates all preprinted vouchers and updates the database with information from the clinics when vouchers have been picked up or voided. Another staff member enters information on all redeemed vouchers into the MIS. This separation of duties is enforced by a security system that gives no one but the WIC director the authority to enter both certification and redemption data.

When a change needs to be made to a participant record in the MIS, the paraprofessional indicates the change on the turnaround form previously generated from the MIS data. The paraprofessional mails the top copy of the form to the data entry operator and keeps a carbon copy. The data entry operator updates the system and mails an updated turnaround form back to the paraprofessional to confirm that the MIS has been updated. As with the initial registration process, this centralized entry serves as a check on the legitimacy of the changes to the MIS. For example, any new prescription must use a code accepted by the MIS.

II. WIC Program Operations and Processes

A. Certification

When an applicant contacts the Choctaw Nation to apply for WIC, she is referred to the paraprofessional at the nearest clinic site, who schedules an appointment and informs the applicant of the documentation requirements. The WIC paraprofessional obtains documentation of the applicant's identity, residence, and income, and then performs a nutritional assessment. (High-risk participants are certified by paraprofessionals, but they are referred to the nutritionist for nutritional counseling.) All certification information is recorded on a multipart form, which both the participant and the paraprofessional sign.

The paraprofessional keeps one copy of the certification form for the clinic files and sends another copy to the central office for entry into the database. The MIS operator enters the information, prints out a multipart form that mirrors that database screen, and sends this form to the paraprofessional. The turnaround form serves the paraprofessional as a reference tool in lieu of access to the database.

Each new participant receives the WIC handbook, which explains program procedures and participants' rights and responsibilities. The paraprofessional reviews the highlights of the handbook with the participant, who signs a form indicating receipt of the handbook and acknowledging the terms of participation.

Verification of Participant Identification, Income and Residency

Choctaw Nation accepts the usual variety of identification documents, such as drivers' licenses and birth certificates. In addition, a Native American applicant can provide a Certificate of Degree of Indian Blood, which is issued by the tribe as proof of eligibility for certain benefits. Each participant is given a WIC ID folder, which lists the names and WIC ID numbers of participants, the signature of the adult family member and the proxy (if any), and appointment dates. This folder also contains information on allowable foods and scheduled appointments. When additional documentation is needed or a recertification is due at the next appointment, the paraprofessional places a notice in the ID folder. Vouchers are placed in the ID folder, and the participant uses the folder as identification when transacting vouchers.

Income documentation has been a program requirement for at least 15 years. The Program has maintained that a copy of documentation presented be kept in a participant file at the clinic site. This has led to a relative ease of obtaining client financial information under new Federal regulations. This situation has not existed in other WIC Programs such as the one in Oklahoma. A weekly pay stub is the most commonly presented form of documentation by clients. This is accompanied by an attempt on the part of staff to ascertain whether the wages earned are typical for an average work week.

For adjunctive eligibility, acceptable documentation is a current identification card for the following programs: Food Stamps, TAN F or Food Distribution on Indian Reservations. If the applicant has no income, she must file a statement to this effect. If income documentation is not available at the time of certification but the participant is determined to be income-eligible, she can receive 1 month's benefits and must provide the documentation at the next month's visit. This provision does not appear to be used often and does not seem to pose a significant risk to program integrity.

Like many WIC Programs, Choctaw Nation WIC faces challenges in determining income eligibility. Staff members are unsure how to count numbers of residents in any given household. Often it is difficult to ascertain whether young mothers are economically independent from their parents. Sometimes a husband will not share financial information with his wife. Without this information, staff cannot certify the income eligibility of the household. The WIC director notes that despite these problems, few applicants have income levels that are above the WIC limit, in part because the poverty rate in the area is high.

Assignment of Proxy

The participant (or parent/guardian) can designate a proxy to pick up vouchers for appointments other than recertifications, either at the time of certification or by sending a note with the proxy at the time of the appointment. When a proxy picks up vouchers, he or she must present a photo ID to confirm identity. Only one month's vouchers are issued, so that the participant must come in for nutrition education.

Comprehensive Dual Participation Check

Dual participation exists as the most likely area for fraud. Within the Choctaw WIC program, screening procedures and the use of the centralized MIS serve as checks on dual participation. WIC paraprofessionals are trained to ask applicants whether they are now or have been a WIC participant elsewhere. If the applicant is transferring from another tribal or State agency, she is asked (but not required) to turn in any unredeemed vouchers. If the data entry operator attempts to open a new record for a participant who is already on the database, the MIS will stop the entry process and generate an alert. This match can be made based on Social Security number or name and date of birth. However, this data check does not occur until the certification data are entered at the central office, so the participants have already been issued at least 1 month of vouchers at the time that detection of dual participation is made.

The Choctaw Nation has developed a strong relationship with the State and other tribal entities in the area to facilitate the sharing of WIC participant information to perform joint dual participation checks. An agreement between the State agency and tribal organizations brought consensus over the creation of a computer matching system and what information is to be shared through its use. Once a quarter, the State runs a match of all participants based upon name, date of birth, address, and categorical status.

To accomplish this, data from all Oklahoma tribes are uploaded into the State database. Any matches based upon these fields are coded as possible cases of dual participation and referred to the affected agencies for investigation. Prior to the ability to check dual participation by this batch system, State agencies and tribal organizations would perform manual checks. This was a complex process since larger tribes would have to check their rosters against those of every smaller tribe and also the State's roster.

