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REQUEST FOR PROPOSAL
WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
RFP # HHR90049

PART 1 GENERAL INFORMATION, TERMS AND CONDITIONS

1.1 Purpose:

The Acquisition and Contract Administration Section of the Purchasing Division, hereinafter referred to as the "State", is soliciting proposals for the Department of Health and Resources, Administration/Finance/ hereinafter referred to as the "Agency" to obtain Electronic Benefits Transfer (EBT) System services for the Food Stamps and other benefit programs. This solicitation serves as notice, pursuant to West Virginia Code §5A-3-10b, of the commodity or service being sought and is to be considered the opportunity for vendors to indicate their interest in bidding on such commodity or service.

1.2 Project:

The mission of the project is to provide Electronic Benefits Transfer (EBT) services through the design, development, and operation of a West Virginia EBT System in a manner consistent with the Quest Operating Rules maintained by the Electronic Benefit Services (EBS) Council and all applicable state and Federal laws, rules or policies relating to EBT.

West Virginia is seeking to continue, through the selection of a contractor, a statewide system to deliver benefits electronically to eligible recipients of Food Stamps and Temporary Assistance for Needy Families (TANF). The proposed West Virginia EBT System encompasses conventional electronic funds transfer (EBT) services for Food Stamp and TANF benefits for recipients not electing direct deposit. The EBT Vendor shall accept account set-up and benefit authorization data, maintain recipient benefit accounts, provide reports, authorize and settle transactions. Refer to Appendix B for additional information about terms used in this RFP. The State is also considering the use of the EBT card to deliver other benefits. Please refer to part 3.1 for greater detail.

1.3 RFP Format:

This RFP has four parts. "Part 1" contains general information, terms and conditions; "Part 2" describes the background and working environment of the project, "Part 3" is a statement of the specifications for the services requested pursuant to this RFP, contractual requirements, and special terms and conditions; and "Part 4" explains the required format of the Bidder's response to the RFP, the evaluation criteria the State will use in evaluating the proposals received and how the evaluation will be conducted.

1.4 Inquiries:

Additional information inquiries regarding specifications of this RFP must be submitted in writing to the State Buyer with the exception of questions regarding proposal submission which may be oral. The deadline for written inquiries is identified in the Schedule of Events, Section 1.16. All inquiries of specification clarification must be addressed to:

Roberta Wagner, Senior Buyer
Purchasing Division
2019 Washington Street, East
Post Office Box 50130
Charleston, WV 25305-0130
Fax: (304) 558-4115
Roberta.A.Wagner@wv.gov

The Vendor, or anyone on the vendor's behalf, is not to make any contact whatsoever with any member of the evaluation committee. Violation may result in rejection of the bid. The State Buyer named above is the sole contact for any and all inquiries after this RFP has been released.

1.5 Vendor Registration:
Vendors participating in this process should complete and file a ***Vendor Registration and Disclosure Statement*** (Form WV-1) and remit the registration fee. Vendor is not required to be a registered vendor in order to submit a proposal, but the **successful bidder** must register and pay the fee prior to the award of an actual purchase order or contract.

1.6 Oral Statements and Commitments:
Vendor must clearly understand that any verbal representations made or assumed to be made during any oral discussions held between Vendor's representatives and any State personnel is **not** binding. Only the information issued in writing and added to the Request for Proposal specifications file by an official written addendum are binding.

1.7 Economy of Preparation:
Proposals should be prepared simply and economically, providing a straightforward, concise description of Vendor's abilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

1.8 Labeling of RFP Sections:
The sections within this RFP contain instructions governing how the Vendor's proposal is to be arranged, submitted and to identify the material to be included therein.

1.8.1 Mandatory Requirements.
Any specification or statement containing the word "**must**", "**shall**", or "**will**" are mandatory. Part 3 contains mandatory deliverables required upon contract execution. By signing and submitting a response to this RFP, the vendor agrees to all mandatory deliverables described herein. Part 4 describes RFP response requirements, which may be mandatory. The vendor is required to meet all mandatory requirements in order to be eligible for consideration and to continue in the evaluation process. Failure to meet or agree to mandatory items **shall** result in disqualification of the Vendor's proposal and the evaluation process **will** be terminated for that vendor. Decisions regarding compliance with any mandatory requirement **shall** be at the sole discretion of the State.

1.8.2 Contract Terms and Conditions:
This Request for Proposals contains all the contractual terms and conditions under which the State of West Virginia will enter into a contract.

1.8.3 Informational Sections:
All non-mandatory information specifications do not require a response from the Vendor. They are intended to aid the vendor in structuring an effective proposal capable of meeting the needs of the issuing agency.

1.9 Proposal Format and Submission:
1.9.1 Each proposal should be formatted as per the outline in Part 4 of this RFP. No other arrangement or distribution of the proposal information may be made by the bidder. Failure on the part of the bidder to respond to specific requirements detailed in the RFP may be basis for disqualification of the proposal. The State reserves the right to waive any informality in the proposal format and minor irregularities.

1.9.2 State law requires that the original technical and cost proposal be submitted to the Purchasing Division. All proposals **must** be submitted to the Purchasing Division **prior** to the date and time stipulated in the RFP as the opening date. All bids **will** be date and time stamped to verify official time and date of receipt.

1.9.3 Vendors mailing proposals should allow sufficient time for mail delivery to ensure timely arrival. In accordance with West Virginia Code §5A-3-11, the Purchasing Division cannot waive or excuse late receipt of a proposal which is delayed and late for any reason. Any proposal received after the bid opening date and time will be immediately disqualified in accordance with State law and the administrative rules and regulations.

Vendors responding to this RFP shall submit:
One original technical and cost plus (6) convenience copies to:

WV Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

The outside of the envelope or package(s) should be clearly marked:
Buyer: RW - 22
Req#: HHR90049
Opening Date:
Opening Time: 1:30 P. M.

1.9.4. **Best Value Purchasing Standard Format**
All Requests for Proposals should follow the standard format defined by the Purchasing Division. This format addresses required areas and enables the agency to modify the background and scope of work to meet its needs.

1.9.4.1 *Evaluation Criteria***:** All evaluation criteria must be clearly defined in the specifications section and based on a 100 point total score. Based on a 100 point total, cost shall represent a minimum of 40 of the 100 total points in the criteria.

1.9.4.2 Proposal *Format and Content*: Proposals shall be requested and received in two distinct parts: Technical and Cost. The cost portion shall be sealed in a separate envelope and will not be opened initially.

1.9.4.3 Technical Bid Opening: The Purchasing Division will open only the technical proposals on the date and time specified in the Request for Proposal. The Purchasing Division representative will read aloud the names of those who responded to the solicitation. The Purchasing Division Buyer will confirm that the original packages contain a separately sealed cost proposal prior to providing the courtesy copies to the agency to begin the evaluation process.

1.9.4.4 *Technical Evaluation*: The pre-selected, approved evaluation committee will review the technical proposals, deduct appropriate points for deficiencies and make a final written consensus recommendation to the Purchasing Division Buyer. If the Buyer approves the committee's recommendation, the technical evaluation will be forwarded to an internal review committee within the

Purchasing Division.

1.9.4.5 *Cost Bid Opening*: Upon approval of the technical evaluation from the internal review committee, the Purchasing Division shall schedule a time and date to publicly open and read aloud the cost proposals. The agency and the vendors shall be notified of this date.

1.9.4.6 *Cost Evaluation and Resident Vendor Preference*: The evaluation committee will review the cost proposals, assign appropriate points and make a final consensus recommendation to the Purchasing Division. In accordance with West Virginia Code §5A-3-37, the Purchasing Division will make the determination of the Resident Vendor Preference, if applicable. Resident Vendor Preference provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the West Virginia Code. A certificate of application is used to request this preference. Generally, a West Virginia vendor may be eligible for two 2.5% preferences in the evaluation process.

1.9.4.7 *Contract Approval and Award*: After the cost proposals have been opened, the evaluation committee completes its review and prepares the final evaluation making its recommendation for contract award based on the highest scoring vendor. The final evaluation is submitted to the Purchasing Division buyer. Once approved by the buyer, the final evaluation must be reviewed and approved by the Purchasing Division internal review committee. The contract is prepared and signed in the Purchasing Division, forwarded to the Attorney General's Office for approval as to form, encumbered and mailed to the appropriate parties.

1.10 **Rejection of Proposals:**

The State shall select the best value solution according to the evaluation criteria. However, the State reserves the right to accept or reject any or all proposals, in part or in whole at its discretion. The State reserves the right to withdraw this RFP at any time and for any reason. Submission of, or receipt by the State of proposals confers no rights upon the bidder nor obligates the State in any manner.

A contract based on this RFP and the Vendor's proposal, may or may not be awarded. Any contract resulting in an award from this RFP is not valid until properly approved and executed by the Purchasing Division and approved as to form by the Attorney General.

1.11 **Incurring Costs:**

The State and any of its employees or officers shall not be held liable for any expenses incurred by any bidder responding to this RFP for expenses to prepare, deliver the proposal, or to attend any mandatory prebid meeting or oral presentations.

1.12 **Addenda:**

If it becomes necessary to revise any part of this RFP, an official written addendum will be issued by the State to all bidders of record.

1.13 **Independent Price Determination:**

A proposal will not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to prices with any competitor unless the proposal is submitted as a joint venture.

1.14 **Price Quotations:**

The price(s) quoted in the bidder's proposal will not be subject to any increase and will be considered firm for the life of the contract unless specific provisions have been provided for adjustment in the

original contract.

1.15 **Public Record:**

1.15.1 **Submissions are Public Record.**
All documents submitted to the State Purchasing Division related to purchase orders/contracts are considered public records. All bids, proposals, or offers submitted by bidders shall become public information and are available for inspection during normal official business hours in the Purchasing Division Records and Distribution center after the bid opening.

1.15.2 **Written Release of Information.**
All public information may be released with or without a Freedom of Information request, however, only a written request will be acted upon with duplications fees paid in advance. Duplication fees shall apply to all requests for copies of any document. Currently the fees are $0.50/page, or a minimum of $10.00 per request which ever is greater.

1.15.3 **Risk of Disclosure.**
The only exemptions to disclosure of information are listed in West Virginia Code §29B-1-4. Primarily, only trade secrets, as submitted by a bidder, are exemption to public disclosure. The submission of any information to the State by a vendor puts the risk of disclosure on the vendor. The State does not guarantee non-disclosure of any information to the public.

1.16 **Schedule of Events**

Release of the RFP.....
Vendor's Written Questions Submission Deadline. .....
Response to Questions.....
Bid Opening Date .....
Oral Presentation ..At the State's Option .....

1.17 **Mandatory Prebid Conference:** N/A

1.18 **Purchasing Affidavit:**
West Virginia State Code §5A-3-10a requires that all bidders submit an affidavit regarding any debt owed to the State. The affidavit must be signed and submitted prior to award. It is preferred that the affidavit be submitted with the proposal.

1.19 **General Terms and Conditions:**
By signing and submitting their proposal, the successful Vendor agrees to be bound by all the terms contained in this RFP.

1.19.1 *Conflict of Interest:*
Vendor affirms that it, its officers or members or employees presently have no interest and shall not acquire any interest, direct or indirect which would conflict or compromise in any manner or degree with the performance or its services hereunder. The Vendor further covenants that in the performance of the contract, the Vendor shall periodically inquire of its officers, members and employees concerning such interests. Any such interests discovered shall be promptly presented in detail to the Agency.

1.19.2 *Prohibition Against Gratuities:*
Vendor warrants that it has not employed any company or person other than a bona fide employee working solely for the vendor or a company regularly employed as its marketing agent to solicit or secure the contract and that it has not paid or agreed to pay any company or person any fee, commission,

percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract.

For breach or violation of this warranty, the State shall have the right to annul this contract without liability at its discretion, or to pursue any other remedies available under this contract or by law.

1.19.3 *Certifications Related to Lobbying:*
Vendor certifies that no Federal appropriated funds have been paid or will be paid, by or on behalf of the company or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal entity, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Vendor shall complete and submit a disclosure form to report the lobbying.

Vendor agrees that this language of certification shall be included in the award documents for all sub-awards at all tiers, including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements, and that all sub-recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this contract was made and entered into.

1.19.4 *Vendor Relationship:*
The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Vendor shall be responsible for selecting, supervising and compensating any and all individuals employed pursuant to the terms of this RFP and resulting contract. Neither the Vendor nor any employees or contractors of the vendor shall be deemed to be employees of the State for any purposes whatsoever.

Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Workers' Compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes and employer income tax returns.

The Vendor **shall** not assign, convey, transfer or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association or entity without expressed written consent of the Agency.

1.19.5 *Indemnification:*
The Vendor agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; (3) Any failure of the Vendor, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

1.19.6 *Contract Provisions:*
After the successful Vendor is selected, a formal contract document will be executed between the State and the Vendor. In addition, the RFP and the Vendor's response will be included as part of the contract by reference. The order of precedence is the contract, the RFP and the Vendor's proposal in response to the RFP.

1.19.7 *Governing Law:*
This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations Federal, State and Local Government.

1.19.8 *Compliance with Laws and Regulations:*
The vendor shall procure all necessary permits and licenses to comply with all applicable laws, Federal, State or municipal, along with all regulations, and ordinances of any regulating body.

The Vendor shall pay any applicable sales, use or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract, the transaction, or the equipment, or services delivered pursuant here to shall be borne by the contractor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

1.19.8.1 Drug-Free Workplace
The Contractor certifies that it will provide a drug-free workplace in accordance with the Drug-Free Workplace Act of 1988 and implemented at 45 CFR Part 76, Subpart F for grantees, as defined at 45 CFR Part 76, Sections 76.605 and 76.610.

1.19.8.2 Clean Air Act
Contracts in excess of one hundred thousand dollars ($100,000) require the Contractors and subcontractors, if any, to comply with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act [42 U.S.C. 1857(h)], Section 508 of the Clean Water Act [33 U.S.C. 1368], Executive Order 11738, and Environmental Protection Agency regulations [40 CFR Part 15].

All violations are to be reported to the Federal grantor agency and to the U.S. EPA assistance administrator for enforcement [#N-329].

1.19.8.3 Ownership Rights
In accordance with 7 CFR 277.18(I)(1) the State shall have all ownership rights in software or modifications developed resulting from the response to this RFP and FNS reserves a royalty-free, non-exclusive and irrevocable license to such software.

1.19.9 *Subcontracts/Joint Ventures:*
The Vendor is solely responsible for all work performed under the contract and shall assume prime contractor responsibility for all services offered and products to be delivered under the terms of this contract. The State will consider the Vendor to be the sole point of contact with regard to all contractual matters. The Vendor may, with the prior written consent of the State, enter into written subcontracts for performance of work under this contract; however, the vendor is totally responsible for payment of all subcontractors.

1.19.10 *Term of Contract & Renewals:*
This contract will be effective (date set upon award) for an initial term of five (5) years, at which time the contract may, upon mutual consent, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract. The "reasonable time" period shall not exceed twelve (12) months. During the "reasonable time" period the vendor may terminate the contract for any reason upon giving the Agency ninety (90) days written notice. Notice by Vendor of intent to terminate will not relieve Vendor of the obligation to continue to provide services pursuant to the terms of the contract or until the transition has been made to a new Vendor.

1.19.11 *Non-Appropriation of Funds*:
If the Agency is not allotted funds in any succeeding fiscal year for the continued use of the service covered by this contract by the West Virginia Legislature or by federal funding authority, the Agency may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The Agency shall give the vendor written notice of such non-allocation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

1.19.12 *Contract Termination*:
The State may terminate any contract resulting from this RFP immediately at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFP and resulting contract. The State shall provide the Vendor with advance notice of performance conditions which are endangering the contract's continuation. If after such notice the Vendor fails to remedy the conditions contained in the notice, within the time period contained in the notice, the State shall issue the Vendor an order to cease and desist any and all work immediately. The State shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

The contract may also be terminated upon mutual agreement of the parties with thirty (30) days prior notice.

1.19.12.1 *Force Majeure:*
Where performance is interrupted through the fault of neither party nor its privies neither shall be liable to the other, except that interruptions in service which could have been avoided by the use of alternate processing sites shall not be forgiven under this provision.

Each party shall be excused from performance hereunder for any period and to the extent that it is prevented from performing pursuant hereto, in whole or in part, as a result of delays caused by the other or third parties (not including employees, agents, or independent contractors under contract to the Contractor to provide products and services or components thereof), or an act of God, war, civil disturbance, court order, labor dispute, or cause beyond reasonable control, and such nonperformance shall not be a default hereunder or a ground for termination hereof.

If the Contractor shall, as a result of any event of force majeure, fail to perform substantially the essential obligations hereunder (meaning the basic ability to communicate via the services herein provided), the Contractor is required to inform, with all reasonable speed, the State of the situation and the expected duration of the outage. If the Department shall, as a result of any event of force majeure, fail to perform substantially the essential obligations hereunder (meaning the basic ability to communicate via the services herein provided), the Department is required to inform, with all reasonable speed, the Contractor of the situation and the expected duration of the outage.

1.19.13 *Changes*:
If changes to the original contract become necessary, a formal contract change order will be negotiated by the State, the Agency and the Vendor, to address changes to the terms and conditions, costs of work included under the contract. An approved contract change order is defined as one approved by the Purchasing Division and approved as to form by the West Virginia Attorney General's Office, encumbered and placed in the U.S. Mail prior to the effective date of such amendment. An approved contract change order is required whenever the change affects the payment provision and/or the scope of the work. Such changes may be necessitated by new and amended Federal and State regulations and requirements.

Any change in Federal or State law, or court actions which constitute binding precedent in West Virginia, and which significantly alters the Vendor's required activities or any change in the availability of funds, shall be viewed as binding and shall warrant good faith renegotiation of the compensation paid to the Vendor by the Agency and of such other provisions of the contract that are affected. If such renegotiation proves unsuccessful, the contract may be terminated by the State upon written notice to the Vendor at least thirty (30) days prior to termination of this contract.

As soon as possible after receipt of a written change request from the Agency, but in no event more than thirty (30) days thereafter, the Vendor shall determine if there is an impact on price with the change requested and provide the Agency a written statement to identifying any price impact on the contract or to state that there is no impact.

In the event that price will be impacted by the change, the Vendor shall, provide a description of the price increase or decrease involved in implementing the requested change.

NO CHANGE SHALL BE IMPLEMENTED BY THE VENDOR UNTIL SUCH TIME AS THE VENDOR RECEIVES AN APPROVED WRITTEN CHANGE ORDER.

1.19.14 *Invoices, Progress Payments, & Retainage:*
The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To" pursuant to the terms of the contract. Progress payments may be made at the option of the Agency on the basis of percentage of work completed if so defined in the final contract. Any provision for progress payments must also include language for a minimum 10% retainage until the final deliverable is accepted.

If progress payments are permitted, Vendor is required to identify points in the work plan at which compensation would be appropriate. Progress reports must be submitted to Agency with the invoice detailing progress completed or any deliverables identified. Payment will be made only upon approval of acceptable progress or deliverables as documented in the Vendor's report. Invoices may not be submitted more than once monthly and State law forbids payment of invoices prior to receipt of services.

1.19.15 *Liquidated Damages for Failure to Meet Performance:*
According to West Virginia State Code §5A-3-4(8), the Vendor agrees that liquidated damages shall be imposed at the rate identified in this section. The additional remedies described in this part shall be cumulative and shall be assessed upon each separate period of accountability. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue to any other additional remedy to which the State or Agency may have legal cause for action including further damages against the Vendor. Any reference to "day" in this part or any other part of this document should be construed as a calendar day unless expressly stated otherwise.

Oral or written notification to the successful Vendor of the failure to meet performance by its due date as set forth in the then-current mutually agreed Project Work Plan may be given by the contract Officer to the Vendor. The Vendor shall immediately cure the failure set forth in the notification. If the failure is not resolved, liquidated damages may be imposed at the State's option and shall be imposed retroactively to the date of failure to perform.

Liquidated Damages: Any amounts so determined shall constitute deductions from the amount of the Vendor's request for payment. The Vendor is responsible for the preparation and submittal of an accurate payment request. Failure to reflect such deductions from the amount of the Vendor's request for payment shall constitute grounds for the Department to pend or deny that request for payment. Any additional costs incurred by the State solely as a result of the failure by the new contractor to convert the database on the scheduled conversion date, including, but not limited to, additional costs for the continuation of EBT services, shall also be the responsibility of the new Vendor.

The following table defines the State's requirement for performance standards for the delivery of EBT services, and the performance deficiencies that may trigger Liquidated Damages.

REQUIREMENT\RFP REFERENCE	PROGRAM DEFICIENCY and LIQUIDATED DAMAGES
EBT Central Computer Up Time Parts 3.2.15, 3.2.33.1.4.2 The EBT Central Computer shall not be unavailable for transaction processing and authorization due to unscheduled downtime for more than thirty (30) consecutive minutes or forty-five (45) cumulative minutes during the calendar month. The central computer is not considered down so long as the system continues to automatically process benefit authorizations, whether electronically or via the Automated Response Unit. The EBT central computer consists of all system functions over which the Vendor has direct control over the performance of the function, either directly or through a subcontractor relationship.	**Deficiency** Failure of EBT Central Computer to be available for transaction processing for greater than thirty (30) consecutive minutes or forty-five (45) cumulative minutes during the calendar month. Time shall be measured on a monthly basis except for scheduled downtime. **Liquidated Damages** Deduct $300 per minute for minutes one (1) through sixty (60) in excess of the stated requirement; $450 per minute for minutes sixty-one (61) through two hundred and forty (240) in excess of the stated requirement; and $600 per minute for minutes two hundred forty-one (241) through three hundred (300) in excess of the stated requirement. A daily-unscheduled downtime maximum of $135,000 will be applicable.
Account Setup Part 3.2.25.1 and 3.2.25.2 For Daily Account Setup records sent in batch mode and received by 11:59 p.m. Eastern Time, the Contractor shall process and establish the	**Deficiency** Failure to have the accounts setup by 8:00 a.m. Eastern Time for two or more days within a calendar month.