There are some existing difficulties in this process. The chief limitation is that overlapping participation can occur for 3 or more months until it is detected by the report. Choctaw Nation and the other participating agencies have amended their agreement to provide more data for the matching process, so that the dual participation report makes it easier to investigate cases of possible dual participation. Choctaw Nation WIC cannot confiscate Oklahoma vouchers when a transfer arrives. In this way, Choctaw Nation cannot ensure that State vouchers will not be spent once Choctaw Nation vouchers are received.

The frequency of true dual participation is rare. Choctaw Nation has only had one case of dual participation in 2½ years. The current system benefits the State agency because the program is able to catch dual participants. The State detected five potential dual participants within the last quarter.

Participant sanctions are determined by the agency that first certified the participant. Violators are suspended from receiving vouchers, but they can continue to receive nutrition education. The last clinic visited continues as the service provider once sanction from the first clinic has been satisfied.

Personal Knowledge of Clients by Staff

Choctaw Nation shares a number of characteristics with small WIC Programs. WIC serves an area that is overwhelmingly rural, with a relatively small client base. Many of the staff live in the community in which they work. Choctaw Nation staff share a special cultural bond with many of the participants they serve.

In addition, Choctaw Nation WIC offers one-on-one nutrition education for all participants. These factors taken in combination contribute to a detailed personal knowledge of the participants and their program histories. Because of this knowledge, staff members are sensitive to the needs of their clients and will notice any unusual patterns of behavior among participants. In addition to improve customer service, this capability is a check on both program abuse and incidences of child neglect.

The close knowledge of participants helps WIC staff enhance the effectiveness of WIC as a gateway for other programs. Staff members check with participants to ascertain what type of healthcare they receive and whether they qualify for services provided by Indian Health Service clinics. Also, WIC staff members check that children are receiving immunizations. Staff consider such referrals critical because most WIC participants are very poor and will qualify for almost any program recommended, but often do not know of services available to them.

The personal dimension of the Choctaw WIC Program poses a challenge when complaints of participant fraud arise. To avoid conflicts arising from personal relationships, these complaints are referred by paraprofessionals and central staff to the WIC director, who personally initiates the investigation. If she determines that a criminal investigation is needed, she enlists the tribal police. These investigations are rare but there have been a few cases of significant unreported income or benefit trafficking.

B. Food Instrument Issuance and Management

Vouchers for current participants are printed at the central office in a batch process and issued at clinic sites. Voucher issuance is on an alternating 2-month schedule so that central office staff only needs to produce half of the program's vouchers in any given month. In the third or fourth week of each month, the next 1 or 2 months' food instruments are created for each participant who has an appointment in the next month, using the most current information in the MIS. As a way of automatically terminating participation, the MIS will not print vouchers for dates beyond the date that the participant's eligibility ends.

The preprinted vouchers are bar coded with serial numbers and personalized with the participant's name, WIC Program ID and, for most participants, the prescription. The serial number is the identifier for the voucher record in the MIS. The prescription includes any choices of items (e.g., frozen or canned juice), so the participant makes the choice at the time of issuance, and the paraprofessional crosses out the other option. For infants, the voucher does not include the prescription, so that the paraprofessional can modify the prescribed formula without voiding and reissuing the vouchers.

The preprinted vouchers are shipped via United Parcel Service (UPS) or hand-delivered by senior program staff to the paraprofessionals. The vouchers are grouped by site, so that

paraprofessionals serving multiple sites can keep the vouchers separate. The central office maintains a record of which vouchers were sent to each paraprofessional and sends a receipt with the shipment. The paraprofessional signs the receipt and mails it back to the administrative office. The paraprofessionals must account for each voucher at the end of the month. If a paraprofessional does not receive a voucher shipment, the central office can trace it via UPS, but this happens very rarely.

Manual Vouchers

For a new participant or a participant needing a change of prescription, the paraprofessional manually prepares vouchers using serialized blanks. The blank vouchers for women and children have the food components preprinted, so only the quantities must be written by hand. For infants, the paraprofessional fills in the entire prescription on a blank voucher. As with the preprinted vouchers, the central office tracks the distribution of blank vouchers, and each paraprofessional is responsible for her inventory.

C. Voucher/Food Instrument Redemption

Vouchers consist of three parts. The top (white) copy and the second (yellow) copy are given to participants, while the pink copy is retained by the paraprofessional to be sent back to the central office for data entry. Upon redemption, the store retains the yellow copy, and the white copy is sent to central WIC office to be processed for payment. Each component of a voucher contains the same barcode, so that vouchers can be scanned to update their status.

Choctaw Nation uses dual-signature vouchers, so the participant signs and dates the vouchers at the clinic. Each paraprofessional maintains a daily log for all vouchers issued, listing the voucher numbers and the name of the person picking up the vouchers, and who signs the log.