REQUIREMENT\RFP REFERENCE	PROGRAM DEFICIENCY and LIQUIDATED DAMAGES
Account Setup (demographic) records by 8:00 a.m. Eastern Time the following day.	**Liquidated Damages** $200 per day if Daily Benefit Authorization records sent in batch mode and received by the Vendor by 11:59 p.m. are not available by 8:00 a.m. Eastern Time the following day.
Benefit Availability Part 3.2.28.4 Daily benefits received by 11:59 p.m. Eastern Time will be in the clients' account by 8:00 a.m. Eastern Time the next morning. Monthly benefits shall be in the client's account by 8:00 a.m. Eastern Time on the scheduled day of benefit availability.	**Deficiency** Failure to have benefits available by 8:00 a.m. Eastern Time for two or more days within a calendar month. **Liquidated Damages** $500 per day if Benefits are not made available by 8:00 a.m. Eastern Time on the date of availability or date received (if after the date of availability) for those cases that have an EBT account on the Vendor's system (either in pending or on the database.)
Transaction Processing Parts 3.2.13, 3.2.4 The Debit Switch service shall be available 98% of the time, on a monthly average basis in any calendar month after deducting for scheduled downtime or failure of communication lines or telecommunications equipment out of the control of the Vendor. The Vendor shall process and respond to a transaction request within two seconds from the time such request is received by the Vendor.	**Deficiency** Failure to provide Debit Switch Availability 98% of the time in any calendar month within the prescribed time frame. **Liquidated Damages** Department shall deduct one half percent (0.5%) from the total per-case-per-month amount which otherwise would have been paid to the Vendor, up to one and one half percent (1.5).
Accuracy Standard Transaction Processing Parts 3.2.13, 3.2.29, 3.2.29.1 No more then 2 inaccurate transactions processed by the Vendor in every 10,000 Food Stamp or other financial transactions shall occur measured on a monthly basis.	**Deficiency** **Failure to maintain an accuracy standard of** no more than 2 errors per every 10,000 Food Stamp or other financial transactions for a month. **Liquidated Damages** For each consecutive calendar month of noncompliance, the Department shall deduct an additional one percent (1%) per month from the total per-case-per-month amount that would have been paid to the Vendor. These deductions will continue if the deficiency continues to exist, up to a deduction amount of four percent (4%). For the purposes of this section, "transactions processed" shall refer to transactions processed by the Vendor.
Standard Reports: Part 3.2.33 Standard daily reports shall be transmitted electronically to the State by 10:00 a.m. Eastern Time the following day. Monthly reports shall be transmitted on the fifth day of the month following the report period.	**Deficiency** If it is the first occurrence in the given month in which the Vendor failed to meet the requirement, then the Vendor shall document the reason for failing to meet the requirement, including causes, and develop a corrective action plan, and implement the plan, subject to the approval of the Department. **Liquidated Damages** $200 per day after the first occurrence in a

REQUIREMENT\RFP REFERENCE	PROGRAM DEFICIENCY and LIQUIDATED DAMAGES
	given month if the Standard or Monthly reports are not transmitted electronically to the State by 10:00a.m. Eastern Time on the prescribed day.
Customer Service Help Desks: Part 3.2.30 1. 85% of all calls answered within 4 rings measured over a 3-month period. (4 rings are defined as 25 seconds.) 2. 97% of all calls for Customer Service Representatives (CSR) answered within 2 minutes measured over a three-month period. 3. Customers shall have access to web based customer services available through the IVR. 4. Fewer than 10% of all calls will get a busy tone. 5. Per industry standard fewer than 3% of all calls will be abandoned.	**Deficiency** 1. Failure to answer 85% of calls within 4 rings measured over a 3-month period. 2. Failure to answer 97% of all calls for CSR within 2 minutes measured over a 3-month period. 3. Customers do not have access to a web based customer services. 4. Greater than 10% of all calls get a busy tone through the Intervoice Response (IVR). 5. Greater than 3% of all calls get abandoned. **Liquidated Damages** $ 500 per day will be assessed for each day of occurrence.
Settlement and ACH Processes: Parts 3.2.32.1, 3.2.32.4, 3.2.32.4.1, 3.2.32.5, 3.2.32.6, 3.2.32.7 1. The timeframe for ACH settlement window will be met 90% of the time measured on a monthly basis. 2. AMA entries will be made with 100% accuracy. 3. STARS daily redemption totals will be provided to the Benefit Redemption System Branch (BRSB) at least weekly with 100% accuracy.	**Deficiency** 1. Failure to meet 90% ACH settlement timeframe measured on a monthly basis. 2. Two or more errors in providing AMA data to the FRB of Richmond over a two-month period. 3. Two or more errors in the daily redemption totals provided to the BRSB over a two-month period. **Liquidated Damages** $1,000 deduction per incident for failure to comply with such requirements.
Intervoice Response Unit: Part 3.2.30 The toll free phone lines shall be available 24x7and operate in compliance with ADA requirements and industry standards. Services shall be available in Spanish and English and if no response, be automatically transferred to a CSR.	**Deficiency** Failure to be available 24 hours a day, seven days a week in compliance with ADA requirements and industry standards, or the absence of CSR transfer if no response. **Liquidated Damages** $500 per day will be assessed for each day of occurrence.
Host Response Time for Administrative Terminal Transactions: Part 3.2.18 The host response time for administrative terminal transactions for on-line data shall not exceed 2 seconds 98% of the time measured on	**Deficiency** Failure to respond to administrative terminal transactions within e second 98% of the time measured on a monthly basis.

REQUIREMENT\RFP REFERENCE	PROGRAM DEFICIENCY and LIQUIDATED DAMAGES
a monthly basis.	**Liquidated Damages** The deduction of on half percent (0.5%) from the total cost-per-case-per-month amount which otherwise would have been paid to the Vendor, up to one and one half percent (1.5%).
Equipment Installation for EBT Only Retailers: Parts 3.2.20, 3.2.20.3 95% of POS terminals shall be installed and operational within 14 days of the Vendor receiving the retailer's contract measured over a 3-month period. Retailer initiated delays will not be counted. Repair or replace faulty contractor provided POS equipment within 48 hours of service calls, if the contractor receives the call by 4 PM Monday – Friday.	**Deficiency** Failure to install 95% of the terminals within 14 days of Vendor receiving the contract from the retailer measured over a 3-month period. Failure to repair or replace faulty contractor provided POS equipment within 48 hours of service calls, if the contractor receives the call by 4 PM Monday – Friday. **Liquidated Damages** The Department may deduct $250 per day for each occurrence per day past the time frame for each instance.
Card and Pin Issuance: Part 3.2.26, 3.2.26.1 A card issuance request received by the EBT Vendor by 11:59 p.m. Eastern Standard Time (or a mutually agreed upon later time) shall be delivered to the Post Office no later than 3:00 p.m. Eastern Time on the next business day for mailing to the client. PINS shall be mailed no greater than the following business day after the card is mailed, measured on a monthly basis.	**Deficiency** Failure to mail cards and PINS in accordance with contractual requirement 90 percent of the time measured on monthly basis. **Liquidated Damages** $250 per occurrence if cards or PINS are not placed in the mail the following business day after requested per contractual requirement 90 per cent of the time measured on a monthly basis.
Primary Program Designation: Part 3.2.16 All benefits will be withdrawn on a First-In First-Out basis with the purely federally funded drawn first, jointly funded drawn second and state third. Credited funds will be refunded back to the correct funding source.	**Deficiency** Failure to withdraw federally funded drawn benefits first, jointly funded drawn second and state third. Credited funds will be refunded back to the correct funding source. **Liquidated Damages** $500 per day for each occurrence.

1.19.15.1 Inaccurate Transactions/Over Issuances:

In the event of an inaccurate transaction resulting in an over issuance, posted benefits shall be removed prior to the availability date. In the event of an inaccurate transaction that is the result of Vendor error and that results in an under issuance, the Vendor shall be liable for all related costs incurred by the Department for timely response, recovery, and reconciliation, including but not limited to the preparation of written responses and the negotiations required to resolve audit and post-audit findings by State and Federal oversight agencies.

Liquidated Damages: The Department may deduct $1,000 per incident for failure to comply with benefit issuance requirements, up to a maximum of $10,000 per day. An "incident" is defined as when an individual recipient is not able to access his or her benefit funds on the date those funds are supposed to be available.

1.19.15.2 *Other Incidence of Failure:*

Liquidated Damages: For any other specific incidence of failure by the Vendor to comply with the terms and conditions of the Contract, the Department may deduct $1,000 for such failure per incident. The Department may, at its sole discretion, issue a notice and allow for a cure period before assessing financial penalties. For other than time-sensitive failures, the Department shall allow a reasonable period of time within which the Vendor may cure its noncompliance before imposing a monetary remedy. For each repetition of such failure, the Department may deduct the specified remedy without further opportunity for such cure.

1.19.15.3 *Transition Delays:*

A timely, successful, and problem free transition from the incumbent Contractor to the new Contractor, if required, is considered critical to the EBT program. Transition requirements subject to liquidated damages are identified in Part 3 as follows:

1) Project Work and Transition Plans shall be delivered as outlined in Parts 3.2.6, 3.2.8 and 3.2.9 of the RFP.
2) The Vendor must accomplish a timely and successful cutover that is seamless to retailers and cardholders. The Vendor must assume EBT processing according to the schedule determined during contract negotiations. Refer to Parts 3.2.6, 3.2.8, 3.2.9, 3.2.12, 3.2.13, 3.2.20, 3.2.25-26, 3.2.28, 3.2.31, and 3.2.33
3) 100% of Reports and Data files must be delivered or transmitted as specified within the RFP, or as determined during system design/development activities. Refer to Parts 3.2.5, 3.2.8, 3.2.14, 3.2.25, and 3.2.32

Liquidated Damages: In the event the Vendor fails to meet any one of the above performance standards on the date agreed upon in the approved Project Work Plan, the Department may assess a penalty of $500 per day from the total cost per-case-month amount that would have been paid to the Vendor. Any amounts so determined shall constitute deductions from the amount of the Vendor's request for payment. Any additional costs incurred by the State solely as a result of the failure by the new contractor to convert the database on the scheduled conversion date, including, but not limited to, additional costs for the continuation of EBT services, shall also be the responsibility of the new Vendor.

1.19.15.4 *Waiver of Monetary Remedies:*

The monetary remedies described above may be waived or partially waived by the Department for good cause shown.

1.19.15.5 *Maximum Monthly Performance Penalties:*

The monthly cumulative maximum for performance penalties assessed under subsections 1.19.15 through 1.19.15.3 excluding Central Computer Up-Time will not exceed $35,000 in any given month. The total monthly maximum remedy will not exceed the total cost of the contract with the Department.

1.19.16 *Record Retention (Access & Confidentiality):*

Vendor shall comply with all applicable Federal and State of West Virginia rules and regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by Vendor. The Vendor shall maintain such records a minimum of five (5) years and make available all records to Agency personnel at Vendor's location during normal business hours upon written request by Agency within 10 days after receipt of the request.

Vendor shall have access to private and confidential data maintained by Agency to the extent required for

Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and Agency against any and all claims brought by any party attributed to actions of breech of confidentiality by the Vendor, subcontractors, or individuals permitted access by Vendor.

PART 2 OPERATING ENVIRONMENT

2.1 Location:

Agency is located at 1900 Kanawha Boulevard, East, Building 3 Room 516, Charleston, West Virginia, 25305-0513.

2.2 Background:

West Virginia DHHR implemented EBT in October 2002 using a statewide Electronic Benefits Transfer (EBT) system for the delivery of benefits to eligible recipients of Food Stamps and TANF benefits. Recipients of DHHR cash benefits are required to participate in either the EBT system or Direct Deposit provided by the State.

The RFP describes the requirements for continuation of providing transaction processing services; producing all training materials; any required training of central and local office personnel for the transition to the new Contractor for Food Stamp and TANF benefit recipients; any alteration to the system for utilization of telecommunication lines and system installations; deploying equipment as identified in the RFP to central and local offices, and the administering agencies; producing and distributing the West Virginia EBT card; providing reports, settlement, and reconciliation; maintaining recipient and retailer accounts; and maintain system components.

2.2.1 Program Descriptions

The West Virginia Department of Health and Human Resources is the agency responsible for administering the Food Stamp (to be changed to the Supplemental Nutrition Assistance Program (SNAP) October 1, 2008.) TANF, and WIC and other social service programs in the state's 55 counties. These programs are centrally administered by the State and managed locally by the counties. The Food Stamp and TANF programs operate in 54 local offices staffed by state employees. These local offices are organized into 37 service districts, which report to four regional directors. WIC program clients are served at 50 permanent sites and 7 temporary sites statewide.

2.2.2 Food Stamp Program

As of December 2008, the Food Stamp\SNAP Program in West Virginia provided benefits to approximately 122,982 households each month. The program is supported by the Recipient Automated Payment and Information Data System (RAPIDS). (A detailed description of RAPIDS and DHHR mainframe hardware and software is provided in Appendix B.)

2.2.3 Temporary Assistance to Needy Families (TANF)

As of December 2008, the TANF program served an average monthly caseload of 10,101. The program is supported by RAPIDS, which generates a tape used by the State Auditor's Office to authorize benefits.

West Virginia law requires that the state have funds in its account at the time TANF payments are released. The Office of Grants Management estimates the amount of TANF funds needed each month and initiates a request through the U.S. Department of Health and Human Services SmartLink system to the Federal Reserve Bank in Richmond to pre-draw funds. Funds are transferred via ACH and deposited in the state account the next day. Any interest that the state pays to the U.S. Treasury for use of these funds is not charged back to the West Virginia DHHR.

Child care and the school clothing voucher programs are currently manual processes that the Department is currently looking into ways to mechanize to provide a more effective reporting

process for accountability and evaluation in delivering efficient and timely services to clients. The EBT system may consider supporting such programs in the future through its automation functionality.

2.2.4 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

The WIC program in West Virginia serves an approximate monthly caseload of 50,000. Clients include pregnant women, breastfeeding women up to one year past termination of pregnancy, postpartum women up to 6 months past termination of pregnancy, infants under one year of age, and children younger than 5 years of age. Clients are served at 50 permanent sites and 7 temporary sites statewide. There are 425 WIC authorized vendors (i.e., grocers and pharmacies) participating in the program. WIC is supported by the Storage, Transfer, Organization, and Retrieval of Casefiles (STORC) system, a distributed client-server system that operates on a LAN. A brief description of STORC is provided in Part 2.2.5.2.

Currently, WIC is undergoing a State Agency Model (SAM) Project to develop 4 model computer systems. West Virginia is currently working with Virginia, North Carolina, and Alabama in developing one of these models. This new system is to be used by all 4 states. The data is not intended to be shared between the states; rather the system is to be the same. The new system is to be EBT compliant. Meaning they are ready to use EBT technology. The new system is to be web-based and is expected to roll out in early 2010. Vendors responding to this RFP should be prepared to conduct WIC system design and development.

WIC clients are required to complete an interview with a caseworker and a nutritional assessment with a Competent Professional Authority (CPA) before they are deemed eligible for benefits. Once eligibility and proper food prescriptions are determined, STORC prints food instruments on demand. At the end of each day, WIC staff is to reconcile a food instrument history report with draft voucher stubs and voided food instruments. Transaction and case update information is transmitted nightly to the mainframe at the WV Department of Administration's Office of Technology, previously known as the information Services and Communications Division and hereinafter be referred to as the "mainframe".

2.2.5 Current Processing Environments

2.2.5.1 Recipient Automated Payment and Information System (RAPIDS)

The West Virginia RAPIDS (Recipient Automated Payment and Information System) is a mainframe system designed to evaluate applicants' eligibility for Food Stamps, TANF programs, Medicaid, TRIP, Non-Emergency Medical Transportation Assistance, Emergency Assistance, and LIEAP. During batch processing, RAPIDS produces issuance files and documents. Daily overnight processing generates Food Stamp and TANF issuance documents for newly approved cases as well as supplemental and auxiliary issuances. RAPIDS also produces a monthly issuance file for ongoing Food Stamp and TANF cases.

DHHR caseworkers perform interactive interviews with clients to determine the eligibility for Food Stamps, TANF, and Medicaid. Workers enter client data into the client registration subsystem of RAPIDS. Once a client's registration information is entered and complete, RAPIDS invokes a driver flow that presents all the screens a caseworker needs to complete a client's application. Detail screens are also triggered by information entered on the mandatory screens.

RAPIDS assigns each potential client a participation status, and performs eligibility determination and a benefits calculation based on program policy. The caseworker is to confirm this system determination before benefits are issued. Once triggered, the Benefit Issuance Subsystem in

RAPIDS prepares a Food Stamp issuance file, a TANF issuance file for the State Auditor's Office to authorize payment, and for categorically eligible recipients, a Medicaid identification card.

A detailed description of the current processing environment and EBT file layouts can be found in Appendixes A and B.

2.2.5.2. Storage, Transfer, Organization, and Retrieval of Casefiles (STORC)
Currently the WIC program uses a distributed client-server system called STORC to accept client registration data, perform client eligibility determination, and print WIC food instruments on demand. STORC transmits updated information each night through a frame relay network to the mainframe, which is an IBM 9021-952 multiprocessor with an OS/390 operating system. Each morning the mainframe transmits a beginning-of-day report to local WIC offices through STORC that verifies the previous evening's transfers and number of records processed. A new processing system is planned as mentioned in Part 2.2.4

2.2.6. System Interface Requirements

The selected EBT Vendor will be required to support both batch and on-line, real time transmissions between West Virginia systems and the EBT host via a leased communications line. A detailed description of system interface requirements is provided in Part 3.2.17 and Appendix A of this RFP.

The State currently operates an established EBT system with an EBT contractor. This RFP is requesting an EBT system that should result in as little disruption or change to the State's current operations as possible and preferably no changes to the State's EBT interface. However, the State would consider changes to its EBT interface if the proposed changes provide operational savings and/or improved services

PART 3 PROCUREMENT SPECIFICATIONS

3.1 General Requirements:

The Vendor is to provide EBT services through the design, development, and operation of a West Virginia EBT System. The proposed West Virginia EBT System encompasses conventional electronic funds transfer (EBT) services for Food Stamp and TANF benefits for recipients not electing direct deposit. The EBT Vendor shall accept account set-up and benefit authorization data, maintain recipient benefit accounts, and authorize and settle transactions.

West Virginia is also considering the use of the EBT card to deliver other benefits. The State is interested in alternatives the Vendor has to offer, including but not limited to WIC (Special Supplemental Program for Women, Infants and Children), health care applications, childcare, Supplemental Security Income State Supplement, adoption subsidies, fuel, rent utilities and foster care. The Vendor should support the State in the addition of other programs and agree to negotiate in good faith toward developing a contract amendment, subject to applicable state agency approval, to include pricing associated with any development costs.

West Virginia's desire is to begin transition to a new EBT contract period in or about June 2009. After conversion for any new operating system or environment is completed and evaluated, operation of that system will become statewide.

The Vendor, by signing and submitting a response to this RFP, agrees to all mandatory deliverables described herein. System deliverables shall include, but are not limited to all aspects of the operation of an EBT system as required by this RFP, the EBT Reconciliation Requirements as outline in the EBT Reconciliation Guidance, Security Controls as outlined in the FNS Security Guidelines Handbook, 31 CFR, Part 210, OMB Circular A-87, 45 CFR, Part 74, 7 CFR, Part 276 and 7 Code of Federal Regulations Seven (7 CFR), ADP Security Program and FNS Electronic Benefits Transfer (EBT) System Transition Guide. The FNS Security Guidelines Handbook and FNS Electronic Benefits Transfer (EBT) System Transition Guide are in Appendix A.

Where specified in this RFP, the successful Contractor is required to exceed Federal requirements to meet State or Quest requirements. Unless expressly noted as an exception herein, Quest Operating Rules apply to all applicable aspects of EBT system development and operation. The State may seek variances from portions of the Quest Operating Rules if deemed necessary to meet State requirements. As Federal and State regulations, and/or the Quest Operating Rules are changed, the EBT system must be modified to meet the new requirements.

Nationwide interoperability, in accordance with Federal Regulations for the Food Stamp Program, is a requirement of this RFP.

The RFP describes the requirements for providing transaction processing services; producing all training materials; any required training of central and local office personnel for the transition to the new Contractor for Food Stamp, and TANF benefit recipients; any alteration to the system for utilization of telecommunication lines and system installations; deploying equipment as identified in the RFP to central and local offices, and the administering agencies; producing and distributing the West Virginia EBT card; providing reports, settlement, and reconciliation; maintaining recipient and retailer accounts; and maintain system components.

Additional services may include supporting options to use the EBT system by other WV DHHR entities for client services/benefits who wish to use the EBT backbone for such delivery of services. Such expansion of the services with and through the EBT system may require the EBT Project Manager and/or their designee to

approve such requests.

This option may also be expanded to include any other State of West Virginia agencies. Those entities will work independently with the successful vendor to determine the feasibility of its system offering into their business function.

3.2 Scope of Work

3.2.1 EBT Vendor Requirements

Vendors shall comply with ACH requirements or with a process approved by FNS. As such the Vendor shall comply with the following requirements:

- State Banking Code of West Virginia 31A-8-12b.
- Not be delinquent on any debt owed to the U.S. Government.
- Not be on the Federal Debarment and/or Suspension list.
- In compliance with the Americans with Disabilities Act with regard to providing EBT services.
- In compliance with the Community Reinvestment Act.

3.2.2 Financial Liabilities

Assignment of liabilities should follow the flow of funds through the West Virginia EBT system and include the disbursement or authorization of funds into a client account, the authorization and processing of transactions against that account, and the settlement of funds from the EBT Vendor to the transaction acquirer. The liabilities of the State of West Virginia, the U.S. Federal Government and the Financial Agent are governed by applicable laws and regulations.

3.2.3 Disbursement or Authorization of Funds.

Liability with regard to disbursement of Federal funds into a client account is described in 31 CFR Part 210. Liability with regard to authorization of state administered program funds into a client account is described in OMB circular A-87, 45 CFR Part 200, 45 CFR Part 74, and 7 CFR Part 276. The State of West Virginia will be liable only for losses resulting from the provision of erroneous information to the EBT Vendor.

3.2.4. Transaction Processing and Settlement.

The EBT Vendor will be financially liable for any losses resulting from errors or omissions including fraud and abuse on the part of the EBT Vendor or its representatives or subcontractors. These liabilities include, but are not be limited to:

- Any duplicate or erroneous postings to a recipient account.
- Any losses from transactions performed with cards issued but not activated by the recipient and/or EBT Vendor.
- Any losses from funds drawn from an account after the client notified the EBT Vendor that the card had been lost or stolen. Any damages or losses suffered by a Federal or State Agency due to negligence on the part of the EBT Vendor.
- Any loss of benefits caused by fraud or abuse by the EBT Vendor or its representatives or subcontractors; and any liabilities of the EBT Vendor as described in the Quest Operating Rules.
- Any loss suffered by a merchant or third party due to negligence or error on the part of the

EBT Vendor in failing to properly process adjustments, charge backs, resubmissions, or representations according to QuestJ Operating Rules.