Voucher Transaction in the Store

The participant countersigns the voucher in the store after the vendor enters the price. The vendor is expected to check the countersignature against previous signature and the participant's WIC folder. Vendors usually comply with this requirement, because if the signatures on the voucher do not match, the payment will be denied unless the vendor has obtained prior authorization. A participant can send a temporary proxy to transact vouchers, but the vendor must call the central office for an authorization number within 48 hours of accepting the vouchers. This process helps prevent the redemption of lost or stolen vouchers. The central office maintains a record of the vendor and participant names for each authorization number in a logbook, and this logbook is consulted when a discrepancy in the signature is noted during voucher redemption processing.

Internal Accounting Procedures for Voucher Transaction and Redemption

The Choctaw Nation WIC Program processes the vouchers that are transacted and pays the vendors. The voucher volume is approximately 5,000 vouchers transacted and redeemed per month.

Four different staff members handle food instruments during the redemption process; this is an important check to prevent fraudulent claims by vendors, with or without staff collusion. Receipts must be included with all vouchers when claims are sent to the central office for

redemption. Often, the store manager or cashier initials the receipt and voucher as proof of processing the sale.

First, the central office organizes receipts and vouchers according to batches in which they are received and checks receipts for the presence of non-WIC foods. If a food is not on the approved foods list, WIC will not pay the vendor for the purchase of the item. If store has sold out of WIC-approved food, Choctaw Nation will not deny those items bought in substitution, as long as the shortage is reported in advance of redemption.

Next, staff members check that the signature on the voucher is that of the participant or authorized proxy. If this signature does not match and the vendor did not obtain a temporary proxy authorization number, the entire food instrument purchase is denied. Central office staff total food purchases and the number and amount of items denied, in the process checking the amount the store is claiming payment for, regardless of whether or not any denials were affected. Choctaw Nation will only make payment on a maximum of 50 vouchers, per batch, for a certain store.

Central office staff maintains a spreadsheet with a running total of WIC sales and denials for each store for the current fiscal year. This information is retained in addition to the amount of denials for each store, the voucher numbers that have been paid and batch number. With every batch processed, WIC staff checks the cumulative food amount that is being paid versus the Choctaw Nation allotment of food funds from the USDA.

Vouchers are then scanned into the MIS and coded as transacted. Only two individuals are authorized to do this, a staff member specifically assigned to this task and the director. The vendor number and amount to be paid are entered, as is the batch number for ease of retrieval. Every denial is logged into the MIS. The system is precoded with up to 99 reasons for a denial of payment. Once a voucher has been entered as redeemed or denied, the MIS will not allow it to be redeemed again.

A financial report is produced every time a batch is complete and is sent to the Choctaw Nation accounting unit with the white copies of vouchers. The accounting unit reviews the batch, makes sure that all vendors to be paid are authorized, and checks the totals before issuing checks to the vendors.

When vouchers return from the accounting unit, the redemption data entry clerk will re-code them again as paid. The MIS will not let "paid" status be entered on a voucher that has not been recorded as transacted by a participant.

Non-replacement of Lost and Stolen Vouchers

Under Choctaw Nation policy, vouchers are treated like cash and not replaced if lost or stolen. Participants are asked to report lost or stolen vouchers, so that the vouchers can be coded as lost to prevent payment.

Comprehensive Voucher-Level Reconciliation Procedures at End of Month

On a daily basis, each paraprofessional mails the voucher receipt log and the pink copies of vouchers to the central office. As an additional measure of accountability, the WIC director

receives a copy of each paraprofessional's appointment book on a monthly basis, to be checked against the voucher receipt log.

The MIS operator checks the pink voucher copies against the log and scans the vouchers to record them as issued in the MIS. If the voucher was manually issued, the MIS operator enters the participant and prescription information; the MIS checks for invalid prescriptions and duplicate participation at this stage. This process ensures that each issued voucher has a known status and is linked to a participant.

At the end of each month, each paraprofessional voids the preprinted vouchers that have not been picked up by participants. The paraprofessional then sends these unissued vouchers back to the central office, where they are scanned and recorded as unissued. To minimize this effort and to maximize participation, staff members try hard to get no-shows to come in, leaving time open in their schedules near the end of the month for make-up appointments. According to the Choctaw Nation's tracking reports, fewer than 2 percent of participants fail to pick up their vouchers in a given month.

Using the information entered into the MIS, the system operator produces a monthly voucher-level detail report indicating the status of each voucher (issued, unissued, redeemed, lost/stolen, expired, etc.). This report identifies the names of participants not claiming benefits or not transacting vouchers. The report also provides summary counts of vouchers by status. The central office is also able to produce a voucher participant history, a document that shows the status of every voucher assigned to a particular participant.

Vendor Knowledge of WIC Participants

Most communities only have one WIC vendor. Therefore, the vendor often knows the type of voucher that is usually cashed by particular participant. This familiarity can be a first-level check on program abuse, as a participant who normally transacts a child voucher would raise suspicion if she began to transact infant vouchers without having been noticeably pregnant. Thus, vendors are often the first to report suspicious activities of clients. The small number of vendors also raises the likelihood that fellow participants or neighbors will notice and report participant abuse.

Centralized Vendor Authorization

Paraprofessionals do not handle vendor transaction or redemption issues since often they live in the same community that is being served. Rather, vendor management is conducted as a centralized function, to ensure that paraprofessionals do not have to take sanctions against businesses in their own community. This also eliminates the possibility of collusion between WIC staff and vendors since local WIC staff members have limited opportunities for professional contact with the vendors.