3.2.5 System Documentation and Testing Requirements

The West Virginia EBT Project includes five (5) project phases: Design, Development, Transition-In, Operations and Transition-Out. Project phases may overlap.

The system documentation and testing requirements for each phase are specified below upon contract award. The EBT Vendor should provide six (6) draft and six (6) final copies of the specified documentation to DHHR as specified in the contract. All system documentation is subject to State and Federal review and approval. DHHR comments are to be provided to the EBT Vendor within thirty (30) days of the receipt of each draft document. After the incorporation of State and Federal agency comments, final copies of documentation should be provided to DHHR. The EBT Vendor shall deliver the draft documents to DHHR in sufficient time to allow for a minimum of a thirty (30) day comment period with up to sixty (60) days for Federal review and comment. The Vendor should deliver the final documents by the due dates specified below for each phase and/or sub phase upon contract award. Such documentation encompasses all of the written materials described below including status reports, design documents, system manuals, project plans, test plans and reports, and training materials.

DHHR and Federal agencies shall participate in the specified system testing and participate with the EBT Vendor in assessing test results. System testing shall be completed to the satisfaction of DHHR and Federal agencies prior to commencement of the Transition-In phase of this project.

During each project phase the EBT Vendor is required to submit status reports. The status reports shall be submitted at a minimum on a monthly basis commencing within 30 days of a fully executed agreement. The status report should provide progress information on all completed, ongoing, and planned project activities. These reports should summarize any outstanding project issues or obstacles and detail any proposed deviations from planned activities, schedules, or staffing.

Additional Weekly Status reports may also be required at the request of DHHR or Federal agencies. Lastly, during the Development Phase of the project, the EBT Vendor is required to submit a detailed deliverable report supporting each project invoice. This report will provide a description of all project activities conducted during the invoiced period.

3.2.6 Design Phase

The project design should be based on the Design Specifications and Functional Requirements specified in this RFP. The Design Phase commences with Contract Award and continues for no more than six (6) months. The Design Phase may be shorter than six (6) months; some Development Phase activities may be performed concurrently with the Design Phase. During the Design Phase the EBT Vendor is responsible for preparation of the project deliverables listed below. DHHR will conduct a preliminary review of each deliverable prior to submission of the final document for review and approval by DHHR and Federal agencies, when appropriate.

3.2.6.1 Transition-In Plan

Vendor shall submit a detailed Plan of all activities needed for the change from the current operating system to the new operating system with minimal disruption. The Plan should include a description of the overall approach, the order in which the transition activities may occur, the tasks to be performed, the parties responsible for performing each task, and a back-up plan if any or all of the transition activities are delayed. The transition plan must integrate the training, issuance, and transaction processing resources requirements

for West Virginia. At a minimum, the Plan should be a detailed transition schedule to be conducted within a reasonable time span. The Vendor should use the Food and Nutrition Service Electronic Benefits Transfer (EBT) System Transition Guide, Version 2.0 as a resource for the development of the Plan, Appendix A. The Plan should include milestones and timelines. The Vendor is strongly encouraged to prepare a migration plan that includes, but is not limited to, each of the following activities in detail:

- Migration of transaction acquirers and retailers.
- The provisions for new processor to submit to FNS the individual transaction data for ALERT for the transition month that also allows for the incumbent processor to submit transactions occurring before the transition date.
- EBT only retailer transition as needed if a new vendor is selected, including getting new retailer contracts signed, POS and PIN pad device deployment and installations;
- Migration of client, retailer, and provider databases including account aging information, last-access date, expungement dates, transaction history, recipient card and demographic data, and benefit data.
- In the event that the incumbent vendor is not the successful bidder, the new Vendor shall ensure that the transferred aging information, last accessed date and expungement dates transferred from the prior Vendor are retained by the new Vendor so that benefits will be expunged as required by Federal regulations and that the benefit-aging clock is not reset for benefit aging purposes.
- The production of standard reports (daily and monthly as described in Part 3.2.33).
- Provisions for EBT card replacement.
- Address the processes to be used for the migration, how the processes should be tested, and contingency plans for problems and issues that may occur during the migration.

The plan should also address the testing, verification and validation of the migration process, in particular the validation of the clients' account balances that are converted to the new system. Dates for database conversion should be suggested with alternatives for a back-up plan in event that transition activities are delayed. Parties responsible for each step of the conversion should also be clearly identified. The Vendor shall provide the final Transition Plan for approval no later than three (3) months after contract approval.

3.2.6.2 Project Design Work Plan

The EBT Vendor is required to submit a first draft of the Project Design Work Plan no later than fifteen (15) days after contract award and the final draft no later than one (1) month after contract award. The plan should include, at minimum, a schedule of all tasks and deliverables required throughout the EBT project. This plan should identify all critical path and dependency tasks, deliverables and milestones required throughout the project, as defined below. The work plan should also delineate the responsibilities of the EBT Vendor, DHHR and Federal agencies.

3.2.6.3 Functional Requirements and Design Specifications Documents

The EBT Vendor should submit the final Functional Requirements Document no later than two (2) months after contract award and Design Specifications Document no later than three (3) months after contract award. These documents should provide a functional overview and description of the operating environment, procedures and workflow of the EBT system. The Design Specification Document shall describe the total system configuration including system hardware, functionality, file layouts, messages and file flows, IVR scripts, data elements, system interfaces, settlement and reconciliation functions and the system security plan. All functionality specified in this RFP should be addressed in detail in the Design Specification Document.

3.2.6.4 Life Cycle Testing Approach Document

The final Life Cycle Testing Approach should be submitted no later than three (3) months after contract award. In conjunction with DHHR, the EBT Vendor should develop a System Life Cycle Test Plan and Approach. The basic premise of the life cycle testing approach is that any changes made, whether it is by the EBT Vendor's System or to the EBT Vendor's system; or, by the DHHR or to the DHHR system, should be properly tested in a separate test environment prior to being introduced into a production environment. The plan should address the extent of integration testing that is to occur to ensure that all systems properly interface with each other and operate as designed. The approach should encompass the full range of the system mapped to the Design Specification Document.

3.2.6.5 System Test Plans

The EBT Vendor should submit the final System Test Plans no later than four (4) months after contract award. System test plans should be developed during the Design Phase. Test plans should outline the test purpose, methodology, environment, and approval rating system. Test plans should be developed for the Functional Demonstration, System Acceptance Test, System Stress Test, Network Performance Test, Intervoice Response (IVR) Test, System Interface Test, and the Back-up and Recovery Tests. The EBT Vendor should identify and incorporate into the testing process those automated tools and testing techniques that can provide the most thorough testing and most efficient resource use. The Test Plans are contingent upon DHHR and Federal review and approval.

3.2.6.6 Back-up and Recovery Plans

The back-up and recovery plans should provide an evaluation of the types of service interruptions/disasters that may affect the EBT system's operations and therefore require back-up and recovery plans. For each natural or manmade disaster and system outage type, the back-up and recovery plans should detail the steps to be taken to survive and range of time frames to recover from such disaster. The plan should include provisions to ensure that benefits continue to be accessible by clients. In addition, the EBT Vendor should outline the resources committed to each proposed contingency plan (i.e., people, systems, telephone lines, and operations sites) and indicate whether the contingency plan has been tested under real or simulated conditions.

In addition, the EBT Vendor should have a plan that details the processes by which the Vendor would connect to DHHR's disaster recovery 'hot' site to ensure that benefits continue to be available to clients. The EBT Vendor should submit the final Back-up, Recovery, and Disaster Recovery 'Hot' Site Connect Plans no later than six (6) months after contract award. The Back-up, Recovery, and Disaster Recovery 'Hot' Site Connect Plans are contingent upon DHHR review.

3.2.6.7 System Security Plan

The EBT Vendor should submit the final System Security Plan no later than six (6) months after award. The EBT Vendor should prepare a security plan detailing the security provisions and proposed user profiles established within the EBT system. Requirements for this plan are detailed in Part 3.2.37.1 and the Vendor is to meet the specifications of the FNS EBT System Security Guidelines Handbook, Version 6.0. System Security Plan acceptance is contingent upon State and FNS approval.

3.2.6.8 Third Party Acquirer and POS Certification Plan

The EBT Vendor should provide copies of the retailer and TPP agreements that will be utilized within the state for review and approval by the state and Federal staff. Certification standards should be available to acquirers no later than thirty (30) days after the Vendor's receipt of an approved contract.

3.2.7 Development Phase

The Development Phase should commence at the conclusion of the Design Phase. During this

stage of the project, the EBT Vendor should develop the West Virginia EBT System according to the system specifications developed and approved during the Design Phase. It is suggested that the EBT Vendor conduct system testing and develop the training materials during the Development Phase.

3.2.7.1 System Tests

Immediately upon completion and approval of the design documents, the EBT Vendor should-update the System Test Plans and provide system test scripts that provide detailed, step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts should describe the desired system outcomes and test results. The EBT Vendor should develop and control test data. Suggested system tests and demonstrations that may be conducted by the EBT Vendor during the Development Phase include:

3.2.7.1.1 *Functional Demonstration*

The functional demonstration provides State and Federal representatives the opportunity to review planned EBT system functionality. The EBT Vendor should prepare a report of the demonstration results including any system modifications that were identified. The Functional Demonstration should occur as early as possible but no later than six (6) weeks prior to the System Acceptance Test to insure the design is proceeding according to the expectations of both DHHR and the EBT Vendor.

3.2.7.1.2 *System Acceptance Test*

The system acceptance test provides State and Federal representatives the opportunity to test EBT system operations and ensure compliance with the system design requirements. Acceptance Testing shall be required if a new Vendor is selected or if the existing Vendor makes significant changes to the existing system. In that event, this test shall consist minimally of functional requirements, security, recovery, system controls, and "what if" testing. The Vendor must also demonstrate the methods and processes for performing daily reconciliation between the State and Vendor interface and processing activities including financial settlement. During the test script portion of the acceptance test, representatives will follow detailed test scripts developed by the EBT Vendor. The test scripts should cover all facets of the system's operations and test all of the system processing options and environmental conditions (e.g., POS hardware and communications failure and entry of erroneous data). The ad hoc or "what if" portion of the acceptance test provides DHHR and Federal representatives the opportunity to include various transaction sets and sequences that may not have been included in the test scripts and to challenge the system's operations and design.

3.2.7.1.3 *Network Performance Test*

This test should be conducted on the EBT system's communications network to ensure that the network and the EBT Vendor's network terminal equipment are capable of handling the anticipated transaction volume within the required response time and error threshold specified in this RFP, the FNS EBT regulations, and the QuestJ Operating Rules. The network test should also include testing of the toll free Customer Service Center number and the client web access to ensure compliance with financial industry performance standards.

3.2.7.1.4 *System Stress Test*

The purpose of this test is to examine the software and hardware capacity of the system. Capacity testing is required to ensure that the EBT Vendor's system can support West Virginia's statewide workloads. Test results should be used to formulate a system capacity model, which will help determine the West Virginia EBT hardware and software configuration necessary to accommodate anticipated transaction volumes. The EBT Vendor should have procedures for when and how capacity will be increased for each system component tested.

The Vendor may as an option, choose to use current production data in order to develop a system capacity model to simulate the anticipated transaction volumes. If the Vendor anticipates utilizing this option, the

Vendor should provide a description of how it will be performed and how the result of the exercise will be reported to the State.

3.2.**7**.1.5 *Interface Test*

This test shall be conducted between DHHR's eligibility systems and the EBT host to ensure that all files transferred electronically from DHHR's eligibility systems to the EBT Host and from the EBT Host to DHHR's eligibility systems are properly received, accepted, and processed. There are to be at least two data base conversion tests prior to actual conversion to the new processing system. Test reports shall be supplied as a result of each test. Interface testing shall begin at a minimum of two months prior to the functional demonstration.

3.2.**7**.1.6 Intervoice Response *(IVR) Test*

The IVR system shall be tested to ensure that the system properly accepts, processes, and transfers calls per the system requirements and as defined in Part 1.19.15. This testing will occur in the test environment prior to moving to production.

3.2.**7**.1.7 *Transition Testing*

In the event that a new Vendor is selected, the new Vendor shall demonstrate the conversion process of the current EBT system and services to the new EBT system and services. The Transition Test should validate conversion results, and the ability to perform test transactions against the converted database. The test transactions performed against the converted data base must include but not be limited to all client and administrative transactions. For additional FNS requirements refer to the Federal EBT System Transition Guide

3.2.7.2 Test Reports

The EBT Vendor should provide test reports describing the results of each test, giving a detailed listing of all system deficiencies ranked by level of importance, and a schedule that addresses the resolution of all system deficiencies. The EBT Vendor should also include any additional testing required to satisfy the test objectives and describe necessary system modifications identified during system testing. The EBT Vendor should submit the final versions of System Test Reports no later than four (4) months after the contract start date.

3.2.7.3 Revisions to the Functional Requirements and Design Specifications Documents

The EBT Vendor should revise the Functional Requirements and Design Specifications and Documents to reflect necessary system modifications identified during system testing. The EBT Vendor shall submit as indicated the Revisions to these documents no later than seven (7) months after contract award.

3.2.7.4 Training Materials

The EBT Vendor should develop training materials and a comprehensive training plan for client and administrative staff training throughout the project including transition, rollout, the time line for deliverables and ongoing operations (also refer to Part 3.2.27 Recipient and Administrative EBT Training). Training materials shall include:

3.2.7.4.1 *Printed Client Training Materials (Training Pamphlets and Pocket Cards)*

Training pamphlets should be developed for EBT products. At a minimum, all new clients determined eligible February 2010 or later shall be provided with standard printed training materials. For an estimation of the quantities needed, please review the information provided in Appendix A – Total Cards Issued and Replaced. Please note that additional quantities will be needed to train clients at the local offices. The current client training materials can be viewed and printed from West Virginia's EBT website at http://www.wvdhhr.org/ebt. The training materials should be written at a fifth grade reading level and be provided in English, Spanish and Braille. The State has provided two Braille and one recorded copy of the training materials for the impaired and has made the information available to those who serve the special

needs groups in the state. No more than ten (10) copies have been used. It would also be acceptable to produce an oversized pocket card for Braille using cardholders. The printed materials shall also include a statement of non-discrimination that shall read as follows:

> *The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*
>
> *To file a complaint of discrimination, write to USDA, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.*
>
> If the material is too small to permit the full statement to be included, the materials will, at a minimum, contain the following short nondiscrimination statement:
>
> > *The USDA is an equal opportunity provider and employer.*

The EBT Vendor should provide Pocket Cards that are designed to be kept with the EBT card as a quick reference guide. These pocket cards should provide illustrative and text-based instructions on EBT transaction processing, customer service and IVR access, reporting of lost/stolen cards, etc.

The EBT Vendor shall be responsible for printing and distributing training pamphlets and pocket cards to designated state locations and for providing a training pamphlet and pocket card with each new EBT card via mail issuance (refer to card issuance). Training materials for replacement card issuance is not required. At a minimum, the training pamphlet shall be in compliance with FNS Regulations and include the following topics:

- $ Use of the West Virginia EBT card at point-of-sale devices, including benefit transactions that can be processed at POS terminals
- $ Use of the West Virginia EBT card at ATMs, including benefit transactions that can be processed on ATMs
- $ Use and safeguarding of the card and PIN
- $ Card replacements and PIN changes
- $ Manual FSP transaction procedures
- $ Benefit availability dates
- $ Use of the transaction receipt to track balances
- $ Identification of transaction fees which may be charged to the client
- $ Guidance on reporting problems with the card or its use and on reporting a lost or stolen card
- $ Use of the IVR, phone number and client web-based services including the web address
- $ Customer services (including TDD services)
- $ Food Stamp fraud and abuse, including what constitutes fraudulent activity along with examples Specifically, clients need to know that if they allow others to use their card, they are responsible for the transactions that are processed with that card
- $ Nondiscrimination statement as outlined under FNS regulations at 7 CFR 274.12(i)(6)(B)

Training materials shall also be provided in electronic media in Microsoft Word or other word processing software as designated by DHHR.

3.2.7.4.2 *Client Training Posters*
The EBT Vendor should provide posters that explain what EBT is, EBT transaction processing, and EBT customer service/IVR support. The posters will be used at County offices to facilitate client training. The EBT Vendor is encouraged to be responsible for designing, printing, and distributing these posters to designated County offices. Client training posters shall include the non-discrimination statement provided in Part 3.2.9.4.1 (Printed Client Training Materials). A minimum of 700 posters should be made available. The minimum size of the training posters is 11" X 14" with the requirement that the information is legible from a minimum of 10 feet.

3.2.7.4.3 *Client Training Materials*
Clients will have the option of receiving further training at DHHR local offices. Therefore, in addition to providing the printed training materials, the EBT Vendor shall also develop an EBT training video and DVD for distribution for use in the local offices. These videos should be no more than 15 minutes in length and shall cover the same topics listed above for the written training materials. The training materials should be directed to a fifth grade education level, provided in English and Spanish, and should include closed captioning for the deaf. The EBT Vendor shall provide one hundred fifty (150) copies of each training medium to DHHR. DHHR requires preliminary review and approval of both the audiovisual training materials and the script prior to production of the final materials.

3.2.**7**.4.4 *Administrative Staff Training Materials*
The EBT Vendor should provide written training materials for DHHR central office and local office administrative staff. Five (5) camera-ready copies of the Administrative Staff training materials should be provided to DHHR. The administrative staff training materials should also be provided in electronic media in Microsoft Word or other word processing software as designated by DHHR.

Administrative training materials should cover the following topics:

- Training clients in use of EBT
- Host-to-host communications and interface management operations
- Disaster recovery and contingency plans
- Administrative terminal functionality
- System security and access control
- EBT system customer service functionality

The EBT Vendor should submit the final Training Materials no later than six (6) months after contract award.

3.2.7.5 <u>System Operating and Interface Procedures Manuals</u>
An operating manual should be prepared by the EBT Vendor to support State and local operation of the system. The EBT Vendor should work in conjunction with West Virginia personnel to prepare an interface procedures guide detailing the interface process, file transfers, and problem resolution/escalation plans.

The EBT Vendor should submit the final System Operating and Interface Procedures Manuals no later than seven (7) months after contract award.

3.2.7.6 <u>Reports Manual</u>
The EBT Vendor should provide a reports manual describing all standard reports to be generated by the EBT Vendor along with instructions on accessing reports via on-line terminals. The reports manual should include a brief description of the periodic data to be provided to DHHR for internal report generation. A preliminary review should be conducted by DHHR prior to the submission of the final Reports Manual.

The EBT Vendor should submit the final Reports Manual no later than seven (7) months after contract award.

3.2.8 Transition Phase

The successful Vendor should conduct the activities during the Transition Phase as defined within the State approved Transition–In Plan submitted during the Design Phase.

The Transition Phase consists of the activities required to convert the State's current EBT processing and services to the new Vendor or for the current vendor if there are sufficient changes to warrant a transition phase. The EBT Vendor shall implement and deploy the West Virginia EBT System according to the approved Transition-In Plan. If the current vendor is not the successful vendor, it is anticipated that some of the Transition Phase activities, specifically the EBT-only retailer conversion, will begin prior to the end of the Development Phase. However, it is expected that none of the database conversion activities would occur until the development activities have been completed, and specifically the Transition Testing has been completed and a sign-off has been received from the State. The Vendor is to complete the Transition In Plan using the Federal EBT Transition Guide.

In addition to the activities identified in the FNS Electronic Benefits Transfer (EBT) System Transition Guide, Version 2.0, the Vendor shall accommodate the following:

- Accept at least four years of transaction history to be transferred from the current EBT contractor and provide for conversion of a minimum of one year of online transaction history onto the new operating platform for a total of 5 years transaction history;

- Have checkpoints and reconciliation procedures built into the conversion process to ensure that no benefits or records are dropped;

- A complete card replacement with 100% of the cards replaced with EBT cards of a new design if requested. The Vendor should convert existing outstanding cards to new cards after the database conversion, which should take no longer than 6 months. The PIN for the client shall be transferred from the old card to the new card. The old card should continue to work until the new card is activated but is limited to 30 days from the date that the new card is issued/mailed. On day 31 the old card should be deactivated even if the new card has not been activated. As a fallback position, the Vendor must have the capability to operate without replacing the existing cards that have been produced or issued without disruption to the cardholders benefit access and services. The Vendor should have a process in place as a fallback position to ensure there is no disruption to the cardholder's benefit access.

3.2.8.1 <u>Final Revisions to the Design Specifications and Functional Requirements Documents</u>

The EBT Vendor should revise the Functional and Detailed System Design Documents to reflect necessary system modifications identified during the transition testing and assessment.

3.2.9 Roll Out and Transition

Following successful operations review, statewide transition should commence on or about March 1, 2010 and be completed within thirty (30) days. The transition should effect an orderly and expeditious elimination of dual (prior Vendors to the new Vendor if applicable and/or changes in functional design) issuance systems.

It is critical that clients not be negatively impacted in the ability to redeem benefits, therefore the transition should integrate the training, issuance, and transaction processing resources and capabilities for West Virginia. For additional guidance, reference the FNS Electronic Benefits Transfer (EBT) System Transition Guide. At a minimum, the transition should follow the Transition Plan that includes a detailed eight (8) month transition schedule.

3.2.10 Continuity of Services and End-of-Contract Transition Out

The Vendor shall comply with the continuity of services as the services provided under this contract are vital to the State and must continue without interruption and that upon the expiration or termination of the contract as specified within, a Vendor other than the current Vendor may be chosen to continue these services. The Vendor agrees to continue performance of the services under the terms set forth herein during the pendency of any ongoing process of selecting a successor vendor. The Vendor agrees to exercise its best efforts and cooperation to effect an orderly and efficient transition to the successor.

Should the State find it necessary to transition to a new Vendor at anytime during the contract, or at the conclusion of the contract, the current Vendor shall participate in conversion to the new Vendor. The current EBT Vendor shall work in good faith with the State and the new EBT Vendor to develop a plan providing an orderly transition to the new EBT Vendor. The plan shall be subject to the prior written approval of the State.

Planning for the end-of-contract transition out is critical to the success of the **next round of the procurement process.** Therefore the Vendor, as part of the Work Plan, should lay the groundwork for the transition out at the end of the contract. For additional guidance reference the FNS Electronic Benefits Transfer (EBT) System Transition Guide. At a minimum, cooperation should include:

- Working with the State, the new vendor and any other organizations designated by the state on a regular basis for the purpose of planning and coordinating an orderly transition.
- Allow the State to act as a mediator between the old and new contractors/processor, subcontractors, retailer or TPP's as needed.
- Developing an agreement with the selected Vendor laying out timeframes, work products, and mutual expectations during transition.
- Maintaining staffing levels consistent with levels during the operational phase of the contract through the end of the contract.
- Providing test and production data for conversion testing.
- Providing up-to-date agreements, design documents and procedural manuals.
- Coordinating with the new vendor to minimize suspense accounting during the final settlement.
- The Vendor must agree to provide a complete reconciliation of the benefit records to the balances remaining in the state accounts.
- Coordination with the new vendor for the migration of customer service functions on the night of the database conversion that may require both to develop special State approved IVR messages for use during the conversion process.
- Documenting the reconciliation of benefit record, account balances and final settlement so that there is a clear and transparent audit trail.

- Provision of test and production data during the last six months of the contract term.
- File transfers for conversion that should include but not be limited to case, card, demographic and benefit records, retailer data, four years transaction history and one-year current year on line data.
- Allow for a fallback or alternate conversion date if there is a failure of the conversion process.

Specifically, the End of Contract-Transition-Out work plan shall include timeframes and deliverables that the Vendor shall perform and project documents the Vendor will provide to ease the transition to a new Vendor. In addition, the Vendor should have a process to ensure adequate coordination between the existing and new Vendor to minimize the risk of any disruption of service to clients, retailers or the State. At the end of the contract, the State will hold back the final payment until the Vendor successfully completes all transition requirements, including but not limited to, transferring project documentation that accurately describes the EBT system on the date the new Vendor is awarded the contract.

3.2.11 Operations Phase

Full scale operations should commence as soon as statewide implementation to the new contract is completed to the satisfaction of the State.

3.2.12 Card **Design Requirements**

The following design requirements for the West Virginia EBT System ensure consistency with the national model for EBT and should be incorporated into the EBT Vendor's proposed system design.

3.2.12.1 <u>Card Specifications</u>

West Virginia EBT will provide on-line access to client accounts via a plastic benefit access card with a magnetic stripe that allows clients to access benefits through electronic transaction processing. West Virginia is requesting a change in the card design and/or reissue EBT cards via mail with the capability to use the same PIN. All cards are currently issued via mail and it is to be continued by the successful Vendor. If the client needs a replacement card, the PIN for the client should be transferred from the old card to the new/replacement card. The EBT Vendor is to provide card design and production services for the West Virginia EBT card. It is assumed that the Vendor will adopt and adapt card specifications as necessary based on developments in the commercial infrastructure and/or other benefit program requirements. For example, alternative card technologies may be an option for the WIC program, pending review of those programs' requirements and cost impacts.

3.2.12.2 <u>Card Standards Compliance</u>

The EBT Vendor should ensure that the card designed and produced for the West Virginia EBT system complies with the specifications prescribed in the QuestJOperating Rules, including the QuestJ "service mark", and International Standards Organization (ISO) and American National Standards Institution (ANSI) standards.

3.2.12.3 <u>Magnetic Stripe Encoding</u>

Track 2 of the West Virginia EBT card should be encoded in accordance with ISO 7813. The maximum character count in Track 2 should not exceed 40 characters, including all control characters.
The layout of Track 2 on each card should be as follows:

WEST VIRGINIA EBT CARS: Track 2 Layout			
Field Number	Field Name	Minimum Length	Maximum Length

1.	Start Sentinel	1	1
2	Primary Account Number	16	19
3.	Field Separator	1	1
4.	Expiration Date	4	4
5	Service Code	3	3
6.	Card Authentication Value	3	3
7	Discretionary Data	0	7
8	End Sentinel	1	1
9	Longitudinal Redundancy Check	1	1

The West Virginia EBT card should be non-expiring with the A4912" convention encoded on Track 2. No expiration date should be embossed on the face of the card. The Track 2 Service Code field should be encoded with the designated number value of "120 with the Card Authentication Value (CAV) Field a cryptographic value to validate the Track 2 data contents.

3.2.12.4 Primary Account Number (PAN)

The PAN is a 16- to 19-digit numeric field that provides the means of identifying the designated EBT Vendor and the client to whom the card is issued.

3.2.12.5 Bank Identification Number (BIN)/Industry Identification Number (IIN)

The BIN/IIN is a six (6) digit number encoded on the magnetic stripe that begins immediately after the start sentinel and consists of 6 contiguous digits. A State-specific EBT BIN/IIN is currently 507720 and this number shall continue to be used by the existing vendor if they are the successful bidder or by the new Vendor, if one is selected. This number would be used to calculate the PAN of issued cards and should not interfere with the existing card base being utilized by the State's clients. At the end of the contract period, use of the BIN/IIN will revert back to the State of West Virginia. The BIN/IIN will comply with ISO 7813.

3.2.12.6 Discretionary Field

The discretionary field is a three (3) digit number which may be used by the EBT Vendor.

3.2.12.7 Customer Identification

Customer Identification is a nine (9) digit number which uniquely identifies the client to whom the card was issued.

3.2.12.8 Personal Identification Number (PIN)

The PIN is made up of four (4) numeric characters or digits. The PIN is selected by or assigned to the client. PIN verification will be conducted at the EBT host and a PIN offset not encoded on the stripe.

3.2.12.9 Card Personalization

West Virginia EBT cards should have the Primary Account Number (PAN) and recipient name embossed on the face of the card, in accordance with ISO 7811. A signature panel should be provided on the back of the card.

3.2.12.10 Customer Service

The Customer Service, IVR toll free number(s) and web address should be included on the reverse of the card. In addition, instructions for returning lost/discarded cards to the EBT Vendor should be included, if necessary. The client web-based service address should also be printed on the card's reverse side.

3.2.12.11 Nondiscrimination Statement

The abbreviated statement of nondiscrimination, which reads as follows: "The USDA is an equal opportunity

provider and employer." In lieu of printing the required information on the card, the Vendor may provide each household a card jacket or sleeve containing the nondiscrimination statement.

3.2.12.12 <u>Recommended Card Security Specifications</u>

Card security features are designated to deter counterfeiting and lifting of data from the magnetic stripe. Security features are also designed to assist in investigations. Card samples must be submitted to DHHR whenever the card is redesigned or changed in any respect.

3.2.12.12.1 *Card Obverse Security Features*

The obverse of the West Virginia EBT card should have the following features:

- Four Color Printing: A four-color printing process should be used for the card. The card design should be determined during the Design Phase.
- $ Embossing: The recipient's name and PAN shall be embossed on the front of the card with contrasting color for readability.

3.2.12.12.2 *Card Reverse Features*

The reverse side of the card should contain the following features:

- $ Signature Panel: tamper evident signature panel.
- $ Liability Language and Instructions: The card should clearly state in English and in Spanish, "Do Not Write Secret PIN on Card" and a toll-free number for reporting lost or stolen cards. Magnetic Tape: The Vendor should provide the most durable card available at a reasonable cost.

3.2.12.13 <u>Benefit Access via the Card</u>

A West Virginia EBT cardholder accesses benefit accounts by swiping his or her EBT card through the Magnetic Stripe Reader within the POS terminal or by inserting the card into the ATM, specifying a transaction type if accessing through a POS terminal (refer to Application of EBT POS Function Keys, Part 3.2.23, and key entering a PIN. Each cardholder will receive a pre-assigned PIN that he or she may subsequently change by making a single phone call. It is the responsibility of the EBT Vendor to verify each cardholder PIN, during transaction processing, based on an ISO 8583 standard message format and/or an ISO 9510 message format. When a client has an authorized representative(s), one or more cards may access the same client accounts.

3.2.13 Processing Technology

The designated EBT Vendor is required to comply with the software and automated data processing equipment ownership rights prescribed in Federal regulations and as further clarified or negotiated with the State and Federal government. The Vendor is responsible for ensuring that the EBT system meets the processing requirements and criteria established by governing entities. Refer to 1.19.15 for Liquidated Damage for Failure to Meet Performance.

It is the responsibility of the Vendor to ensure that the EBT system meets performance and technical standards and regulations in the areas of:

- System processing speeds
- Availability and reliability
- Security
- Ease-of-use
- Minimum card requirements
- Performance
- Minimum transaction set

In order of precedence, the Vendor will use:

1. Federal regulations, including 7 CFR 274.12(h);
2. Quest® Operating Rules for EBT; or
3. Prevailing industry performance standards.

If there is a conflict within the governing regulations and guidelines regarding a specific standard, the State will determine the appropriate standard to which the EBT Vendor must adhere. In determining the appropriate standard, the State will allow consultation and input from the Vendor, however the final decision will remain with the State.
The EBT Vendor is required to routinely notify DHHR and retailers in advance of scheduled downtime and give prompt notification to DHHR in the event of unscheduled downtime

In addition, the EBT Vendor should monitor the performance activity of any of the Vendor's third party processor partners, and take action should the third parties encounter system or network difficulties in acquiring transactions.

3.2.14 Benefit Account Structure

Clients may be certified to receive benefits for one or more benefit programs that currently include Food Stamp and (TANF) program benefits. Vendors are encouraged to anticipate an EBT account structure with the capacity to accommodate a wide range of State and Federal benefit accounts since other programs may be added.

The Vendor shall receive and process Demographic and Benefit Authorization records transmitted by the State. Records shall be transmitted by batch with the exception of benefits added through the Administrative application for fraud investigation or Disaster issuance. The Vendor shall process Benefit Authorizations and post the authorized benefit amounts to the appropriate benefit accounts, based on the unique EBT Account Number, benefit type, case number, and unique authorization number generated by the State.

Potential Benefit Types for which a client may be certified during the course of this contract fall into one of three (3) categories:

3.2.14.1 <u>Pooled Cash Benefits</u>

Cash benefits can be either prefunded at the beginning of each benefit period (like direct Federal cash benefits) or funded subsequent to client access of benefits (like state-administered cash benefits). Benefits funded subsequent to recipient access are known as ADay-of-Draw@ benefits. Whether benefits are funded on the day of draw or prefunded, the balance available to clients for cash withdrawal or balance inquiry should be the sum of all cash benefits in the Cash Benefit Account. Therefore, when the EBT Vendor reports a cash balance during a balance inquiry or on a cash receipt, the balance will reflect the sum total of all cash benefits available from both prefunded and day-of-draw cash benefit accounts. However, the EBT Vendor should retain the ability to determine cash benefit balances by program for customer service or administrative purposes.

3.2.14.1.1 *Day of Draw Cash Benefits*

For day of draw cash benefits, the administering State agencies will not transfer funds until the client accesses the benefits. A benefit authorization file or a benefit authorization record transmitted by the administering State agencies to the designated EBT Vendor will authorize benefit amounts for which the client is eligible. These benefits represent *credit balances* only–no funds will be transferred when benefits

are authorized. On the day the client accesses benefits, the EBT Vendor shall initiate action to affect a transfer of State and Federal funds sufficient to reimburse the client draw. Day-of-draw transactions will be settled on the next banking day following the day of draw. Day-of-draw cash benefits may be disbursed to clients from ATMs and POS terminals.

3.2.14.1.2 *Prefunded Cash Benefits*

For prefunded benefit accounts, benefit funds due to clients represent liquidated obligations of the administering Government agencies. Benefit funds will be transferred to the designated EBT Vendor through the Automated Clearing House (ACH). The EBT Vendor shall hold the benefit funds for access by clients and will retain liability for these funds until they are disbursed to clients and the EBT Vendor has settled the transaction. Prefunded cash benefits may be disbursed to clients from participating ATMs or POS terminals.

3.2.14.2 *Food Stamp Benefits*

Similar to cash day-of-draw benefits, Food Stamp benefits are not funded until the client accesses benefits. FSP benefits credited to the Food Stamp Account represent credit balances only - no funds will be transferred when benefits are authorized. On the day the client accesses benefits, the EBT Vendor shall initiate a draw of Federal funds sufficient to settle the client FSP purchase. Benefits are issued over a nine day staggered period beginning the first day of the month. Day-of-draw FSP transactions will be settled on the next banking day following the transaction day as set by the EBT Vendor. Benefits may be disbursed through POS terminals at authorized food retail locations and may be used to purchase eligible food items only. The merchant's authorization to disburse Food Stamp benefits shall be verified before benefits are disbursed to the client, excepting those approved retailers who do not have electronic or telephonic access to the EBT Vendor. Food Stamp benefits may also be disbursed as the result of an approved manual voucher process.

3.2.14.3 *WIC Benefits*

WIC benefits are not being deployed at this time but may be deployed in the future. WIC benefits are prescription based; benefits within the WIC Benefit Account are for specific food items, not a specific dollar amount, and are funded on the day of draw. Although DHHR reserves the right to add WIC benefits to the West Virginia EBT system, there is no guarantee that WIC benefits will be deployed. In the event that WIC benefits are added to the system, a separate WIC benefit account will be required to maintain these benefits.

3.2.15 EBT Account

The EBT Vendor shall establish an EBT account for each benefit type (cash, Food Stamps, and potentially WIC) for which a client may be certified. The EBT Vendor shall design the EBT Account Structure to ensure that: 1) benefit balances are accurately maintained; 2) benefits accessed by clients are drawn from the appropriate EBT account; 3) cash benefits within the Cash Account are drawn from the appropriate benefit program (refer to the Primary Program Designation, 3.2.16); and 4) benefit accounts are not overdrawn. The EBT Vendor shall be liable for any funds drawn from an incorrect account or program or for overdraws of benefit accounts.

3.2.15.1 EBT Account Structure

As noted above, clients may be certified to receive benefits from one or more programs. Funding methods vary across programs and this as well as other considerations may affect the EBT Account Structure developed by the designated EBT Vendor. The following model EBT Account Structure provides a pictorial representation of the account structure envisioned for the West Virginia EBT system.

Given the restrictive nature of Food Stamp and WIC benefits (if EBT is deployed for WIC), balances for these food benefits shall not be commingled with each other or with cash benefit balances. Although cash benefits may be used to purchase food items at the point-of-sale, Food Stamp and WIC benefits shall not be converted to cash and, therefore, shall not be accessed at an ATM.

The Vendor's processing system should create an account structure that encompasses the three benefit types (cash, Food Stamps, and WIC). The specifications should include the approach to linking cards to client accounts, and for ensuring that benefits are drawn from the appropriate benefit account and that benefit accounts are not overdrawn.

3.2.15.2 EBT Account Number

The EBT Vendor should establish a unique case identifier or EBT Account Number. At a minimum, the EBT Account Number should include two parts: (1) a unique core number which should identify a case regardless of the number of benefit programs for which the case is certified; and (2) a secondary number (suffix, prefix, or other scheme) which is attached to the core EBT account for which the case is certified. In transmitting account set-up, benefit authorization, or other administrative transactions to the EBT Vendor, DHHR intends to use the client case identifier resident on DHHR's eligibility systems to identify a case.

The EBT Vendor should develop and maintain an application to translate the DHHR case identifier to an EBT Account Number whenever an interface with a DHHR system occurs. The translation should occur in both directions C from the DHHR case identifier to the EBT Account Number when the communication originates at the DHHR system and from the EBT Account Number to the DHHR case identifier when the communication originates at the EBT host. Although DHHR will not maintain the EBT Account Number on its systems, the EBT Vendor should provide the capability, through an administrative system inquiry, for DHHR to identify the EBT Account Number assigned by the EBT Vendor to a particular EBT account.

3.2.15.3 Support Local Reporting

Reporting capabilities should include the need to track and report transaction and activity data at the local and user levels and totaled for the State. Requirements for indexing and reporting data by location may be accommodated by the EBT Account Number structure or through the use of separate data elements. Vendors should also specify State systems information requirements necessary to support EBT reporting at the program and local office levels.

3.2.16 Primary Program Designation for Cash Withdrawals

When a client has multiple cash benefits, the EBT Vendor should use a Primary Program Designation (PPD) to determine the cash benefit program from which funds should be drawn for disbursement to the client and for settlement. The PPD is based on a program hierarchy, which represents the order in which funds should be disbursed and drawn for settlement.

The PPD should be applied to all cash transactions. The PPD is explicitly structured to ensure that cash benefit withdrawals should be funded from prefunded benefits first, followed by day-of-draw benefits. In any given month, direct Federal prefunded cash benefits (if available) should be drawn first, followed by State prefunded benefits. All vendors should use the PPD to allocate cash withdrawals to the appropriate benefit program. In West Virginia, the hierarchy for cash draws should be:

- Cash benefits (TANF)
- Other jointly funded benefits
- West Virginia-funded benefits

All benefits should be withdrawn on a First-In-First-Out basis with unused benefits carrying over from month to month. In the event a transaction is subsequently reversed, canceled, adjusted, or charged back, the Vendors system should ensure that funds are credited back to the correct funding source within the pooled benefit structure.

3.2.17 System Interface Requirements

The State is seeking a continuation of the EBT system that should result in as little disruption or change to the current operations as possible and preferably no changes to the State's EBT interface. The State would consider changes to its EBT interface if the proposed changes would provide operational savings or/and improved services.

The EBT Vendor should support both batch and on-line, real time transmissions between West Virginia systems and the EBT host via a leased communications line. The provision of communications facilities for batch and on-line, real time transmissions (with the exception of dial-up modem transmissions) between the EBT Vendor and West Virginia should be the responsibility of the EBT Vendor. It is recommended that the EBT Vendor use communication software, hardware, and protocols compatible with the State's hardware/software configuration [refer to the description of the processing environment provided in Part 2.2.6 and Appendix B]. The EBT Vendor in conjunction with DHHR should mutually determine the appropriate capacity for each facility installed to ensure that all transmissions are completed within the time frames specified in herein. This process should include the transmission of a confirmation file, one per authorization, which confirms the receipt of data or similar security measures. The State has defined formats established with the current EBT processor for the exchange of records. These records are detailed within Appendix A. The new EBT contractor should utilize the existing record formats for the exchange of this data. The Vendor should have procedures and processes to ensure data integrity and prevent the processing of duplicate data.

Each transmitted batch file will have a header and a footer record for identification. The header record will include time, date, control number, subtotals per program, and total value for the file. The footer record will include a cyclic redundancy check code. All benefit authorizations will be identified by a combination of the, State case number, authorization date and type, authorization number, and date and time of the availability of benefits. The EBT system will receive benefit authorizations from DHHR and post them to the respective client account(s). The EBT Vendor will

ensure that there are no duplicate issuances, or duplicate transmissions of files. If an error is encountered, the EBT Vendor will notify DHHR in a timely manner so that DHHR may take corrective action and retransmit the file.

3.2.18 EBT Administrative System Functionality

In addition to ATM and retail POS transaction functionality, the EBT Vendor shall also support administrative system transaction functionality via web-based access. Administrative transactions that originate at administrative terminals located in central, regional, or local offices will be sent to the EBT Vendor on-line real time. Transactions that originate at the EBT administrative system should be processed within a two (2) second timeframe. At a minimum, the administrative actions that must be supported by EBT administrative system include:

- Account Set-up *
- $ Card Issuance/Activation
- $ Card Replacement
- $ Account Adjustments
- $ Client Account Information Inquiry
- $ Claim Re-Payment
- Retailer Information Inquiry
- Benefit Cancellation (Disaster Issuance Only)*

*Account set up for disaster benefits occurs independent from the eligibility system. One of the two profiles authorizes account set up for cash and also permits the corrections to account demographics and removal of benefits.

The EBT Vendor shall provide EBT administrative system/POS application software as necessary and communication protocols to DHHR, its county offices, and the FNS Retailer Investigations Branch, Area, Regional, Field FNS Offices, and the Department's Office of Inspector General. FNS administrative system capability will be for account inquiry and reporting purposes only. EBT administrative system functionality shall include a web-based, multi-level physical access system with controls to ensure that only authorized individuals process administrative transactions or access client account information though the administrative system. The Vendor shall generate reports to DHHR for transactions that originate at the administrative system user level and identify the technician originating the transaction.

3.2.19 Authorized Cardholders

In some cases, an EBT client may have an Authorized Cardholder(s) (AC). The AC is designated by the client to access the client's benefit accounts. In these instances, one or more cards may access a client's benefit account. The AC card must have a unique PAN and PIN. The Vendor's processing system should have the capability to link multiple cards to a single client account and for linking the AC to the payee. AC access to cash and/or non-cash portions (e.g., Food Stamps, WIC) of the recipient's EBT account should be limited by the processor's system if requested to do so through eligibility system. The EBT system should also be able to prohibit designation of an *additional* AC for an EBT account if the number of AC's permitted by the State for a single account has been met.

3.2.20 Merchant Point of Sale (POS) Terminal Deployment

The State is requesting two pricing schedules for the deployment of EBT only equipment. The core pricing includes the deployment of up to 1500 EBT only POS devices. A second schedule is to be used to reflect the pricing for those machines in excess of 1,500 EBT only POS equipment deployed. The cost for the second schedule is to be stated as the cost per POS machine. Pricing shall include shipping, customer service and replacement services for each POS machine deployed. Each pricing shall be for equivalent equipment. No pricing information is to be included in the Technical Portion

of the RFP response. See Part 4.1.8 for additional information for POS pricing information.

Federal Regulations 7 CFR 274.12(g)(4)(ii) specify the requirements for POS terminal deployment. The Vendor is to comply with these requirements.

According to Federal Regulations at 7 CFR 274.12(g)(1)(ii), newly authorized retailers shall have access to the EBT system within two weeks after the receipt of the FNS authorization notice. However, whenever a retailer chooses to employ a third party processor to drive its terminals or elects to drive its own terminals, access to the system shall be accomplished within a 30 day period in advance of planned start date or a mutually agreed upon time, to enable the third party interface specifications and any State required functional certification to be performed by the State agency and/or its Vendor.