D. Quality Control and Staff Fraud Prevention

Separation of Duties Present in MIS

Employees' access to enter or change MIS data is restricted to one side of the database or the other. Some have access only to certification and voucher issuance data, while others have access only to redemption and payment data. The only employee who has access to both sides of the MIS database is the WIC director.

Centralized Data Entry Process

As discussed, all data entry into the MIS is done by central office staff, and a single staff member is primarily responsible for each side of the database. The fact that all records handled by the paraprofessionals or the voucher processing staff members are reviewed by a single person provides an important quality control and security measure. This centralized entry also reduces the risk of dual participation.

Accounting Check on Fraudulent Payments and Reporting

Another level of check on the work of all WIC staff, including the director, is the role of the accounting unit. All program expenses are reviewed and approved by the Choctaw Nation accounting unit. This includes both vendor payments and purchases with administrative funds. The accounting unit makes sure all expenses are allowable and that sufficient funds are available for payment. The accounting unit also reviews and certifies the periodic financial reports to USDA's Food and Nutrition Service (FNS). This last step acts as an additional check against any attempt by WIC staff to manipulate participant data, either for financial gain or to overstate participation.

Conflict of Interest Statement

Each year, every staff member is required to sign a statement indicating that he or she has no conflict of interest involving any WIC vendor. The vendors are required to sign similar statements. The close-knit nature of the community serves as an additional check on this risk, because family relationships are widely known.

E. Management Evaluations

Choctaw Nation WIC has developed comparatively limited quality management procedures. Although the WIC director hired a full-time staff member to perform record review and other quality assurance procedures, the staff member has been needed to serve as a substitute for other paraprofessionals. As a result, and also because of the difficulty of traveling to each clinic site to review records, there is not a strong record review procedure for patient files.

The director and nutritionist conduct informal record reviews and observations when they are in the field to meet with high-risk participants or to perform other duties. The director monitors performance indicators through the review of MIS reports, appointment logs and other documentation. The nutritionist has a more formal review process for nutrition assessments and education, but this process does not address issues of program integrity. As a result, there is an opportunity for program abuse that remains unchecked. Nevertheless, it would be quite difficult for paraprofessionals to fraudulently create or manipulate client identities to facilitate a gain for themselves, given the single point of data entry and other controls.

III. Summary of Site Visit Results

The pertinent practices that promote participant and staff integrity in the Choctaw Nation WIC Program include the following:

- Well-established income and residency documentation procedures exist

- All certification, including income determination, is conducted by trained paraprofessionals with in-depth knowledge of the community
- MIS data entry process and system edits serve as checks against dual participation, fabrication of cases, inappropriate prescriptions, and errors in participant data
- Unique arrangement exists among Oklahoma ITOs and the State agency to check for dual participation among programs with overlapping service areas
- Preprinting of vouchers for current participants reduces effort, errors, and the risk of fraud
- Thorough accountability exists for all vouchers distributed to and issued by paraprofessionals, with daily submission and review of voucher issuance information
- Comprehensive end-of-month voucher reconciliation process and MIS maintains accountability for every voucher
- Joint authorization of vendors by Choctaw Nation and the State is in place to share resources for vendor monitoring
- Authorization procedure for voucher transaction by temporary proxy exists to prevent transaction by unauthorized persons
- Thorough in-house review of transacted vouchers and vendor redemptions by multiple staff is done, including review of cash register receipts
- Role of the Choctaw Nation central accounting unit is vital in overseeing financial integrity
- Role of the Choctaw Nation Police in investigating criminal fraud allegations is crucial.

Many of the unique program administration practices of the Choctaw Nation WIC Program stem from the comparatively small number of participants and the rural area that the program serves. These factors contribute to the high degree of personal knowledge among WIC paraprofessionals, vendors, and participants about their community. Many opportunities for fraud are reduced because most paraprofessionals know their clients' family situations and WIC histories. Despite the small size of the central staff, the internal accounting procedures and divisions of responsibility provide a series of checks on participant, vendor, and staff fraud.

The Choctaw WIC Program is unusual in that most incidences of program abuse stem from dual participation involving other WIC Programs. This is in contrast to most other State WIC Programs where dual participation within the program, such as at two different clinics, is much more prevalent. The unique agreement between the Oklahoma and the ITOs provides a model for

dealing with similar areas where participants have as much or more access to service sites of neighboring States or ITOs as they do to other sites within the same State or ITO territory.

There are certain aspects of a larger program's administration that would be beyond the means of Choctaw WIC based on its small size. First, the WIC director does not have the kinds of oversight and support resources that are typically found in a State WIC agency, other than the limited roles of the accounting unit and the Choctaw Nation executive director.

The WIC director said this is a possible vulnerability of the program, most notably because of the lack of resources available to conduct independent investigations of alleged program abuse. To compensate for this weakness, the WIC Program has developed a strong working relationship with the Choctaw Nation tribal police. This has strengthened program integrity while taking paraprofessionals out of the awkward situation of investigating individuals in their own community.

The MIS has some important limitations, most notably the lack of direct access at the clinic sites. This situation results in part from the challenge of funding fixed expenses for clinic sites and the central office in very small WIC agencies, given the way that administrative funds are allocated by FNS. The minimal facilities available at some clinic sites would make it difficult to implement a MIS, even if funding were not an issue. As a result, the program relies more on the paper files in the clinic sites than is desirable, particularly given the physical distance between clinic sites and the limited resources available for reviewing clinic files.