Despite a significant number of food retailers and other vendors deploying equipment on their own for their own business reasons, it is anticipated that there will be Food Stamp Program, "FSP" retailers who will not deploy terminals. To equip these retailers, DHHR is prepared, through the EBT Vendor, to provide EBT only POS terminals to food merchants that redeem $100 or more per month in Food Stamp benefits and are authorized by USDA to participate in the Food Stamp Program. The EBT Vendor shall at no cost to the retailer deploy EBT only POS devices at the direction of the State and shall provide communications as needed to enable an FNS certified retailer to participate in the EBT program.

The EBT Vendor shall prepare appropriate retailer technical and training information to assist in the deployment of EBT terminals to these food retailers. The Vendor shall, at no cost to the retailer, provide communications as needed to enable an FNS certified retailer to participate in the EBT program. Retailers have the right to waive instruction. The Vendor shall direct the retailer to confirm in writing that they are waiving training should they opt to do so.

For those retailers that do not arrange for commercial service and that have less than $100 per month in Food Stamp benefit redemptions, the EBT Vendor will be responsible for ensuring adequate recipient access to Food Stamp benefits in accordance with agency rules by providing access via paper vouchers.

3.2.20.1 POS Terminal Technical Standards

The EBT Vendor may contract with retail merchants to deploy and drive POS terminals. These POS terminal deployment agreements should be between the EBT Vendor and retail merchants; the State of West Virginia should not be a party to these agreements (see Part 3.2.20). All terminals deployed by the EBT Vendor for the purpose of processing EBT transactions should meet the operational requirements of the EBT system and support the full EBT transaction set. The terminal must provide for visual verification of the transaction message before positive action is taken by the cardholder to release the message for authorization and settlement. The POS equipment must identify the food stamp household member's account number that is a truncated primary account number (PAN) or a coded transaction number must be included on the receipt. For all terminals deployed by the EBT Vendor, the EBT Vendor must comply with the QuestJ Operating Rules as promulgated by the Electronic Benefits and Services (EBS) Council of the National Automated Clearing House (NACHA) and must display the QuestJ logo as specified in these rules. Within 30 days of contract award, the EBT Vendor should provide the State with interface specifications that should enable retailers and third party terminal drivers to interface directly with the EBT Vendor to perform Food Stamp and cash EBT transactions. The EBT Vendor shall provide these specifications to retailers and third party terminal drivers as well. The EBT Vendor shall not unduly withhold certification for retailers and third parties who enter into direct connect arrangements with the EBT Vendor.

3.2.20.2POS Terminal Processing Standards

POS terminal response time is the amount of time, measured in seconds, from the terminal transmission of a transaction message ("Enter" or "Send" key is pressed) to the receipt of the response on the terminal display. For leased line communications, 98 percent of EBT transactions shall be processed within 10 seconds or less, and 100 percent of EBT transactions will be processed within 15 seconds. For dial-up systems, 95 percent of EBT transactions shall be processed within 15 seconds or less, and 100 percent of EBT transactions shall be processed within 20 seconds. The State expects the Vendor to provide equipment that is up-to-date with functionality and sufficient memory to handle the foreseeable needs of the EBT program, that is fully supported and warranted by its manufacturer, and that is replaced on a regular basis as upgrades are released.

3.2.20.3Merchant and Third Party Acquirer Agreements

For all merchants who accept the EBT Vendor-deployed terminals, the EBT Vendor shall enter into agreements:

- to deploy and drive EBT-only POS terminals pursuant to this RFP, and
- to act as a third party processor to merchants.

For those merchants who choose to modify their existing equipment and either acquire the services of a third party processor or serve as their own third party processor, the agreement shall be to provide access to the EBT system by third party processors and those merchants that self process, or any other acquirer.

Such agreements should be between the EBT Vendor and merchants directly; the State will not be a party to merchant agreements. The agreements should describe the terms and conditions regarding the arrangements for use of the POS equipment and the operating procedures and rules. At a minimum, the agreements must include language that requires:

- Compliance with the Food Stamp Program regulations
- Compliance with the QuestJ Operating Rules as promulgated by EBS Council
- Compliance with ISO Technical Standards 8583 and 9510
- There will be no charging for authorization and settlement processing by the EBT Vendor for EBT transactions
- That only FNS-authorized merchants may perform Food Stamp transactions

All merchant and third party processor agreements require State approval as to form.

3.2.21 Group Home Support

In addition to traditional retail merchants, Food Stamp Program merchants include drug/alcohol treatment centers, blind/disabled group living facilities, battered women/children shelters, homeless meal providers, restaurants, elderly/disabled communal living and dining facilities, meal delivery services, and route vendors. The EBT Vendor is to be able to provide alternatives that may be acceptable to FNS.

To support congregate living arrangements for drug/alcohol treatment centers and blind/disabled group living facilities, DHHR has developed the following group home process:

The group home acts as payee, which will require that a group home representative visit the local DHHR office to become the Authorized Cardholder (AC) for each Food Stamp client resident in the group home. The representative will then be issued a benefit card for each client. At the beginning of each month, the group home representative would

swipe each card through the POS terminal, taking one-half of the allotment to be settled in cash into the group home's EBT or bank account. Residents remaining after the 15th of the month would have the remaining portion of their Food Stamp allotment transferred to the group home account on the 16th of the month. Upon leaving the group home, each Food Stamp client would return to the local DHHR office to request a change in the AC status to remove the group home as the AC. At this time the group home's card would be canceled or 'hot carded' and all future benefits would be accessible by the client through his/her benefit card.

3.2.22 Regulatory Provisions

The Vendor shall comply with the following rules and regulations that govern EBT system and operations:

3.2.22.1 Section 1729, Mickey Leland Memorial Domestic Hunger Relief Act of 1990

Section 1729 of the Mickey Leland Memorial Domestic Hunger Relief Act of 1990 amended Section 7 of the Food Stamp Act of 1977, as amended, to require the U.S. Department of Agriculture to issue regulations establishing EBT systems as operational systems to deliver Food Stamp benefits to eligible households.

3.2.22.2 USDA Regulations regarding Food Stamp Program (FSP) (7CFR) and specifically 7 CFR '274.12, Food Stamp Program: Standards for Approval and Operation of Food Stamp Electronic Benefit Transfer Systems Food and Nutrition Service (FNS) rules and regulations. These include but are not limited to the following:

- Final Rule re: FSP: EBT Benefit Adjustments; Federal Register, Vol. 65, No. 129, July 5, 2000
- Final Rule re: FSP: EBT System Interoperability and Portability; Federal Register, Vol. 65, No. 158, August 15, 2000
- Final Rule re: FSP, Regulatory Review: EBT Provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; Vol. 65, No. 193, October 4, 2000
- Final Rule and Interim Rule re: Food Stamp Program, Regulatory Review Standards for Approval and Operation of Food Stamp EBT Systems, Federal Register, Vol. 70, No. 68, April 11, 2005
- Food Stamp Program, Reauthorization: Electronic Benefit Transfer (EBT) and Retail Stores Provisions of the Food Stamp Reauthorization Act of 2002, Federal Register, Vol. 70, No. 232, December 5, 2005
- And all changes, updates, revisions, and policy interpretations of the Federal regulations as enacted by law or FNS
- Any waivers to the Federal regulations granted to the State by FNS for EBT purposes. The following waivers have been granted by FNS and are effective with this RFP and any contract entered into as a result of this RFP:

  1. Manual voucher process or other means for retailers who currently redeem less than $100 a month in benefits.
  2. The State/Vendor may charge a reasonable fee to reinstall POS devices if the retailer breaches the retailer agreement and returns to the EBT system using state supplied terminals, or if the retailer returns to the EBT system after being disqualified or withdrawn involuntarily. Any fee shall be approved by the State prior to being assessed.
  3. The State has a waiver to change the number of days it has to act upon retailer initiated adjustments from 10 business days to 15 calendar days and to not place a hold on recipients' accounts.
  4. The State will assign PINS for newly authorized recipients at the time of EBT account set-

up and will have the capability to select a new PIN or change a PIN via a secure process.

3.2.22.3 <u>QuestJ Operating Rules</u>

The designated EBT Vendor shall meet or exceed the specified requirements of the QuestJ Operating Rules that are maintained by EBS Council. The rules address the duties, tasks, requirements, and responsibilities with which all EBT Vendors, acquirers, retailers, and networks are required to comply.

The EBT Vendor shall follow all applicable state and Federal laws, rules or policies relating to EBT, including terms and conditions within the EBT contract.

3.2.23 Applications of EBT POS Function Key(s)

At the point-of-sale, retailer/cashier will indicate an EBT transaction type (cash or Food Stamps and potentially WIC). Function keys, menu selection, or a combination of both may provide this functionality. The authorized cardholder authorizes the completion of the transaction for accuracy by entering the PIN. The transaction type will be transmitted in the transaction message. The EBT Vendor's transaction processing application must capture and retain transaction type information and must match the transaction to the appropriate client account (cash, Food Stamp, etc).

3.2.24 Transaction Fee Accounting

The State will pay for the fees associated with the first two cash only withdrawal transactions. There will be no transaction fees for cash purchases. The current fee charged to the client for greater than two cash only transactions is $.85 and the fee charged to the State is $.40 for the first two cash only transactions. Refer to Appendix A for data concerning the transaction fees collected.

All other cash only transaction fees and surcharges shall be at client expense. The designated EBT Vendor shall have the capability to track and account for both Government-paid and client-paid transaction fees on a monthly basis. The EBT Vendor may elect to deduct the client-paid fees from the client account at the time of the transaction. If the EBT Vendor elects to deduct a client fee at the time of the transaction, the EBT Vendor shall ensure that the client has a sufficient cash account balance to cover both the withdrawal and the fee. The EBT Vendor shall also ensure that DHHR is billed only for those fees for which the client is not responsible.

3.2.25 System Functional Requirements

The State has defined formats established with the current EBT processor for the exchange of records. These records are detailed within Appendix A. The new EBT contractor should utilize the existing record formats for the exchange of this data. The national EBT model is based on nine functional requirements that describe the operations the EBT system must perform. They include: Account Set-up and Benefit Authorization, Card Issuance, Training, Recipient Account Maintenance, Transaction Processing, Customer Service, Retail Merchant Participation, Settlement, and Reporting.

3.2.25.1 <u>Account Set-Up and Benefit Authorization</u>

This function requires generating account set-up and benefit authorization records. Account set-up information will be generated by the State and transmitted to the EBT Vendor host via on-line, real-time processing or batch file transmissions. Benefit authorization data will be transmitted by DHHR to the Vendor for credit/posting to the client accounts.

The EBT Vendor shall have the capability to accept Account Set-up and Benefit Authorization transactions from DHHR in either batch or on-line processing mode. In either case, the EBT Vendor shall always process Account Set-up data before Benefit Authorization data. The structure and format of the Account Set-up and Benefit Authorization records and file transmissions should be standard and should follow the ACH file

formats and continue to use the same file format in providing EBT account numbers to the State. The specific file format, including data elements, field lengths, and number of fields, will be the same file format as currently used in the DHHR system interface. Data elements that are expected to be included in account set-up, benefit authorization, and account update records are specified in the following account set-up and benefit authorization part of this RFP.

Within a file, Account Set-up and Benefit Authorization records will be batched separately, and identified by a transaction type code. All benefit authorization records transmitted from DHHR to the EBT Vendor will be categorized according to benefit program.

In batch transmission mode, the batch files will be identified by the respective batch header and batch trailer records. To support batch processing, DHHR and the EBT Vendor should agree to a specific time frame or window during which daily batch files will be transmitted. The EBT Vendor should however, be able to accept and process transmissions from West Virginia 24 hours per day, 7 days per week. Within one (1) hour of receipt of a file, the EBT Vendor will either confirm receipt of a complete and successfully transmitted file or contact DHHR and request the file be retransmitted. The EBT Vendor shall confirm receipt of a subsequent transmission(s) within thirty (30) minutes of receipt until successful transmission/receipt has been completed. For Account Set-up and Benefit Authorization transactions sent in batch mode and received by 11:59 p.m. Eastern Time, the EBT Vendor shall process the transactions, perform all set-up and benefit posting processes, and make benefits available by 8:00 a.m. Eastern Time the following day.

To support on-line transmission of Account Set-up and Benefit Authorization transactions, the EBT Vendor shall accommodate on-line communications~~,~~ , between DHHR and the EBT Vendor host. Account Set-up and Benefit Authorization transactions received in on-line mode shall be processed immediately with account set-up and benefit posting occurring within 30 minutes of receipt.

3.2.25.2 <u>Account Set-up</u>

The EBT Vendor shall receive and process Account Set-up data transmitted by DHHR. Account Set-up data includes client case data necessary for the establishment of an EBT Account. For all on-going cases other than expedited service cases, the Account Set-up data will be transmitted by DHHR prior to the issuance of a card. In addition to Account Set-up information, DHHR will transmit records to modify account information or the account status. (Refer to the section on Administrative Transactions.) At a minimum, the Account Set-up data elements will include:

- Primary Account Number
- Last name
- First name
- Middle initial
- Date of birth
- Social Security Number
- Client Case Identification Number
- Street Address
- Secondary Address
- City
- State
- Zip code
- Transaction type identifier (set-up, change account data, or modify account status)
- Positive card issuance indicator (instructs EBT Vendor to issue a card)
- (Optional) Positive PIN issuance indicator (instructs EBT Vendor to issue a PIN)
- Client code(s) (to indicate if the cardholder is the payee or an authorized representative)

- Cardholder access (to indicate which benefits the cardholder accesses)
- County or local office identifier
- User Identification Number (for transactions that originate at an administrative terminal)

In addition, the EBT Vendor may also designate Account Set-up data elements necessary to support its EBT operations; file formats however should conform to the existing formats.

If indicated in the Account set-up record, a card will be issued to the client by the EBT Vendor as specified in Part 3.2.26, Card Issuance.

The EBT Vendor should provide to the State a daily electronic report of EBT accounts established which includes, at a minimum, the following data elements:

- Primary Account Number
- Social Security Number
- Case Identification Number
- Client's last name
- First name, and middle initial
- Date and time account set-up information was received
- Date and time account was established
- Transmission type (batch or on-line)
- County or local office identifier
- User Identification Technician number for all transactions that originate at an administrative terminal

Additionally, the EBT Vendor shall notify DHHR of account set-up exceptions, including but not limited to rejected set-up requests and reason for rejection (i.e., duplicate case).

3.2.25.3 <u>Investigator Accounts</u>

The Vendor should support the State with the function of creating and maintaining EBT accounts for use in FSP and/or TANF/cash program fraud investigations. Currently the State is setting up the fraud accounts and issuing benefits through the administrative terminal application. The Vendor must advise, assist and appropriately act to aid the State and FNS in investigations of fraud and abuse by retailers, recipients or workers. This may entail the cooperation with local, State and Federal authorities. For additional detail concerning the fraud reports refer to Part 3.2.33.2.

3.2.25.4 <u>Benefit Authorization</u>

The EBT Vendor shall receive and process Benefit Authorization records transmitted by DHHR. The EBT Vendor shall process Benefit Authorizations and post the authorized benefit amounts to the appropriate EBT accounts, based on the DHHR case identification number. At a minimum, the Benefit Authorization transaction will include the following data elements:

- Social Security Number
- Client Case Identification Number
- County Identification Number
- Technician Identification Number
- Program Identifier
- Payment Type (initial, original, change supplemental, retroactive, restoration etc.)
- Credit/Debit Indicator
- Benefit Amount
- Benefit Availability Date

- Benefit Month and Year
- Transaction Type Identifier

In addition, the EBT Vendor may also designate Benefit Authorization data elements necessary to support its EBT operations. The benefit authorization data records that will be transmitted from DHHR issuance systems are case-related. It is recommended that the EBT Vendor support posting benefits to the proper account based on the DHHR primary case identifier/number.

The EBT Vendor should provide to DHHR a daily electronic report of EBT Benefit Authorizations processed which includes, at a minimum, the following:

- Primary Account Number
- Social Security Number
- Recipients Case Identification Number
- Technician Identification Number
- Date and Time Benefit Authorization Information was Received
- Date and Time Benefit Authorization Data were Processed (Posted to the Client's Account)
- Transaction Type
- Transmission Type (Batch or On-Line)

This requirement is an addition to the more immediate response to transmissions and real-time updates previously discussed. Additionally, the EBT Vendor shall provide notification to DHHR regarding benefit authorization attempts and reason for rejection (e.g., duplicate authorization).

For on-going cases, DHHR will authorize benefits, at a minimum, once per month. Monthly Food Stamp Benefits will be staggered over the first nine (9) calendar days of the month. Monthly TANF benefits will be available to clients on the first day of the month with child support incentive payments issued on the twentieth (20) day of the month. In addition to the monthly benefit authorizations, DHHR will also transmit daily benefit authorizations to authorize benefits for new accounts and to authorize supplements for existing accounts.

3.2.26 EBT Card Issuance

In general, the State of West Virginia expects to issue EBT cards through the mail. Over-the-counter card issuance may be considered as an option for disaster/emergency response purposes. West Virginia will change the card design and/or reissue EBT cards using mail issuance. See Part 3.2.12.1 for additional information.

3.2.26.1 <u>Card Issuance Requirements</u>

In general, a positive card issuance indicator shall be included in the Account Set-up record. For these cases, the EBT Vendor shall assign a PAN and issue a West Virginia EBT card to the client through the mail. The card should be encoded and embossed with the PAN and meet the requirements specified in Card Specifications (refer to Part 3.2.12.1). A pre-assigned PIN shall be mailed separately to the client, or, as an option, the client may select a PIN by telephone. All initial cards shall be mailed in the inactive status. The date that cards and PINs are issued and Authorized Representatives, as well as the date that cards are activated, shall be maintained in the EBT system and displayed on the EBT administrative system. The EBT Vendor shall be liable for loss or misuse of the card until it is either received by DHHR or local offices or mailed to beneficiaries. A card issuance request received by the EBT Vendor by 11:59 p.m. Eastern Standard Time (or a mutually agreed upon later time) shall be delivered to the Post Office no later than 3:00 p.m. Eastern Time on the next business day for mailing to the client. Any mailed cards returned to the EBT Vendor shall be cancelled as returned and not be reissued until an authorizing action has been provided by DHHR. The EBT Vendor shall inform DHHR whenever a card is returned to the EBT Vendor.

3.2.26.1.1 *Disaster Issuance\Service*
Vendors shall have alternate methods for DHHR to provide clients with same or next day over-the-counter (OTC) card and PIN issuance and same day delivery of benefits. Vendors shall have methods for requesting, delivering (including delivery time frames from request date), tracking and accounting for card stock inventoried to a central office or county locations. The design concept is to be targeted to an emergency response need. The Vendor should conduct pre and post event surveys of retailers for backup transaction capability, alternate power and manual voucher supply and capabilities.

The EBT Vendor shall be liable for loss or misuse of cards or card stock until the card stock is received at the designated location(s). If it is necessary to place card issuance equipment in local or regional locations to meet the requirements for over-the-counter card issuance, respondents should clearly identify the equipment requirements.

- Services should include the establishment of 20,000 vault stock Disaster EBT cards with pre assigned PINs linked to the card. The PIN for each card is to be a four digit PIN that is the same number as positions 13-16 of the 16 digit card number.
- The Vendor is to provide separate user profiles with controlled access to the direct input to the EBT Administrative System.
- Declared Disaster accounts are to be separate from regular benefit issuance for tracking and reporting purposes.
- The Vendor must have the capability to drop ship Disaster EBT cards to multiple locations.
- These differing delivery methods of disaster benefits will be applied depending upon the severity and scope of the event.
- The EBT Disaster Card should be of the same design as the regularly issued EBT card except that there will be Disaster Services printed on the face of the card.
- The Vendor should also have the ability to produce and ship up to an additional 20,000 vault cards for drop shipment within two business days of notification that the cards are required.
- Disaster vault card inventory should be replenished to the 20,000-card level within seven business days after the initial card shipment to the State.
- The Disaster Services Cards benefits should be expunged 120 days from the date the disaster account is set-up.
- In the event that the disaster food stamp program is evoked, the Vendor must provide daily reports by service site. The reports to be provided shall include but not be limited to, Daily Administrative Transactions Report, State Issuer Totals, and Daily Disaster Benefits Reports. Additional reports may be required upon request from FNS or for other management purposes.

If the current Vendor is not the successful Vendor, the new Vendor should establish and maintain in the EBT system database the predefined disaster vault card numbers and the related PINs created by the current data processor's systems as part of the conversion process, the Vendor should convert the existing 20,000 vault cards and PINS associated with each. These disaster accounts shall remain available on the successful Vendor's system until used in a disaster response. At that time the accounts will have the demographics sent via direct input to the Vendor's system.

3.2.26.2 <u>Card Replacement</u>
The EBT Vendor shall provide the functionality to replace lost, stolen, or non-functioning EBT cards. When an EBT card is replaced, the replacement card will carry a new PAN. A PAN shall not be reissued. Client training will instruct a client to report a lost, stolen or non-functioning EBT card to the toll-free customer

service help line for deactivation. The deactivation of the card will occur immediately upon request through the customer service help line.

A replacement card will carry the PIN of the previous card. The Customer Service Representative must use a voice password(s) (payee's Social Security Number; date of birth or other data available from the cardholder's master file) for client identification. Card replacement transactions may also be initiated by an administrative transaction completed by designated DHHR personnel and will also result in immediate deactivation once the file transmission is received. Methods for issuing replacement cards will be by mail. Replacement cards shall be placed in the mail the first business day following the day the card was reported, lost, damaged or stolen. Replacement cards will be mailed in the active status and will have the same PIN. A card issuance request received by the EBT Vendor by 11:59 p.m. Eastern Standard Time (or a mutually agreed upon later time) shall be delivered to the Post Office no later than 3:00 p.m. Eastern Time on the next business day for mailing to the client and replacement shall occur within up to 5 calendar days.

The EBT Vendor's procedures for issuing replacement cards shall include verification of the recipient's address prior to automatically issuing the replacement card. Should the address on the EBT Vendor's database not agree with the recipient's stated address, the recipient will be referred to their Local DHHR Office Case Worker. The EBT Vendor **s**hall maintain on the system and display on administrative terminals the number of cards replaced for each cardholder.

There will be no fees for card replacement. At the State's option, fees may be imposed for card replacements *contingent upon approval of the fee by FNS* and provided that the fee does not exceed the cost to replace the card. As a state option any fees deducted for replacement cards will be accounted for on the EBT Vendor's monthly billing and netted against the amount due by the State of West Virginia.

3.2.26.3 <u>Activate the EBT Card</u>
The EBT Vendor should specify card (PAN) activation procedures. When initial cards are issued by the EBT Vendor through the mail, the EBT Vendor shall require a telephone call to the IVR, or other procedure to activate the card. The date and time of card activation shall be maintained on the EBT system and displayed on the administrative terminal. At the State's request, the EBT Vendor should provide a report of cards that have not been activated and associated case information.

3.2.26.4 <u>De-activate the EBT Card</u>
The Vendor will immediately deactivate the West Virginia EBT card (PAN) when the card is reported lost, stolen or non-functioning, when the account is closed, or when the requested transaction is received by the Vendor through an administrative terminal transaction.

3.2.26.5 <u>Card Suspension for Invalid PIN Attempts</u>
After four (4) invalid PIN attempts, the Vendor shall suspend the card until 12:01 am/midnight.

3.2.26.6 <u>Issue Personal Identification Number (PIN)</u>
Clients will obtain a Vendor system generated PIN through the mail. The PIN offset will reside at the EBT host, not on the EBT card. The EBT Vendor shall provide for a single phone call PIN change through the toll free customer service help line.

3.2.26.6.1Assign or Select PIN
The EBT Vendor shall assign a PIN to cards that the EBT Vendor issues through the mail. When the PIN is assigned and mailed to the recipient, the EBT Vendor shall mail the card and PIN to the designated client address under separate cover and on separate dates. Under no circumstances will the card and PIN be mailed together, nor will the card and the PIN be mailed on the same day. In mailing the PIN, the EBT Vendor

should provide instructions for a PIN change in the event the client would prefer to select his or her own PIN. If the client chooses to select a new PIN, after he or she receives the card in the mail, the client may make a PIN change by a single telephone call to the Customer Service help line. Under no circumstances may a PIN be transmitted to the EBT host in the clear. A recipient may elect to change the PIN at any time.

3.2.27 Recipient and Administrative EBT Training

All EBT clients will be provided with training materials and/or training during transition and for ongoing operations as determined necessary by the State. The State will use a basic training approach that will include printed training materials, client training posters, a training video/CD and client Internet access to training materials. For additional detail concerning the training requirements, refer to 3.2.7.4. The EBT Vendor shall include the price of the basic training package within the cost per case month.

3.2.27.1 Train-the-Trainer

As determined necessary by the State, the EBT Vendor should conduct up to five (5) training sessions at in-state locations as specified by the State to instruct selected staff training members in the methods of training clients and local eligibility office workers in the functionality and the proper use of the EBT administrative system. The state training staff will in turn train local staff so that they may provide instruction to clients in the proper use and maintenance of the EBT card and the EBT administrative system.

The EBT Vendor should be responsible for updating the training materials on an ongoing basis as technology and needs change throughout the life of the contract. All training materials should be reviewed by DHHR for approval. Provided below is a brief description of the training materials required by DHHR:

3.2.27.2 Printed Training Materials (Training Pamphlet and Pocket Cards)

All clients will be provided with standard printed training materials. The training materials should be written in easy to understand language at a fifth grade reading level. Printed training materials should be provided in pamphlet and pocket card format in English, Spanish, and Braille. An oversized pocket card will be acceptable for the Braille version. The State will be responsible for providing the Braille materials to those clients who need them. The EBT Vendor is expected to be responsible for designing, printing, and distributing training materials to designated State locations and for providing training pamphlets to all clients who receive their cards through the mail (refer to card issuance Part 3.2.26.1). Refer to Part 3.2.7.4 (Training Materials) for details on topics that should be covered in the written training materials. In addition to providing the standard printed training materials to all clients who receive their West Virginia EBT card through the mail, the EBT Vendor should also supply the standard written materials to designated State locations for distribution over the counter in regional and local offices.

3.2.28 Client EBT Account Maintenance

Upon notification by DHHR through the set-up processes, the EBT Vendor shall establish and maintain an account for each cardholder or client. The primary purpose of client account maintenance is to ensure that accurate and timely information is maintained regarding client account balances, account status, and client demographic information.

3.2.28.1 Maintain Account Balances

Authorized clients may be eligible for benefits under one or more benefit programs. As described under Account Structure, benefit balances for cash benefit programs shall be commingled in a Pooled Cash Account. For Food Stamp benefits, or for the WIC program, (if EBT is deployed for WIC), benefits shall be maintained separately from cash benefits and cannot be commingled in a Pooled Cash Account.

3.2.28.2 Maintain Account Balance and Transaction History

Current account balances and a rolling transaction history for each account shall be maintained for on-line access through the EBT administrative system or web-based access for a minimum of one year. The transaction history data shall be maintained off-line for an additional four (4) years for a total of five (5) years or longer if required by State, Federal Reserve Board, NACHA or Federal legislation. At a minimum, transaction histories shall include:

- Client name
- PAN (card number)
- EBT account number
- All client case identification numbers
- All benefit program identifiers
- All retailer identification numbers
- User Identification number
- Transaction type
- Transaction amount
- Transaction date
- Acquirer identifier

At a minimum, the last ten (10) transactions, specified by program type, shall be available to the client through the IVR and client Internet access. More extensive transaction histories shall be available through customer service. The State may require the EBT Vendor to include balance inquires for the purposes of fraud detection and problem resolution.

When clients access benefits and perform balance inquiries, a single cash balance shall be reported. Although the EBT Vendor shall not normally report cash balances at the program level, for customer service or administrative purposes, the EBT Vendor shall be able to determine and report balances and transaction histories by program, if necessary.

3.2.28.3 Respond to Balance and Transaction History Inquiries

Information regarding account balances by program account must be available to the client 24 hours per day, seven days a week through the IVR, a customer service toll-free number, Internet, and web-based administration access, POS and ATM terminals with balance inquiry capability. Transaction history by program account shall be available to the client 24 hours per day through the IVR or the customer service help line toll-free number and Internet. If requested to do so, the customer service help desk must be able to provide account balance and transaction history at the program level for cash benefit programs. The EBT Vendor should control access to client information via the customer service help line/IVR through the use of client voice passwords or other identifying information.

The State shall have client balance and transaction history data made available through the EBT administrative system or web-based access for central, regional, and local offices. The EBT Vendor should have methods to ensure that only authorized administrative personnel through the use of security and password controls access client information. Functionality must be provided for various levels of administrative access to ensure that public assistance workers only have access to client information for which they are authorized.

3.2.28.4 Post Benefits (Credits)

For day-of-draw benefits, a benefit authorization file specifying a client's benefit allotment for the month will be transmitted to the EBT Vendor (refer to Part 3.2.25.4, Benefit Authorization). However, no funds will be transmitted with the authorization file; benefits will be funded on the day the cardholder draws benefits. The Benefit authorization records transmitted in batch and received by 11:59 p.m. Eastern Standard Time will be

posted by the Vendor for benefit availability by 8:00 a.m. Eastern Standard Time the next day. Benefit authorization transactions transmitted on-line shall be processed immediately with benefit availability within 30 minutes of receipt.

Regardless of the timing for funding benefits, for account maintenance purposes, benefit authorizations will be posted as credits to recipient accounts. During the period in which clients are eligible for benefits, benefits will be authorized for posting to the client's account, at a minimum, once per month. Benefit authorization data provided by DHHR will reflect a staggered issuance schedule (benefits for the Food Stamp Program will be staggered over the first 9 calendar days of the month, TANF Child Support Incentive made available on the 20th day and TANF monthly benefit will be available to clients on the first day of the month). In addition, due to changes in client status or to fund new cases, benefits will also be authorized throughout the month. The current month's authorized benefit allotment shall be added to any benefit balance remaining in the account at the time of posting.

In addition to benefit authorizations, Food Stamp refunds at the point-of-sale in merchant locations will also result in a credit to client accounts. The EBT Vendor shall ensure that Food Stamp refunds are posted to the Food Stamp account. See Part 3.2.29.5.5.2 for additional Information.

3.2.28.5 Post Debits

As a result of a food purchase, cash withdrawal transactions, or administrative actions initiated by DHHR, debits will be generated for posting to client accounts. The EBT Vendor shall have the capability to capture and post account debits on a timely basis. This will ensure that client accounts are not overdrawn and that there are sufficient balances to cover any authorized transactions.

3.2.28.6 Hold Funds

When the merchant system is down or for non-electronic retailers, a manual Food Stamp transaction may be performed by an FNS authorized food retailer. When manual Food Stamp transactions are performed, the merchant will obtain a voice authorization. The EBT Vendor shall hold funds authorized by voice authorization for up to 30 days. The merchant will be advised that the processing time for manual voucher clearing will be 15 days. (The acquirer will be required to convert the manual Food Stamp transaction to electronic transaction for transmission to the EBT Vendor.) If the manual transaction is presented for settlement within 30 calendar days from the date of authorization, the EBT Vendor shall debit the client account and settle the transaction. If the manual transaction is not presented within 30 calendar days from the authorization date, the EBT Vendor shall release the hold on funds and make them available for client access. In the event of merchant error the State shall have the option to request the release of the manual voucher.

3.2.28.7 Maintain Account Status

An account status shall be maintained for each client account, and the EBT Vendor shall present a reporting capability that allows for the identification of recipients and Authorized Cardholders (ACs) who have not activated their cards through the established procedures. The EBT Vendor shall notify DHHR of all account status changes. This reporting system shall be capable of being sorted down to the local office and be carried over to the new Vendor should a new vendor be chosen. The Vendor's processing system shall comply with changes in legislation\regulations impacting the benefit aging and account status.

3.2.28.7.1 *Active*

Accounts for which client initiated credit or debit transactions have been posted during the month shall be designated as active accounts.

3.2.28.7.2 *Inactive*
The EBT Vendor shall flag all EBT accounts and transmit a report to the State for accounts on which no client initiated debits have been posted for a period as determined by the State. The EBT Vendor should provide the capability for designated DHHR staff via the EBT administrative system to reset an account prior to becoming inactive to maintain an account in active status. A request to reset an inactive account through the administrative function is to be effective on a real time basis.

3.2.28.7.3 *Dormant*
If an account remains inactive for a total of 180 days or six (6) months it will be placed in on-line "Dormant" status or is moved off-line and is not available to the cardholder. At 180 days/or six (6) months of inactivity, the EBT Vendor shall produce a report of account inactivity for local office client notification. Designated State staff shall have the capacity to reset an account via administrative action within the EBT administrative system. When an account is reset via administrative function, the change shall be effective in real time and the benefits will be made available immediately.

3.2.28.7.4 *Expunged*
Food Stamp and cash benefits will be expunged after 365 days or 12 months of inactivity (no client initiated transactions against the benefit). The expungement must be at the benefit level and the expungement clock must carryover at transition to a new Vendor. At 365 days/12 months of inactivity, the EBT Vendor shall produce a report of inactivity for local office client notification. The EBT Vendor shall have the capability to reset the account to active status upon EBT administrative system notification.

Benefits may also be expunged/removed as a result of an administrative action upon the death of the client, or at the request of the client. Accordingly the EBT Vendor as notified through an administrative transaction shall expunge the benefits. The EBT Vendor shall provide monthly reports to DHHR, by county and worker/user identification number, of all expungements including account number, last date of client initiated activity, client/payee name, benefit program, and benefit balance. Expunged benefits will not be reinstated. Funds in expunged prefunded accounts shall be returned to designate Government accounts or shall be subject to prevailing state and Federal laws governing abandoned funds.

3.2.28.8 <u>Administrative Actions</u>
The following administrative actions shall be supported by West Virginia EBT:

3.2 28.*8.1* *Account Adjustment*
Account adjustments (i.e., credits or debits), except for Food Stamp accounts, may be authorized by DHHR through batch transmission or transmission of an adjusting transaction through the EBT administrative system. Upon receipt of the adjustment transaction, the EBT Vendor shall post the transaction to the client's account. Account adjustments are non-settling transactions.

3.2.28.8.2 *Expungement*
Food Stamp and cash benefits will be expunged after 12 months of inactivity as specified in Part 3.2.28.7.4 Disaster funds shall be expunged at 120 days from issuance via a FNS waiver submitted and approved in response to the disaster application. Upon notification by the administering agency or automatically according to the specified program expungement rules, the EBT Vendor shall expunge an EBT benefit and report the expungement to the appropriate agency. Expungements are non-settling transactions.

3.2.29 Transaction Processing
The EBT Vendor shall have the capability to receive and process client ATM and POS EBT transactions. These transactions will be routed from the point of origination through a commercial switch or a direct connection to the EBT Vendor. The EBT Vendor shall ensure that

clients access their Food Stamp Accounts only at POS terminals in authorized food retailer locations. Likewise, if EBT is deployed for WIC, the EBT Vendor shall ensure that clients access their WIC benefits only at POS terminals in authorized WIC retailer locations. Cash accounts may be accessed through participating ATMs or POS terminals without restriction.

3.2.29.1 Transaction Processing Requirements

The EBT Vendor should have the transaction processing capability for the following transaction authorization requests:

- Determine and record the transaction type both to the client's account and the acquirer's account (e.g., retailer, network, financial institution, etc.).
- Determine the fee structure and payee for all transactions.
- Deduct the fee from the client account if the fee applies to the client at the time of the transaction.
- Charging the fee to the DHHR fee account if-the fee applies to DHHR.
- Re-routing transactions with an approval or denial message to Acquirer's terminal (POS or ATM).

In processing transactions, the EBT Vendor shall maintain the integrity of the system by accounting for transactions by program and accounting for transaction fees.

3.2.29.2 Transaction Accounting

Clients may be entitled to benefits under a number of programs.. Within the cash account, cash benefits will be pooled. The EBT Vendor shall allocate cash transactions to the appropriate cash benefit program and settle the transaction based on the Primary Program Designation (refer to Part 3.2.16). Although cash benefit balances will be pooled in the cash account, the EBT Vendor shall maintain and report cash account balances by program. In addition, a general ledger account for each benefit program and each client cardholder account must be maintained. Changes in client account balances must be balanced to changes in program benefit obligations outstanding at the end of each 24-hour processing cycle. The changes in program and client account balances must balance to the value of the day's transactions.

3.2.29.3 Transaction Fee Accounting

Clients are provided with unlimited Food Stamp transactions each month to provide adequate benefit access at no cost. For non-Food Stamp transactions, the EBT Vendor shall have the capability to track and account for both State paid and client paid transaction fees on a monthly basis. The EBT Vendor shall ensure that the client has a sufficient cash account balance to cover both the withdrawal and the fee. The EBT Vendor shall also ensure that the State is billed only for those fees for which the client is not responsible. For additional details, refer to 3.2.24.

The State will (see Part 4.1.5) pay for actual cash only transactions up to two per month with any remaining ATM transactions, surcharges or fees being paid by the client via the client's cash benefit account.

3.2.29.4 Authorize or Deny Transaction

The EBT Vendor shall authorize the transaction if:

- The merchant has a valid FNS authorization number (if it is a Food Stamp transaction) or is not a restricted merchant type
- The client PIN is verified
- The card CAV is verified
- The account is active
- The card is active

- There are sufficient funds in the account, and
- For WIC transactions, if EBT is deployed for WIC, the WIC Vendor has a valid WIC authorization number.

If any one of these conditions is not met, the EBT Vendor shall deny the transaction. The EBT Vendor shall ensure that client benefit accounts are not overdrawn and assume all liability if an account overdraft does occur.

3.2.29.5 <u>Transaction Sets</u>
At a minimum, the EBT Vendor shall support the following Administrative, ATM, POS, and Exception transaction sets:

3.2.29.5.1 *Administrative Transactions*

- $ Account set-up *
- $ Update account information *
- $ Add programs to existing card *
- $ Benefit authorization *
- $ Card issuance
- $ Card replacement
- $ Client PIN selection
- $ Account adjustments
- $ Benefit expungements
- $ Client account inquiry
- $ Overpayment claim payments
- Adjustments

*Applicable to investigative and disaster account processing only.

3.2 29.*5.2* *ATM Transactions*

- Withdrawal from cash account
- Balance inquiry from cash account
- Charge backs and adjustments
- Reversals/cancellations
- Denials

3.2.29.5.3 *POS Food Stamp Transactions*
A balance shall be printed on the receipt after each Food Stamp transaction. Food Stamp transactions include:

- $ Food Stamp purchase
- $ Food Stamp merchandise return
- $ Balance inquiry
- Manual food purchase
- $ Charge backs and adjustments
- $ Reversals/cancellations
- $ Denials

3.2.29.5.4 *POS Cash Account Transactions*

- $ Purchase transaction
- $ Purchase with cash back

- $ Cash only withdrawal
- $ Balance inquiry
- $ Charge backs and adjustments
- $ Reversals/cancellations
- $ Denials

3.2.29.5.5 *Exception Transactions*
The EBT Vendor shall support the following exception transactions within the context of the Quest™ Operating Rules and USDA/FNS regulations including any existing waivers:

3.2.29.5.5.1 *Food Stamp Manual Transactions:*
The EBT Vendor shall support the following manual Food Stamp transactions to include out of state transactions and non-WV cards:

1) Food Stamp paper sales or credit draft
2) Food Stamp paper sales or credit draft with telephone authorization
3) EBT-only POS cleared Food Stamp manual transaction (paper) drafts

The EBT Vendor shall process manual transactions only for Food Stamp transactions at FNS-authorized merchants. The merchant shall use sales drafts in conjunction with telephone authorization only when the store's or acquirer's system (e.g., terminal, magnetic stripe reader, or PIN pad) is inoperative, the client's magnetic stripe is unreadable, or the retailer is approved to process manual transactions because the retailer transacts less than $100 in Food Stamp sales per month.

The Vendor shall comply with Quest Operating Rules. This process should include that a manual transaction will expire if it is not cleared within 30 calendar days from the authorization date, the EBT Vendor releases the hold and makes the funds available for client access. In the event of merchant error the State shall have the option to request the release of the manual voucher hold.

3.2.29.5.5.2 *Food Stamp Merchandise Returns:* A merchandise credit request may be initiated to credit a cardholder's account for an original Food Stamp transaction and be matched to a benefit grant in real time. All merchandise credit requests must be initiated through use of a PIN and a magnetic stripe reader. The merchandise credit may not be for an amount that exceeds a pre-determined amount as mutually agreed upon by the Vendor and the State. Upon receiving a request for authorization of a Food Stamp merchandise return, the EBT Vendor shall credit the amount to the client's Food Stamp Account and provide the new account balance on the receipt. The Vendor shall incorporate a process to safeguard against fraudulent returns to Food Stamp accounts that may include but not be limited to setting daily and/or monthly limits to the amount of the returns to client accounts and reports of excessive refund amounts.

3.2.29.5.5.3 *Food Stamp Store and Forward Transactions*: If the State elects to implement the Food Stamp Store and Forward process, the merchant may store Food Stamp transactions, provided its equipment is capable of storing a cardholder's encrypted PIN and complies with the Federal Register Vol. 70, April 11, 2005 7 CFR 274.12(o) and (n). Such transactions will be processed at the retailer's risk if the funds are unavailable or the cardholder's PIN is incorrect at the time the transaction is forwarded. An option may also be proposed to provide for store and forward transactions that will allow the retailer to collect the balance remaining in the client's account when insufficient funds are available within 24 hours of when the system becomes available.

3.2.29.5.5.4 *Reversals/Cancellations:* A transaction may be reversed or canceled. The customer may cancel a transaction at an ATM. At the merchant site, the merchant will transmit the trace number and the exact dollar amount of the original transaction. The EBT Vendor shall have the capability to accurately

process the reversal/cancellation transaction and have the results reflected in the client's appropriate account.

3.2.29.5.5.5 *Adjustments:* A transaction adjustment is initiated by an acquirer to correct an error or out-of-balance condition identified as related to system problems. The Vendor shall have a system and tracking process for state notification, resolution timeframes, appeal rights and issue resolution that will reference an original settled transaction that was partially or completely erroneous. The Vendor's capability shall include the ability to process the adjustment and settle it on the appropriate account. Food stamp benefits may not be withdrawn from a recipient's account in adjustment situations without the provision of notice and fair hearing process. The EBT Vendor shall comply with FNS/USDA regulations, Quest operating rules, and approved waivers as detailed in 3.2.22.2

Adjustments made by the Vendor will cause money to be moved either to or from the client's EBT account, and will impact the daily settlement. Notification must be provided to the State of pending debit adjustments so that timely notification can be provided to the client regarding the pending action and the client appeal rights.

3.2.29.5.5.6 *Chargebacks:* An EBT Vendor has the right to charge back cash transactions to the acquirer to correct an amount charged to the client. The EBT Vendor shall credit the acquirer for any payments from a cardholder that is received after that transaction was charged back. The EBT Vendor shall have the capability to process the chargeback and have this reflected in the client's account.

3.2.29.5.5.7 *Manual Submission/Resubmission of Food Stamp Transactions:* In the event that the telephone lines between the merchant and the EBT Vendor are inoperative, the merchant may accept a Food Stamp transaction and call later for authorization. The merchant may key enter a transaction or use a manual voucher. Vouchers are used routinely by merchants such as route vendors and farmers' markets and those with low Food Stamp redemptions (less than $100 per month). Vouchers are accepted at merchant risk unless prior voice authorization is obtained. If authorization cannot be obtained because of phone line disruption, retailers may be allowed to resubmit as prescribed under Food Stamp regulations. The Vendor's system shall include the capability for re-presenting manual vouchers according to 7 CFR 274.12(l)(1).

3.2.29.5.5.8 One-Step Store and-Forward: At the State's option, as an alternative to manual transactions when the EBT system cannot be accessed for any reason, the State may allow retailers to perform store-and forward transactions. The Vendor's EBT system shall be consistent with 7 CFR Part 274.12(m)(1) and allow the retailer to forward the transaction one time to the host within 24 hours of when the system again becomes available. The State does not wish to collect partial payment of a transaction from a cardholder's account.

3.2.29.5.6 Transaction Routing
The EBT Vendor shall recognize and receive transactions through the following transaction routings:

3.2.29.5.6.1 *ATM Routings*
Only the EBT cash account will be accessible at participating ATM terminals. There are three ways in which an acquirer's ATMs can access the client authorization database at the EBT Vendor:

- Commercial Network or Switch Routing. Transactions are routed from the acquirer through one or more networks or switches to access the EBT Vendor for authorization.
- Direct Connect. The acquirer maintains a direct connection to the EBT Vendor.
- Proprietary Transaction Routing. The EBT Vendor acts as the acquirer for ATM transactions.