Choctaw Nation WIC relies heavily on the ability, integrity, and commitment of its paraprofessionals. The paraprofessionals exercise their responsibility for participant care with considerable autonomy. Given the need to staff a widely dispersed network of clinics, the small management team cannot provide daily on-site monitoring. Instead, they strive to maintain program quality and integrity through a combination of resources: the strength of the established documentation, reporting and control mechanisms; the training and supervision provided by the director and the nutritionist; the quality assurance effort still under development; and the open lines of communications with staff, participants and the community.

10. Navajo Nation Site Visit Summary Report

I. Background

The Navajo Nation ITO WIC agency in Window Rock, AZ, was visited the week of July 24, 2000. The local agency visited was the Gallup Clinic, in Gallup, NM.

The Navajo Nation WIC Program encompasses 16 clinics and serves about 13,500 participants, 95 percent of whom are Native American. The Navajo Nation itself has a population of approximately 175,000. The population is fairly mobile. Residents frequently move away for jobs and come back when they are done. The Navajo Nation WIC Program receives \$13.5 million in funding of which 80 percent is used for food, and 20 percent is used for nutritional services and administration. The area covered by the Navajo Nation WIC Program is approximately the size of the state of West Virginia.

WIC Program Organization

The Navajo Nation ITO WIC Program comes under the Division of Health, and is under the direction of the WIC program director, who oversees the vendor section, nutrition section, finance section, and MIS section. The nutrition coordinator oversees the operations of all 16 clinics.

The clinics on the reservation are operated by the Navajo Nation Indian Tribal Organization. They branched off from the Arizona WIC Program in 1982 and since then have operated in cooperation with but independently from the State. The WIC Program operates independently of the Navajo Nation health departments, although a few satellite clinics do operate out of health departments. Services between the WIC clinics and the health departments are not integrated, but there are frequent mutual referrals and sharing of medical information. USDA reviewed the program and described it as “workable, operable, serving clients.”

Local Program Administration

At the local clinic level, staff members include nutritionists, community nutrition workers (CNWs) and clerk typists. The position of nutritionist has three levels (I, II, and III). The nutritionist may perform the following duties: conducting annual quality assurance reviews and followup; assisting the WIC nutrition coordinator with program planning; providing technical consultation to all WIC staff; organizing nutrition education, counseling, and care plans for high-risk clients; conducting nutrition inservices, technical training for CNWs; completing chart reviews, and completing performance evaluations.

The nutritionist must have a Bachelor's degree in nutrition or a related field. The CNW is a position which has varying levels of duties (I, II, III, or IV) and requirements. The CNW may perform the following duties under the general supervision of the nutritionist: determination of eligibility; certification; measurement and blood work; dietary assessment; nutrition and health education; check issuance; assignment of risk factors based on assessment; food package prescriptions; chart reviews; investigation of complaints; dual participation monitoring, and performance of quarterly quality assurance reviews.

All levels of CNW require a high school diploma or General Educational Development (GED) diploma. Higher levels require a combination of the completion of certain training modules and a specified number of years of experience. Clerk typists perform clerical duties, issue checks, and explain proper use of checks. This position requires a high school diploma or GED and fluency in Navajo and English.

Management Information System

The management information system currently in use by the Navajo Nation ITO WIC Program is the Navajo Nation WIC Information Program Version 1.3. This system was designed internally by the Navajo Nation staff specifically for use in the WIC Program. The system is PC based, menu-driven, and contains pop-up boxes. It is not an online system, but rather operates from a local area network (LAN).

Information is entered into computers at the clinics, and at the end of the week the information is merged and sent to the main office. If a laptop is being used at a satellite clinic, the information is merged at the end of the day. The weekly transfer of information represents a significant lapse in time between when information is entered at the local clinic and when it reaches the central office. Occasionally checks that have been recorded at a clinic as "VOID" have been redeemed before the main office receives this information. A single login code is shared by all users of the system, so tracking of which employee has performed various functions is not a capability of the system. This MIS provides an end-of-day and end-of-month printout of transactions that can be used for reconciliation or tracking purposes.

Fraud Prevention Initiatives

All fraud- and abuse-related complaint forms are sent to the central office. A member of the vendor section follows up on complaints. If the complaint is about staff or participants, followup typically involves informing the clinic involved and letting clinic staff investigate or perhaps counsel a client. If the complaint is about a vendor, the vendor section will investigate and followup if necessary. Sanctioning for vendors can include disqualification from the program or criminal prosecution, if proof of criminal activity exists.

The Navajo Nation WIC Program ran into a unique problem in the past when attempting to prosecute fraud and abuse. The Navajo Nation is considered a sovereign nation, but it receives Federal funds for the WIC Program. A number of years ago, a particular vendor was exhibiting exceptional redemption rates, and upon further investigation, it was discovered that participants were driving as far as 40 miles to his store because he was cashing WIC checks for money, or items that were not WIC-approved.