3.2.29.5.6.2 *Point-of-Sale (POS) Routings*
Cash, Food Stamp, and if deployed, WIC accounts will be accessible at POS terminals. A merchant can

access the client authorization database by a direct connect to the EBT Vendor or by going through a commercial switch.

3.2.29.5.6.3 *Routing of Non-West Virginia EBT Transactions*
The Vendor's system must include interoperability to support a nationwide system that meets all Federal regulations, policies, accounting and operating procedures at no additional charge to merchants, recipients, or the State.

3.2.29.6 Merchant Validation
For all Food Stamp transactions that originate in West Virginia, the EBT Vendor shall validate that the transactions originated at an FNS-authorized retail merchant location (refer to Retailer Participation Requirements).

The Vendor shall maintain a database of authorization numbers for all FNS authorized retailers in accordance with the Retailer Participation Requirements specified in 7 CFR 274.12(h). The Vendor must access the FNS REDE system daily to obtain updates of the national and/or State REDE files used to validate authorized FNS retailer numbers. The Vendor shall verify the retailer identification number is that of an FNS-authorized retailer prior to completing its processing of a transaction.

The State authorizes the EBT Vendor to receive the EBT-IV report directly from FNS to use as a reconciliation tool.

3.2.29.7 Stand-In Authorization Processing for Food Stamp Transactions
The EBT Vendor may elect to have an agreement with a network to provide stand-in processing for Food Stamp transactions if all parts of the EBT system are operating except for the EBT Vendor system. Such stand-in authorization procedures shall provide for a minimum stand-in authorization dollar amount of $40 per day per West Virginia EBT Food Stamp Account conducted at the EBT Vendor's risk.

3.2.29.8 Farmers' Market Program
The EBT Vendor is required to meet the short and long-term USDA solutions regarding the Farmers' Market Program.

3.2.30 Customer Service

The EBT Vendor shall provide a client/cardholder customer service help line, the purpose of which is to provide current account and benefit access information via a toll-free number, 24 hours a day, 7 days a week. This number will be compliant with Americans with Disabilities Act (ADA), accessible from all telephones, including rotary, teletypewriter (TTY) and payphones. To enable free client access, the EBT Vendor shall be responsible for all phone charges, tariffs and surcharges, including those levied by owners of payphones. Customer service help line functions shall be available via prompts in both Spanish and English. All functions as described will be included in the core price.

Performance standards regarding number of rings prior to answer and average time on hold shall be consistent with the call center industry but is required to meet the minimum standards defined in Section 3.2.30.1. Vendors should also include escalation procedures for customer service, to ensure that clients are assisted in a timely and efficient manner. For reporting purposes, the EBT Vendor shall provide IVR and Customer Service Representative (CSR) activity data (refer to EBT Reporting). It is preferred that the IVR and Customer Service Center (CSC) services provided by the EBT Vendor will result in little or no customer service related activities/functions at DHHR central or local offices.

The IVR will respond initially to all incoming calls. The IVR shall prompt and provide responses in Spanish and English. If there is no response given at the prompt, the call is automatically transferred to the CSC.

In addition to the IVR, the EBT Vendor shall provide a staffed CSC unit that will support those callers who do not have a touch-tone phone, requesting card replacement with immediate cancellation of the card being replaced and filing a claim. These calls will be referred to the CSR by the IVR. At a minimum, the CSC shall ensure that there are a sufficient number of CSR who can provide information in both Spanish and English. The State reserves the right to make payment adjustments in the event these customer service standards are not met.

The State reserves the right to review and approve the transaction flow and content of all IVR messages, prompt, and customer service scripts a minimum of 30 day prior to their implementation. The Vendor shall not change IVR messages or menu functions without prior approval of the State. The Vendor's access controls shall assure the security of clients' account information.

3.2.30.1 Core Customer Service Requirements to Be Included In The Cost Per Case Month (CPCM)
Services are to be provided via either the domestic call center IVR or CSR are as follows:

- A main menu option for reporting cards lost, stolen or damaged at the beginning of the IVR message at the prompt for the EBT Card number. Callers selecting "Report a Lost/Stolen Card" for a replacement card from the IVR menu will be transferred immediately to the CSR for card replacement procedures and deactivation of the lost card.
- Allow for a minimum of 2.5 IVR calls and .2 live CSR calls per billable case per month. Clearly identify the cost per call for IVR and CSR calls not included within the CPCM.
- Current Balance Inquiry: For callers selecting "Current Balance" the IVR will provide "real time" account (cash, Food Stamp, WIC, etc.) balance information.
- Announce prior to the main menu that all benefits are posted once per day and are available by 8:00 am.
- Transaction History: Callers selecting "Transaction History" will be asked to enter the PAN/card number; the IVR will provide information about the last 10 transactions by program (i.e., transaction number, amount, date).
- Account History: Callers selecting "Account History" will be asked to enter the PAN/card number and the account type; the IVR process the request for a two (2) month statement of account history by program to be mailed to the last known client/cardholder address.
- PIN Change: Callers selecting "PIN Change" will be use the IVR for a single call PIN re-selection procedure requiring the entry of cardholder security information.
- Clients shall have access to a web based customer service system that will provide all the functions of the telephone service with the exception of the lost, stolen, or replacement of an EBT card and PIN change. The IVR will include the website address for the web based customer services at the beginning of the IVR message.
- Limitation of balance inquiry calls per cardholder per day. The number of acceptable cardholder calls per day will be determined by the State. In the event that a cardholder exceeds the number of calls per day, an informational message will be provided for other ways to access account information.

For information detailing the historical data for client card activity and call volumes, refer to Appendix A.

3.2.31 Retail Merchant Participation

DHHR encourages a wide range of merchant participation. Although Food Stamp benefit access is restricted to authorized food retailers, cash benefits may be accessed at any retail merchant providing the types of goods and services for which the benefits were intended. To meet legislative requirements, the State may restrict access to cash benefits at certain classes of merchants, e.g., liquor stores.

3.2.31.1 Retailer Terminals

In general, West Virginia will not subsidize POS terminal development. However, DHHR will provide EBT-only terminals via the designated EBT Vendor to authorized Food Stamp retailers with monthly Food Stamp redemption of at least $100 who have no POS terminals and who do not intend to acquire POS terminals on their own. There is growing concern that POS terminals are being relocated for fraudulent purposes that has revealed the need for stronger inventory control mechanisms. Vendors are strongly encouraged to have procedures to prevent the relocation and/or replicating of government-supplied equipment for the purpose of violating the program and to monitor such abuses if they occur. To ensure compliance with ANSI standards, Vendors must require that unique terminal IDs are used for government supplied POS terminals, at the minimum.

As specified in Part 3.2.20, the selected EBT Vendor shall be required to prepare technical materials to assist in the deployment of POS terminals to those retailers who redeem $100 or more Food Stamp benefits and will not use commercial equipment. If the Vendor is not the incumbent Vender retailer outreach and recruitment must be conducted. For those retailers that do not arrange for commercial service and that have less than $100 per month in Food Stamp benefit redemptions, the EBT Vendor will be responsible for ensuring adequate recipient access to Food Stamp benefits in accordance with agency rules by providing access via paper vouchers. For EBT terminals deployed by the EBT Vendor on behalf of the State, agreements regarding the use and operation of such terminals shall be between the EBT Vendor and the merchant. Although all agreements shall be between the EBT Vendor and the retail merchant, the Vendor may charge reasonable costs to de-install government deployed terminals in merchant locations that are disqualified or otherwise leave the program and likewise may charge reasonable costs to re-install terminals at merchant locations that are reinstated or otherwise rejoin the program. DHHR is required to provide authorized food retailers with equipment and supplies according to the FNS formula. (7 CFR 274.12(g)(IV)(ii))

The EBT Vendor should consider that most of West Virginia's food retailers are equipped for debit/credit transactions and can accommodate West Virginia EBT without a need for government-supplied equipment.

3.2.31.1.1 *Retailer Terminal Service*

The EBT Vendor shall provide retailer customer service/information via a toll-free telephone number, twenty-four (24) hours, seven (7) days per week. The EBT Vendor is required to comply with 7 CFR 274.12 for installing, maintaining and otherwise supporting Vendor supplied EBT only POS equipment and supplies. TTY capability should be provided to retailers with hearing disabilities for those requesting the service
If a replacement terminal is shipped to the retailer, the EBT Vendor will contact the retailer to assist with the replacement process. The retailer may call the Retailer Help Desk at any time, seven (7) days per week, twenty-four (24) hours per day, to obtain assistance.

In addition to supporting POS deployment at FNS-authorized merchants, the EBT Vendor shall recruit and support the deployment of POS terminals at non-Food Stamp retailer locations to ensure sufficient access to cash benefits statewide.

Vendor-deployed terminals may route transactions through commercial networks, third party acquirers, or through a direct connect to the EBT Vendor. In addition to the acquiring responsibilities, which must be met when the EBT Vendor acts in the capacity of a transaction acquirer, the EBT Vendor shall meet the Acquirer Requirements specified in the QuestJ Operating Rules. Services will be provided as specified in Part 3.2.33.1. Refer to Historical Recipient Help Desk Data found in Appendix A.

3.2.31.2 Retailer Training

The EBT Vendor will provide retailer training on the use and operation of all government-deployed POS terminals. In addition, the EBT Vendor will provide training or training materials on EBT system operations to retailers who request this service. Training may be offered on-line, by phone or in writing. In person instructions will be made available as necessary to ensure that the retailers are trained in EBT system operations. Retailers may also opt to receive no training.

3.2.31.3 Acquirer and POS Certification

The EBT Vendor shall provide retailers and POS transaction acquires with the standards for certifying retailers' existing POS equipment for EBT. The standards shall be those contained in the Vendor's approved EBT POS Certification Plan. Certification standards shall comply with the QuestJ Operating Rules and the ANSI DSTU 9510 specification, which is an implementation of the ISO 8583 Message Interface for Financial Transactions.

3.2.31.4 Managing the Food Stamp Program Merchant Validation Database

The EBT Vendor shall develop and maintain an FNS food retailer database management system that shall meet, at a minimum, the FNS requirements. The system shall be structured to ensure that accurate EBT transaction detail data are captured for each retailer. The retailer databases shall include records of retailers authorized to participate in the Food Stamp Program.

3.2.31.4.1 *Maintaining the FNS Retailer Database*

The EBT Vendor shall electronically acquire Food Stamp retailer authorization numbers from the Food and Nutrition Service and maintain a mechanism for acquiring data updates on a daily basis. This function is vital to maintaining the integrity of the EBT system in assuring that only authorized retailers are redeeming Food Stamp benefits. Refer to Appendix C for details concerning file transmissions to FNS.

The EBT Vendor shall receive and process updates to the FNS retailer database from the Benefit Redemption Support Branch (BRSB) on a daily basis or as required by FNS. The EBT Vendor shall be responsible for transmitting the FNS-authorized retailer database updates to all transaction acquirers/terminal drivers in the West Virginia EBT region within 48 hours of receipt of the update. The EBT Vendor shall ensure that all newly authorized retailers are enabled to conduct Food Stamp transactions within 48 hours of communication of authorization from the BRSB, if the EBT Vendor acts as the acquirer and the retailer is already equipped with POS terminals, or within ten days if the EBT Vendor is the acquirer and the retailer is not equipped with POS terminals. Conversely, the EBT Vendor shall suspend or de-authorize the Food Stamp transaction processing privileges of a retailer within 48 hours of notification by the BRSB that the retailer is de-authorized/suspended. The EBT Vendor shall also transmit notice of the de-authorization to acquirers in the EBT region within one week of notice by BRSB. Refer to Appendix C for details concerning file transmissions to FNS

3.2.31.4.2 *Transmitting Food Stamp Redemption Data to FNS*

The EBT Vendor shall transmit information on retailer Food Stamp redemptions to the Food and Nutrition Service's BRSB on a daily basis or as required by FNS. The structure and content of retailer redemption files for transmission to BRSB will be specified by FNS. Refer to Appendix C for details concerning file transmissions to FNS.

3.2.31.4.*3* *Retailer Confidentiality*
The EBT Vendor shall provide physical and access security to the retailer management data and shall ensure the privacy of confidential data.

3.2.31.4.4 *Tracking Merchants Providing Cash Access*
All participating retail merchants are permitted to provide cash-access services to EBT clients. Vendors are strongly encouraged to track and report on retailers that are providing cash access to EBT clients.

3.2.31.5 Managing the WIC Program Merchant Validation Database
The EBT Vendor is to have the ability to operate and maintain a WIC Vendor database management system to validate that WIC transactions originate at authorized merchant locations. The EBT Vendor should also provide physical and access security for retailer management data and the protection of confidential data.

3.2.31.6 Retailer Customer Service The EBT Vendor is strongly encouraged to provide all West Virginia EBT retailers with a toll-free help line as specified in 3.2.31.1.1 above. The toll-free number should be used exclusively for retailer support and be operated and staffed in an industry standard manner. Vendors may provide both IVR (Voice) Unit and/or Customer Service Representative support. The services provided include:

- Manual transaction processing and voice authorization;
- Settlement and reconciliation information and support;
- Support on system adjustments/resolution of out-of-balance conditions;
- General problem resolution; and
- EBT-only POS terminal support and problem resolution service

3.2.32 EBT Settlement
The Vendor shall establish a daily, electronic financial settlement schedule(s); develop settlement policies and procedures; and provide settlement information over the help line.

3.2.32.1 Daily Cutoff and Balance Processing
The EBT Vendor will designate a standard daily cutoff time for EBT transaction processing. The 24-hour period between the cutoff time on day 1 and day 2 constitutes the EBT transaction day and will allow the EBT Vendor sufficient time to originate ACH payments for next day settlement. It is also preferred that the EBT cutoff coincide as closely as possible with the cutoff time of the prevailing regional network to minimize the need for carry over or suspense accounting.

3.2.32.2 Maintain General Ledger Accounts
The EBT Vendor shall maintain ledger accounts at the client, program and, State levels. Subsequent to cutoff, the EBT system must be balanced and reconciled. The EBT Vendor shall compute the end of day net position or balance for each benefit program. Audit trails shall exist so that reconciliation can be performed at the individual EBT account level up through the program and state levels. For each account, the end of day net position is equal to:

Opening balance + credits - debits = End of day balance

The EBT Vendor shall also balance the EBT system as a whole to ensure that the change in the net position in the sum of client accounts balances to the change in the net position of program accounts and that the change in the net position in the sum of the program accounts balances to the change in the net position (obligations outstanding) for Government agencies. Audit trails shall exist throughout the settlement and

reconciliation process.

3.2.32.3 Reconciliation

The EBT Vendor shall meet Food and Nutrition Service reconciliation requirements of 7CFR 274.12(j) and the FNS Reconciliation Guidance. The EBT Vendor shall also use the FSP reconciliation requirements to perform reconciliation for all EBT programs. At a minimum, Vendors shall have procedures for reconciling:

- Client account daily beginning balance and net draws versus the ending balance;
- Client net redemptions versus acquirer settlement values;
- Total funds entering, exiting, and remaining in the system each day;
- Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all benefit programs;
- Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all Government agencies;
- The net settlement value of all transactions to the sum of the net settlement values for all benefit programs; and
- The net settlement value of all transactions to the sum of the net settlement values for all regional and local offices.

As part of system balancing and reconciliation, the EBT Vendor shall determine the total amount of Federal funds by program and the total amount of State funds by program necessary to reimburse its accounts for the total credits due to EBT acquirers. The information generated during system cutoff and balance processing shall be used by the EBT Vendor to prepare the daily settlement files. Audit trails shall exist throughout the settlement processes.

The EBT Vendor shall provide adequate reporting, including suspense information if necessary, to accommodate the State in reconciling daily EBT activity to the drawdown in ASAP.

3.2.32.4 Commercial Settlement

To effect commercial settlement through the ACH, the EBT Vendor shall have an originating and receiving relationship with the Automated Clearing House (ACH). For purposes of clearing through the ACH, the EBT Vendor shall maintain a Federal Reserve Bank clearing account. For transaction processing and settlement purposes, the EBT Vendor shall also be a member of the prevailing regional network(s) and/or national networks and be capable of settling both ATM and POS transactions.

Additionally, the Vendor shall establish a process whereby any rejected ACH payment of ASAP funds may be tracked and held for the authorized retailer or TPP. FNS has determined that unsettled funds must be returned and is developing a policy for this process. The successful Vendor must comply with the policy once it is finalized.

3.2.32.4.1 *EBT Vendor Originated Settlement*

For retail merchants, third parties, or other benefit providers that are directly connected to the EBT host, the EBT Vendor shall originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits shall be entered into the ACH for settlement on the next banking day.

3.2.32.4.2 *Network Settlement*

Credits due EBT benefit providers who are connected to the EBT Vendor through a regional or national network will settle utilizing standard commercial practices.

3.2.32.4.3 *Inter Processor Settlement*

In some cases, the designated EBT Vendor may experience significant crossover traffic between its EBT clients and clients whose EBT benefits are processed through another EBT Vendor. At their discretion, the two EBT Vendors may enter into an agreement for direct interchange to save the switch fee. Any agreements for direct interchange must also include provisions for the settlement of transactions.

3.2.32.5 Federal Settlement

To cover settlement for Food Stamp transactions, the EBT Vendor shall originate a payment request through the Treasury's Automated Standard Application for Payments (ASAP) at the Federal Reserve Bank of Richmond prior to 11:59 p.m. Eastern Time and FedWire requests have a cutoff time to 6:00 pm Eastern. For additional information see **http://www.fms.treas.gov/asap/** Funds will be transferred to the EBT Vendor through ACH settlement on the next banking day. Federal funds may not be drawn to cover unauthorized issuance or transactions in excess of recipient account balances.

3.2.32.6 State Settlement

Following the close of the EBT Vendor's transaction day, the EBT Vendor or its Financial Agent shall calculate the draw required to settle cash transactions. Potential options for settlement include:

- **Originate ACH Debit:** The EBT Vendor shall originate an ACH debit for next banking day settlement against a program account held by West Virginia's designated fiscal agent.
- **Request ACH Credit:** The EBT Vendor's Financial Agent shall send an electronic payment request to the State's fiscal agent by an agreed upon time. The fiscal agent will originate a credit to the EBT Vendor's Financial Agent for payment through the ACH on the next banking day. Respondents may propose a method for compensation if the State fails to settle on the next banking day. The State will assure that funds are available to the EBT Vendor's Financial Agent by the close of the settlement day.
- **Fed Wire Transfer:** On an exception basis, for program agencies electing the preceding settlement option that requires the EBT Vendor to send an ACH credit request to the program's fiscal agent, if the agent is unable for any reason to originate the ACH credit on a timely basis, they may elect to settle with the EBT Vendor's Financial Agent via a Fed Wire transfer.
- Additional information concerning ASAP: The web address is located at **http://www.fms.treas.gov/asap/** The website has two sections: Payment Requestors and Recipient Organizations; and Enrollment Handbook for Payment Requestor/ Repayment Organization.

3.2.32.7 Support for Settlement

To support EBT settlement, the EBT Vendor's Financial Agent should allow State agencies to access information regarding their daily settlement position(s). Settlement information should be provided by program agency and be provided for up to three banking days on a rolling basis. Settlement information shall be available no later than 7:00 a.m. Eastern Standard Time on the settlement day.

3.2.32.8 Settlement Reporting

As part of the State settlement requirements, the EBT Vendor shall transmit the following data to the appropriate State agency:

- The daily total commercial cash settlement payment.
- The daily total commercial cash settlement payments by program category.
- The daily total commercial cash settlement payments by program category as designated by the

DHHR.

- The daily total amount of funds requested from the U.S. Treasury ASAP payment system.

This data should be provided electronically and should continue to use the same file formats for this data unless there is an advantage to change as agreed between DHHR and the EBT Vendor. The State has the responsibility for ensuring that the benefits authorized by RAPIDS are posted to the Vendor's EBT system or are otherwise accounted for. The State will ensure that Food Stamp benefits posted to the Vendor's EBT system are correctly reported to AMA. The State is also responsible for performing the draw down from the appropriate Federal system for TANF benefits utilized by clients. The State will verify the liability remaining in the Vendor's EBT system at the end of the processing day for Food Stamp benefits. This can be reconciled against the outstanding liability on the U.S. Treasury ASAP system. The state also performs a daily reconciliation of the outstanding liability for cash benefits.

3.2.32.9 <u>Settling Manual Food Stamp Transactions</u>

Retailers will conduct manual Food Stamp transactions using a standard paper draft voucher if the retailers utilize an acquirer. The acquirer will convert the paper voucher into an electronic transaction for transmission to the EBT Vendor. Upon receipt of a properly executed transaction, the EBT Vendor shall provide settlement to the authorized retail merchant. (Refer to Part 3.2.29.5.5, Exception Transactions.)

3.2.33 EBT Reporting and Data Storage

The EBT Vendor shall accommodate the informational needs of each of the programs at the Federal, State, and local office levels. This information shall be provided electronically via extract files to the DHHR's mainframe host, through on-line administrative access to standard report screens/data, Internet access and/or in hard copy, as determined by DHHR. For additional detail about Information Reporting and Data Storage, refer to Parts 2.2.4, 2.2.5 and 2.2.6 about the State requirements for processing and telecommunications environment.

The Vendor's reporting system should provide the capability for DHHR to segment or sort and read information at the program, State, and local office levels. For transactions that originate at administrative terminals in central, regional, and local offices, a code identifying the technician who originated the transaction must be provided. ***The Vendor must specify the data transfer requirements that will be placed on DHHR with the most efficient and cost effective combination of raw data extract and/or standard report formats (i.e., paper, terminal and/or internet access).*** The State is requesting a web-based reporting system that will make available five (5) years of data of which the most current year will be a one (1) year rolling transaction history in the following areas:

- Benefit transaction detail including transaction history by account number
- Cardholder demographic and actions
- Benefit information
- Card status
- Card issuance
- Account action
- Retailer information to include FNS #, ATM/POS, out of state usage

The State shall have the ability to query, perform data analysis and to create ad-hoc reports from the data elements. Through user identification numbers, passwords and security controls, system accesses will ensure privacy of data and restrict access. Selected users will also have the ability to create customized reports, define and refine queries, sort, filter and summarize data and perform calculations.

Unless there are compelling cost and efficiency benefits, the State strongly prefers that the prospective Vendor utilize the existing interface design currently in production. Please refer to the batch file formats provided in Appendix A

DHHR has identified seven categories of required reports: Financial Audit, Program Management, Security and Fraud, System Performance, FNS AMA Reporting Requirements, Compliance Investigation and Reporting, and Retailer Redemption Data.