The Navajo Police and the Arizona attorney general were notified. Even though the program was receiving Federal funds, the attorney general could not prosecute the case because the fraud took place within the boundaries of the Navajo Nation. The vendor was disqualified and the Arizona WIC Program was notified so he would not be allowed to participate within that system either. The participants involved were asked to reimburse the program but the Navajo Nation was unable to collect from most of them. The WIC Director reports that now such cases are investigated by the central office then turned over to the Navajo Nation compliance officer, who is a non-biased, fair-hearing officer for the Navajo Nation. If criminal activity is involved, the Navajo Police are also contacted, and can decide whether to prosecute.

II. WIC Program Operations and Processes

A. Certification

Screening and Certification

If an applicant calls to make an appointment, the only eligibility information requested is information for the establishment of categorical eligibility. The applicant is then told what type of documentation and information should be brought to the appointment. Eligibility information is taken by a clerk. Information is entered directly into the computer as it is taken. The type of documentation provided is entered into the computer, but photocopies of the documents are not made. Certification is typically completed by a CNW, but may be done by a Nutritionist if the participant is considered high-risk. Once certification is completed and the food package determined, the participant's folder is passed back to the clerk who prints and issues the checks.

Verification of Adjunctive Eligibility

An applicant is considered adjunctively eligible for WIC, if currently eligible for Medicaid, TANF or food stamps. The Navajo Nation WIC Program does not have computer access to any information for these programs, so applicants are asked to provide documentation of current eligibility in any of these programs. Acceptable documentation must contain the participant's name and dates of eligibility (i.e. an eligibility letter).

Documentation of Identity, Residence and Income

At the certification appointment, applicants are required to provide proof of identification, residency and income. An applicant's Social Security number with 2 added digits is used as the applicant's ID number, but a Social Security card is not considered an acceptable form of ID as it is easily forged. ID numbers for infants and children consist of the mother's SSN, and the 2 additional digits are unique to that participant.

Proof of residence is sometimes a challenge because there are no street addresses, and if there is no post office in town, residents typically use the trading post as their address. USDA has granted Navajo Nation WIC participants permission to use a post office box or trading post number for proof of residency. A waiver can be signed by the applicant if there is a good reason for not having documentation of residency, such as homelessness, migrant status, or if a victim of loss of property.

If income documentation or appropriate identification is not available at the certification appointment, the applicant can be given a 30-day supply of benefits, and must provide documentation at the next appointment or be terminated from the Program.

Dual Participation Check

A written agency agreement has been established between the Inter Tribal Council of Arizona, Inc., the State of Arizona's Office of Nutrition Services, and the Navajo Nation to share information for the detection and prevention of dual participation in WIC and the Commodity Supplemental Food Program (CSFP). The following information is sent to PDA Software Services, Inc. on a computer disk on a quarterly basis: ID number, reason for visit, project

number, clinic number, first and last names, date of birth, ethnic code, sex, category, address, certification date, and food instruments/vouchers “redeemed” date.

The data elements used to flag possible dual participation are: name, WIC ID number, and dates of last check issuance within 2 months of each other. A dual participation report will be distributed within 30 days to all 3 parties for detection of possible dual participation. In an area where 3 different entities are involved in these programs, the compilation of this information into one report is an important control against dual participation. A weakness of this system is the amount of time that could potentially elapse between issuance of benefits and detection of dual participation. As of November 2, 2000, the New Mexico WIC Program and the ITOs in New Mexico have agreed to share information for this report as well.

Automatic Termination and Conversion

It is the responsibility of the certification worker to keep track of the date when an infant should be converted to child status, and enter this change into the computer. There is a space on the screen for entry of the date of certification and the date on which the participant will be terminated unless recertification is completed. This entry is used as a tool for reference. The system will not perform an automatic termination.

Separation of Duties/Controls on Certification Authority

The person who certifies a participant does not distribute checks. Clerks obtain eligibility information and print checks, but certification is the responsibility of the nutritionist or the CNW. After a participant is certified, the chart goes to the clerk who prints out and distributes the checks.

Changes in Food Package/Special Formula

The MIS keeps a record of the food package prescribed for each participant. Staff previously had the capability to make changes to food packages in the computer, but as a control against staff fraud and abuse, this is no longer the case.

Checks for special (nonrebate) formulas are distributed to WIC participants only with a doctor's prescription and approval of the Nutritionist. Most formulas are already in the system, but some (i.e. for premature babies) are not, and must be ordered and distributed by the central office. The MIS prints a report on issuance of different types of nonrebate formula.

Reliance on Outside Providers for Blood Work and Measurements

Measurements and blood work are almost always taken at the clinic. This information can be provided by a physician if taken within the last 60 days. The information provided by the physician must include the participant's name and must have been taken when the participant was within the same categorical status (i.e. pregnant or postpartum). If the information provided appears suspicious or altered a call is placed to the doctor's office to verify the information provided.

B. Food Instrument Issuance and Management

Handling of Food Instruments

Blank, serialized check stock is printed by Ink Impressions, Inc., and delivered via company vehicle directly to the Navajo Nation WIC Program. Boxes of checks are kept in a locked cabinet until they are delivered by WIC personnel to the clinics. If for some reason a box must be opened prior to shipment to the clinic (e.g. if the box is damaged and the checks must be inspected for usability) the opened box will be kept in a safe until it is sent to the clinic.

When a box of checks arrives at the main office, the beginning and ending serial numbers are entered into the computer. Information about which boxes were sent to which agency is also entered into the system. The computer keeps an inventory of the checks that have been used, and orders for more checks are placed based on this information. When a box of checks reaches the clinic, the staff member receiving the checks fills out an Acknowledgment of Receipt form that includes information on serial numbers received, number of checks currently on hand, and the serial numbers of those checks. This form is signed by both the staff member who receives the checks and the one who delivered them.

Checks are kept in a locked cabinet when not in use. In most clinics, inventory of checks is the responsibility of the clinic manager, but this can vary at different clinics. If a shipment of checks does not reach the clinic when expected, the clinic notifies the central office. If the shipment cannot be found, the central office notifies the bank that checks within the serial numbers in that shipment are not to be cashed.

Check Printing and Issuance Controls

Checks are printed on demand in the clinic on serialized check stock. The MIS keeps a record of what serial numbers have been sent to a clinic, but does not provide a control against more than one clinic entering the same serial number. The checks have two signature lines. One is signed by the participant at the time checks are picked up. The other line is signed by the participant at transaction, so the store clerk can verify that the signatures match. When the participant signs the checks at pickup, the copies beneath are kept as a record that she had received them. The WIC ID folder and staff recognition are acceptable methods of identification for check pickup.

Reconciliation of Daily Issuance

The MIS produces a daily list of checks printed, and this information is verified by a member of the staff (usually a clerk or CNW).

Replacement of Lost or Stolen Checks

Lost or stolen checks are not replaced unless the participant provides the clinic with a copy of a police report. If a check has been lost or stolen, local clinics are instructed to notify the central office immediately so that Wells Fargo Bank can be instructed not to pay the check.

Voiding of Checks

When a check must be voided, it is stamped with "VOID" and then designated as a void in the computer. The check is then kept on file along with the copies of issued checks as a part of the records. This system's weakness is that a week could potentially elapse before this information is forwarded to the central office, and up to a month could elapse before Wells Fargo Bank gets the information. The procedure for reporting lost or stolen checks helps offset this weakness.

WIC Staff as Alternate Representatives or Proxies

WIC staff members are not permitted to serve as proxy to pick up checks for a participant. It is the responsibility of the clinic manager to make sure that staff members are not doing this. If a staff member is caught serving as proxy for a participant, that staff member's employment will be terminated.

C. Food Instrument Transaction and Redemption

The cashier who is accepting the checks should verify that the signature already on the check matches the signature that is written at the checkout register. The procedure of matching signatures makes it more difficult for anyone other than the participant to transact the checks. Vendors deposit WIC checks at their banks, which forward them to Wells Fargo Bank for payment.

Wells Fargo Bank examines checks prior to paying them. Items examined are: signatures, signs of alterations, postdating or "stale" dating items above price cutoff, or a missing vendor stamp. If checks are returned to the vendor for any of these reasons, they can be submitted to the central office for a second-level review. At the end of the month, all check-related information (i.e. check numbers, valid dates, dates printed, payee, food package, voids, etc.) is compiled and sent to Wells Fargo Bank.

D. Management Evaluations

A management evaluation of the local clinics is conducted by the central office on a biannual basis. The central office's quality assurance specialists go to the clinics to conduct a complete on-site review. The QA specialists interview staff about policies and procedures, observe operations (i.e. certifications), and review clinic records and charts to ensure they are being kept properly. Since all financial operations are performed at the central office, there is no financial component to the evaluations.

The QA specialists submit a report of their findings, including any problem areas they identified. The clinic manager/nutritionist of the local clinic must then submit a plan of action for correcting the identified problems. A followup visit is conducted if the QA specialist feels it is needed. In-house quarterly reviews are conducted by the nutritionist II or III for each clinic.

The management evaluations are an invaluable tool in preventing and detecting fraud and abuse, as they provide an opportunity for staff from the central office to step into the local clinics and assess their level of compliance with policies and procedures. The WIC director related a story of staff fraud and abuse in which the QA specialists noticed staff preprinting checks. The staff members were fired and the case was turned over to the Navajo Police. There was no proof that the staff members were transacting the checks, so no criminal prosecution took place. But this situation provides an example of the effectiveness of the management evaluation for detection of unacceptable and potentially fraudulent practices.

III. Summary of Site Visit Results

The key practices that promote staff and participant integrity in the Navajo Nation WIC Program are the following:

- On-demand printing of checks, which eliminates the need to have large amounts of unissued, preprinted checks in the clinics
- Hand delivery of check stock from printer to main office and from main office to clinics, with audit trail of check numbers assigned to each clinic
- Checks which incorporate a dual signature feature for ease of signature verification at redemption
- Strict separation of duties which is built into staff position's duties and basic clinic operation
- Use of SSN used in the participant's ID number
- Dual participation report that incorporates information from bordering states and ITOs
- Computerized certification with check for dual participation across clinics
- Availability of the Navajo Nation compliance officer to the WIC Program to assist with investigation and prosecution of fraud and abuse
- Followup on all complaints
- Comprehensive and frequent management evaluation that incorporates a followup if needed

The Navajo Nation is a sovereign nation that borders several states and ITOs. This makes communication between all those entities essential in the detection of dual participation. The report, which is produced by PDA, incorporates information from Arizona and the Tribal Council of Arizona, and will soon include information from New Mexico and the ITOs in that state. Another strength of this dual participation report is that it checks for dual participation within WIC Programs and between WIC and CSFP. This provides these programs with a tool for detecting dual participation across programs. The biggest drawback of this report is the fact that it is only produced on a quarterly basis. Effectiveness of the report would be increased if it were printed on a more frequent basis.

Use of a participant's SSN as a part of the WIC ID number is a control against dual participation as well, because, as a unique number, it provides staff with a quick method of detecting a dual participant on the report. Furthermore, should the capability to check other MIS' (such as Medicaid or the health department) develop in the future, the WIC Program already has its participants' SSNs, allowing it to reference that information.

A drawback of the current MIS is that there is a time lapse in the transfer of information from the clinics to the central office, and a lapse in the amount of time it takes for information on checks to reach the bank. This information is only compiled and sent to the bank on a monthly basis. If something fraudulent were occurring that involved the checks, it might go undetected for a month or more. The longer such actions remain undetected, the greater the potential for loss to the Program.

When clinics have a large amount of preprinted checks on hand, check security becomes an issue. The capacity to print checks on demand is a control against theft of preprinted checks. The dual signature feature on these checks provides an added control at the point of transaction, as cashiers are able to verify that signatures match prior to cashing the checks.

The biannual management evaluation has been an effective tool for detecting fraud and abuse, and is important in enforcing the policies and procedures established to prevent fraud and abuse from occurring. It provides the central office with an opportunity to examine the operations of the local clinics and identify any areas of weakness. The followup component is an important tool in ensuring that problems are corrected.

Exhibit 1-1
Usage of clinic fraud risk indicators

Risk indicators	Usage information	Arizona *	California**	Illinois	Kansas	Massachusetts	Texas	Virginia
1. Abnormal ratio of infants to women and children within a clinic	Routine or ad hoc use	Routine use	Not used	Routine use	Not used	Use related general management reports	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	None	Need system enhancements	None	None	None	Staff time	Current sys. limitation
2. Unusual increase or decrease in infant participation	Routine or ad hoc use	Routine use	Not used	Routine use	Not used	Use related general management reports	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	None	Need system enhancements	None	None	None	Staff time	Current sys. limitation
3. Large percentage of participants redeeming food instruments outside the normal (geographic) area	Routine or ad hoc use	Not used	Not used	Routine use	Not used	Not used	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	None	Current sys. limitation	Unknown	Staff time	Current sys. limitation
4. No matching birth record for certification record (from sampling or data match)	Routine or ad hoc use	Not used	Not used	Ad hoc use	Not used	Not used (but birth certificate nearly always presented)	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	Very labor intensive	Staff time & current sys. limitation	Need data sharing arrangement	Staff time	Current sys. limitation
5. Unusual decrease in no-show rates or increase in food instrument redemptions	Routine or ad hoc use	Routine use	Not used	Not used	Not used	Use related general management reports	Ad hoc use	Not used

Exhibit 1-1
Usage of clinic fraud risk indicators

Risk indicators	Usage information	Arizona *	California**	Illinois	Kansas	Massachusetts	Texas	Virginia
	Impediments to use (systems, operations, etc.)	None	Need system enhancements	None	None	None	Staff time	Current sys. limitation
6. Unusual number of multiple births enrolled	Routine or ad hoc use	Routine use	Not used	Not used	Not used	Identified by dual partic. report	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	Maybe	None	None	Staff time	Current sys. limitation
7. Food instruments issued outside normal hours (e.g. on Christmas Day)	Routine or ad hoc use	Routine use	Not used	Ad hoc use	Not used	Use related general management reports	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	No opinion	None	None	Staff time	Current sys. limitation
8. Abnormal number of automatic terminations because of missed food instrument pickup	Routine or ad hoc use	Not used	Not used	Not used	As part of MIS	Use related general management reports	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	Maybe	None	None	Staff time	Current sys. limitation
9. Large number of participants with medical information from out-of-area providers	Routine or ad hoc use	Not used	Not used	Not used	Maybe - part of MIS	Monitored by local staff at participant level	Not used	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	No opinion	Staff time	No current report	No provider info in system	Current sys. limitation

Exhibit 1-1
Usage of clinic fraud risk indicators

Risk indicators	Usage information	Arizona *	California**	Illinois	Kansas	Massachusetts	Texas	Virginia
10. Large number of participants with out-of-range anthropometric or hematological values (e.g. outliers on height for age)	Routine or ad hoc use	Routine use	Not used	Not used	Occasionally	Routine use (error report)	Not used	Not used
	Impediments to use (systems, operations, etc.)	None	Need system enhancements	No opinion	None	None	Staff time	Current sys. limitation
11. Unusual increase or decrease in number of food instruments voided	Routine or ad hoc use	Not used	Not used	Routine use	Yes - only at state level	Use related general management reports	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	None	None	None	Staff time	Current sys. limitation
12. Unusual percentage of infants receiving noncontract formula	Routine or ad hoc use	Routine use	Not used	Not used	Yes - only at state level	Use related general management reports	Ad hoc use	Not used
	Impediments to use (systems, operations, etc.)	No opinion	Need system enhancements	No opinion	None	None	Staff time	Current sys. limitation

*Timeliness of data is a limitation

**Plan to use some of specified risk indicators with new data warehouse.