3.2.33.1 Financial Audit Reports

Financial audit reports are those reports needed by the State to account, reconcile, and audit the EBT system processing and operations.

3.2.33.1.1 *Account Activity Reports*

The EBT Vendor shall provide daily account activity reports reflecting all account actions received from DHHR via batch and/or on-line administrative terminal processing. The following account activity reports have been defined. These reports may be migrated or further segregated at the discretion of the EBT Vendor.

3.2.33.1.1.1 *Account Set-up Reports* - The EBT Vendor shall provide to DHHR a daily electronic report of EBT accounts established which includes, at a minimum, the following data elements:

- EBT program type
- EBT Account Number
- DHHR's client identification number
- Date and time account set-up information was received
- Date and time account was established
- Transmission type (batch or on-line)

Additionally, the EBT Vendor shall notify each administering agency of account set-up exceptions, including but not limited to rejected set-up requests and reason for rejection (e.g., duplicate case).

3.2.33.1.1.2 *Benefit Authorization Reports* - The EBT Vendor shall provide to DHHR a daily electronic report of EBT Benefit Authorizations processed which includes, at a minimum, the following data elements:

$ EBT program type
$ EBT Account Number
$ DHHR's client identification number
$ Date and time benefit authorization data were received
$ Date and time benefit authorization data were processed (posted)
$ Transaction type
$ Transmission type
$ Statewide total of the number and amount of authorizations for the day

This report should include both batch processing and administrative system authorizations. Additionally, the EBT Vendor shall notify DHHR of benefit authorization exceptions, including but not limited to rejected benefit authorization attempts and reason for rejection (e.g., duplicate authorization).

3.2.33.1.1.3 *Account Maintenance Reports* - The account maintenance report will provide a comprehensive listing of all account maintenance actions processed by the EBT system over the preceding business day. This report will include both on-line and batch account maintenance actions.

3.2.33.1.1.4 *Account Status Reports* - Account status reports will include a record of all account status changes received and processed by the EBT system over the preceding business day. This report will include

status of inactive, dormant, and expunged accounts.

3.2.33.1.1.5 *Administrative Action Reports* - This report will provide a listing of all administrative actions received and processed by the EBT system over the preceding business day. Administrative actions will include changes to client, case, or account data (e.g., client name or address), account closures, accounts reset for activity/client access purposes, and expungements.

3.2.33.1.1.6 *Account Reconciliation Reports* – The EBT Vendor shall provide an account reconciliation report including a match between all on-line and batch account activity adjustments processed for the preceding business day. This report may be used by DHHR to identify data discrepancies between the EBT system and DHHR's eligibility system.

3.2.33.1.1.7 *Account Audit Reports* - Provide a detailed audit trail of all system functions and transactions that affect the account balance or the status of an account.

3.2.33.1.1.8 *Adjustment Audit Reports* – Provide daily reports detailing the requests for EBT debit and credit adjustments received from retailers, third party processors and clients and the status of these requests. The reports will also track the processing time of the requests and detail the adjustments made to clients, retailers, or third party processors as a result of system errors. The reports will provide the program type, card number, tracking code, date the adjustment was completed, the settlement date, type, and dollar amount of the adjustment. The report will also provide the total credit, debits, dollar and net of credits applied against debits.

3.2.33.1.1.9 *Unapplied Transaction Reports* – Details transactions that could not be applied against a benefit grant because the grant does not exist or due a zero balance.

3.2.33.1.2 *Batch Processing Reports*
The EBT Vendor should have a standard set of batch processing reports to be used by the EBT Vendor and DHHR to ensure the complete and accurate transfer of data during nightly batch processing. The reports will support the following criteria:

3.2.33.1.2.1 *Batch Confirmation Message* - The EBT Vendor shall provide a confirmation message for all overnight batch files received from DHHR. The confirmation message shall contain summary verification data including the total number of records received in the batch and the number of records by record type (e.g., number of add, change and delete records).

3.2.33.1.2.2 *Batch Exception Reports* - The EBT Vendor shall provide a batch exception report for all batch files received by DHHR. Batch exception reports will contain a listing of all records received within a batch that were not processed by the EBT Vendor. Each record included in an exception report will have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case exceptions shall be clearly identified.

Exception thresholds will be defined by DHHR. The EBT Vendor will reject account activity files exceeding exception thresholds in total.

3.2.33.1.3 *Settlement Reports*
Daily settlement reports and report data must be transmitted to DHHR via batch processing. At a minimum, these reports include the following:

3.2 33.1.3.1 *Daily Activity Reports* - Provide summary information on client and terminal (merchant, ATM, third party, network, etc.) transaction activity.

3.2.33.1.3.2 *Automated Clearing House -(ACH) Activity Reports* - Provide detail and summary information on money movement initiated to settle client transaction activity (e.g., withdrawals and purchases)

3.2.33.1.3.3 *Clearing Reports* - Provide detail and summary information on financial activity and money movement necessary between State and Federal agencies to settle client transaction activity (e.g., withdrawals and purchases).

3.2.33.1.4 *Program Management Reports*
The Vendor shall support a web-based reporting process that enables the State to capture a minimum of five years of data extracts from the EBT Administrative System. The information should include, but not be limited to financial, retailer and client data with the capability to perform various ad hoc reporting functions. Additionally, the EBT Vendor shall support the following Management Reporting:

3.2.33.1.4.1 *Transition Reports* - The Vendor that is awarded a contract resulting from this RFP may not be successful in the next RFP, there will be unique data and reporting requirements that may be necessary during the EBT system transition to the new contract implementation. Additionally, if the award is to an incumbent contractor but with significant changes, transition reporting may be required.

3.2.33.1.4.2 *Project Status Report* - This monthly report is a summary of significant events/accomplishments during the month, the status of outstanding issues and problems, and the status of pending enhancement requests and approved system changes. Following the transition to the successful Vendor's system the contractor may be required by the State to include in the Project Status Report the detail data that documents the performance of the EBT system over the last month. The Vendor shall meet or exceed the standards, requirements and definitions specified in 7 CFR 274.12 et seq. Specifically, the Project Status Report may include but not be limited to the performance of the system against the following processing requirements:

- EBT Central computer shall be available 99.9 percent of scheduled time.
- The transaction switch shall be available 99.8 percent of scheduled time.
- The total system under the Vendor's control, either directly or contractually, including central computer, any network, intermediate facilities or processor, shall be available 98 percent of scheduled up time
- The host computer shall permit no more than two inaccurate transactions per 10,000 transactions processed.
- Benefit authorizations to EBT accounts and ACH settlement shall occur accurately and on schedule 99 percent of the time.

3.2.33.1.4.3 *Project Implementation/Transition Reports* – In the performance of the contract the Vendor shall also provide weekly reports with a summary of major tasks and scheduled activities completed during the reporting period for the transition activities if a new vendor is the successful bidder. The report(s) shall include the status of:

- POS Device Deployment and Installations
- Training (State, County, clients and retailers)
- Card Issuance
- Retailer Agreements

The report(s) should include but not be limited to problem identification, required corrective action and timeframes for resolution. The reports should also include tasks required by Federal and State agencies, as well as reports of delayed tasks, reason for the delay with revised completion date(s), and the scheduled activities for the next reporting period.

3.2.33.1.4.4 *Data Transition Reports* – As determined necessary by the State DHHR and local offices may use this data to identify those clients who are on the EBT system or scheduled for transition to the new EBT system. Data elements to be included in the reports include, but are not limited to:

- $ Client name
- $ EBT account number
- $ State client identification number
- $ Social Security Number
- $ PAN (EBT card number)
- $ Status (e.g., active, scheduled, awaiting training, awaiting card issuance or confirmation of receipt of card, etc.)
- $ Benefit authorization amount
- $ Benefit authorization availability date

3.2.33.1.5 *Program Participation Data*
The EBT Vendor is strongly encouraged to provide by program detailed and summary information on card and case activity. This data should include, but is not limited to, the following:

- $ Program participation data including total number of cases/cards, total and number and amount of inactive cases by period of inactivity as determined by the State.
- $ Detailed benefit authorization information by case including authorization number, amount, availability date, date posted to EBT system, and total outstanding benefit balance.
- $ Detailed and summary transaction data including transaction type (e.g., purchase, withdrawal, manual, or electronic), benefit type (i.e., Food Stamps, WIC, or cash), date, time, amount, terminal number, terminal type (POS or ATM), retailer information, and net transaction amount by day.

3.2.33.1.6 *Card Activation Report*
At the request of the State, the EBT Vendor shall provide a report of cards that have been activated and the date of activation. The EBT Vendor shall also provide a separate report of cards that have not been activated and associated case information.

3.2.33.2 **Security and Fraud Reports**
The EBT Vendor shall support the data requirements of both the Federal Government and the State of West Virginia for ensuring the integrity and proper use of benefits to be distributed by the EBT system. The data requirements for security and fraud investigation have been divided into two categories: client/retail fraud and compliance and internal agency security.

3.2.33.2.1 *Client Fraud and Compliance*
The EBT Vendor shall work with DHHR to define a periodic extract file for the investigation of recipient fraud. DHHR will use ALERT data, provided by FNS, to help identify clients involved in food stamp fraud. FNS can identify potentially fraudulent retailers and then DHHR can follow up by analyzing transaction patterns of those clients that performed transactions at a particular retailer.

- Transaction Data. A daily activity file of all client-initiated transactions, including at a minimum the EBT Account Number, transaction amount, retailer FNS authorization number, date, time, benefit type, transaction type (i.e., on-line, voice authorization, manual transaction, purchase, reversal, withdrawal, etc.); and
- Client Statistics**.** Number of PIN attempts, number of card replacements, total number of transactions, and number of manual transactions.

3.2.33.2.2 *Internal Agency Security*

The EBT Vendor shall develop internal security procedures in accordance with FNS's EBT Security Guidelines. These procedures should describe in detail how the Vendor's system and processes adhere to these guidelines. The EBT system must provide for a variety of user security profiles to enable DHHR to manage user access to the EBT system. The Vendor shall outline its process whereby DHHR will manage user access controls. Reports on users, including technician name or identification number, status, and security profile, must be available on-line. In addition, the EBT system must provide information on technician user activity to assist DHHR in the detection and investigation of internal fraud. This data must be available daily and include, at a minimum, technician user identification information (e.g., name, security identification number or code.), the number of failed terminal log-on attempts for a given user identification number or code, and the number and type of administrative transactions (e.g., cards issued/replaced, and account resets, claims repayments or disaster or investigator benefit issuances) processed during a terminal session (e.g., day).

3.2.33**.**3 **<u>System Performance Reports</u>**

System performance reports will be used by DHHR to monitor the operations and performance of the EBT system, Customer Service operations, and the IVR. These reports will provide statistical information on system utilization and response time. Unless specified elsewhere, system performance reports will provide information on a daily basis and in a monthly summary. The reports and data to be provided shall include, but not be limited to, the following:

3.2. 33.3.1 *Response Time Analysis*

Response time analysis information including a statistical summary of response time by merchant terminal, ATM, third-party, and network acquirers, the customer service operation, IVR operation, and EBT host.

3.2.33.3.2 *Utilization Reports*

Utilization reports providing statistical information (i.e., capacity utilization) on the number and amount of transactions processed by card, case, merchant terminal, ATM, third-party, and/or network.

3.2.33.3.3 *System Availability*

To ensure compliance with the system availability requirements specified in this document, the FNS regulations, and the QuestJ Operating Rules, the EBT Vendor shall provide a monthly report of the system availability, including detailed documentation and explanation of both scheduled and unscheduled downtime or processing interruptions.

3.2.33.3.4 *Transaction Activity Reports*

Daily and monthly statistical reports on transaction activity including the number and type of transactions requested and processed per hour, day, and month through the EBT host system and various subsystems, including but not limited to customer service operation and the IVR.

3.2.33.4 **FNS Reporting Requirements**

The EBT Vendor is required to support the data requirements of the Federal government, specifically FNS. The data files described below shall be provided to the Federal government on a periodic basis as defined by FNS.

3.2.33.4.1 *AMA Reporting Requirements*

Each business day the EBT Vendor shall provide data necessary to support increases/decreases to the project's account balance to the FRB of Richmond. The FRB of Richmond will act as Account Management Agent (AMA) for the Food and Nutrition Service Food Stamp Program EBT benefit account. The AMA will interface with the Treasury Department's Automated Standard Application for Payments (ASAP); will establish ASAP account funding limits for the State for Food Stamp EBT activity; and will perform the reconciliations required by FNS. Consequently, it will be necessary for the EBT Vendor to interface with the AMA and provide the necessary data. This data will be provided in a format and mechanism specified by FNS to the FNS Account Management Agent. For the AMA record formats, please refer to Appendix C.

3.2.33.4.2 *FNS Food Stamp Redemption Data Reporting Requirements*

The EBT Vendor will provide detailed daily Food Stamp redemption data by retailer identification number to STARS, the Food Stamp redemption database, through FNS BRSB. The data format and requirements of this file will be specified by FNS. The EBT Vendor shall adapt their system as needed to accommodate data needs of FNS. See Appendix C, "File Format for STARS System" for the file layout details.

3.2.33.4.3 *FNS Compliance Investigations and Reporting*

The EBT Vendor must advise, assist, and appropriately act to aid State and Federal agencies in detection and investigations of abuses by retailers, clients, or workers. This may entail cooperation with various authorities of both Federal and State agencies that are responsible for compliance with laws and regulations surrounding the programs. Retailers authorized by the FNS to accept Food Stamp Program benefits may become subject to monitoring and investigations by the State, FSP Compliance Branch, USDA Office of the Inspector General, the Internal Revenue Service, Secret Service, or local police departments. DHHR and the EBT Vendor shall cooperate with Federal agencies in these investigations by creating client cases, providing benefit access cards, and providing information. The EBT Vendor shall provide transaction data, starting at implementation, of retailer transaction history on a monthly basis to FNS through the ALERT file. The data element requirements and file layout for the ALERT file can be found in Appendix C, "Transmittal of EBT Transactions to FNS" and "Revised EBT Submission File Specifications".

3.2.34 Security Policy Requirements

The EBT Vendor and all subcontractors shall ensure that an appropriate level of security is established and maintained in connection with the EBT services provided pursuant to this RFP. The EBT service provider shall process information that has been designated sensitive but unclassified. Sensitive but unclassified information is any information, the loss, misuse, or unauthorized access to or modification of which could adversely affect the national interest of the conduct of Federal programs, or the privacy to which individuals are entitled under Section 552a of Title 5, United States Code (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or an Act of Congress to be kept secret in the interest of national defense or foreign policy.

The EBT Vendor shall comply with regulations issued by the USDA Food and Nutrition Services for EBT system security requirements at 7 CFR 274.12(h)(3) with West Virginia automated data processing and information retrieval systems at 7 CFR 277.18(p). In addition, the EBT Vendor must comply with the Security requirements contained in the QuestJ Operating Rules and any future modifications thereto. The EBT Vendor will be required to meet the EBT security requirements

contained in this RFP and shall also comply with the standards, policies, and regulations described above.

3.2.34.1 Control and Security Requirements

The security controls used by the EBT Vendor and/or any subcontractor(s) in the performance of services required under this RFP shall comply with EFT industry standards and conventions to ensure a sound and secure EBT operating environment.

3.2.34.2 Facilities Physical Security

The EBT Vendor shall utilize physical security and access control systems to limit access to any facilities used to produce cards, process data, or house any sensitive data to those authorized personnel and authorized visitors. The control systems shall have the capability to detect and report attempted unauthorized entries into the facility. The Vendor's security plan is to include the requirements identified within the FNS Security Guidelines Handbook.

The EBT Vendor shall regulate access to primary and backup data centers in such a way that the flow of all persons can be monitored and controlled by a security staff or other control process. This can be accomplished through the utilization of closed circuit television camera systems, card reader access systems, intrusion detection alarms or similar systems.

The following minimum physical security protection measures shall be implemented to deny unauthorized access to, manipulation, and/or sabotage of the Electronic Benefit Transfer data processing and telecommunications facilities:

3.2.34.2.1 *Entrance Security*

The EBT data processing and telecommunications facilities shall be secured 24 hours a day, 365 days a year. The entrance(s) to the automated information systems or telecommunications facility shall provide for controlled entry and be secure against forced entry.

3.2.34.2.2 *Locks*

The facility(s) shall be locked at all times when authorized personnel are not present. If undetected entry can occur while the facility is occupied, countermeasures shall be implemented to restrict unauthorized access.

3.2.34.2.3 *Key*

Keys shall never be left in locks or hidden in an area near locks. The distribution of keys should be strictly limited and an effective control system established.

3.2.34.2.4 *Cipher or Proximity/Swipe Card Type Devices*

Cipher or proximity/swipe card type devices may be used during duty hours to control entry into a facility. However, during non-duty hours, the cipher lock shall not be used as the sole locking device. The cipher combination shall be protected by shielding the user of the locking mechanism against observation by unauthorized personnel; and the combination shall be changed periodically.

3.2.34.2.5 *Windows*

Ground level and second-story windows shall have positive locking devices installed. If conditions allow, windows should be made inoperable.

3.2.34.2.6 *Personnel Access Controls*

Access to operational sites shall be controlled and limited to authorized personnel. Employee access to controlled areas within the operational site shall be controlled by electronic access or other comparable procedure. Guests, including Vendors, shall be required to sign in and shall be assigned a temporary

identification badge, or other comparable control, to be permitted access to the facility. Guests shall be escorted at all times.

3.2.34.2.7 *Data Storage Security*
All data on portable media, including but not limited to magnetic tapes, diskettes, removable disk packs, paper listings, and microfiche shall be in secure access controlled storage areas, with access limited to authorized personnel, when not being used by computer operations.

3.2.34.2.8 *Fire Protection and Suppression*
The primary and backup processing sites as well as the tape storage areas shall be equipped with fire detection and suppression systems that detect and suppress fire in the incipient stage.

3.2.34.3 EBT Systems Security
This section describes the EBT Vendor's requirements for overall security and control in the development and operational characteristics of the EBT information and processing systems.

3.2.34.3.1 Control of Card Stock
Vendors shall have procedural controls to ensure that unissued card stock is properly safeguarded against loss, theft, and/or abuse. The EBT Vendor shall be responsible and bear liability for all unissued card stock until such stock is either received by DHHR or local offices or mailed to cardholders. Vendors must have a system and procedural controls surrounding all returned cards (whether damaged, lost/discarded, or returned unopened in the mail), including reporting.

3.2.34.3.2 Control of PINs
The EBT Vendor is responsible for ensuring the confidentiality of the PIN during generation, issuance, storage, and verification. The Data Encryption Standard (DES) algorithm shall be used to control all PINs so that the number never travels or is stored in the clear. The EBT Vendor shall ensure that clear-text representation of the PIN shall never be displayed on PIN entry devices. Vendors are strongly encouraged to have system and procedural controls for the return of PIN mailers.

3.2.34.3.3 *Communications Access Controls*
The EBT Vendor shall provide for communications software to control access to the EBT system. Such communications software controls are to ensure that all State, Federal, and EBT Vendor personnel access to the EBT system to input data or generate inquiries is strictly controlled. Communications access control software shall provide for the following capabilities at a minimum.

3.2.34.3.3.1 User Identification and Authentication
All personnel requiring access to the system must be established within the system. The system shall require unique identification from each user to access the system (i.e., use ID and password). In addition, the system shall support blind password display. Access to files, data bases, transactions and programs shall be restricted to those personnel needing access to such data to meet professional responsibilities. The system shall protect authentication data so that any unauthorized user cannot access it and also provide the capability of associating the identity of all actions taken by the individual. The system shall be able to maintain information for determining the authorizations of individual users. The system shall support a lockout threshold for excessive invalid access attempts. The log-on IDs and passwords of users no longer authorized to access the system shall be immediately suspended.

3.2.34.3.3.2 Discretionary Access Controls
The system shall use identification and authorization data to determine user access to information and level or type of information accessed. The system users shall be provided the capability to specify who (by

individual user or users, or type of users) may have access to system data. The system or network shall assure that users without that authorization are not allowed access to the data.

3.2.34.3.3.3 *System Access Audit Controls*
The system shall be able to create an audit trail of access to the system and maintain and protect such records from modification, unauthorized access, or destruction. The system shall define and control access between named users and named objects (including but not limited to, files and programs). The system shall be able to record the following types of events: log on, log off, change of password, creation, deletion, opening, and closing of files, program initiation, and all actions by system operators, administrators, and security officers. For each recorded event, the audit record shall identify: date and time of the event, user, type of event, and the success or failure of the event. For log on, log off, and password change, the origin of the request (including but not limited to terminal ID) shall be included in the audit record. For file-related events the audit record shall include the file's name. The State system administrator (or system security administrator) shall be able to selectively audit the actions of one or more users based on individual identity.

3.2.34.3.3.4 *Transaction Communication*
The EBT Vendor shall provide controls to ensure that EBT transaction communications are safeguarded, and EBT transactions are processed only for properly executed transactions from authorized terminals. Communications message validation shall provide for control edits for message completeness, file and field formats, and control and authentication measures. The EBT Vendor shall have the ability to perform error checking of transmitted data to ensure integrity of transmitted data, including range checks for acceptable data fields and message format checks. In addition, the EBT Vendor should provide a configuration layout showing complete end-to-end details of the telecommunications and automated information systems(s) as part of the detailed system design required as a system development deliverable.

3.2.34.4 System Data Security
System data shall be protected to ensure that system and confidential information shall not be disclosed for unauthorized purposes. The Vendors' data security controls shall include the following at a minimum:

3.2.34.4.1 West Virginia Access.
The EBT Vendor ensures that designated users from DHHR may only access the system in relation to system data and operations in relation to West Virginia.

3.2.34.4.2 Disclosure of Information and Data
Any sensitive information made available in any format shall be used only for the purpose of carrying out the provisions of this RFP. Information contained in such material shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this RFP. Disclosure to anyone other than an authorized officer or employee of DHHR or a local Social Service Office is prohibited without prior written approval. Sensitive information shall be accounted for upon receipt and properly stored before, during and after processing. In addition, all related output shall be given the same level of protection as required for the source material.

3.2.34.4.3 Separation of Duties
The EBT Vendor shall provide for adequate internal controls through separation of duties and/or dual control for the functions of card and PIN issuance, system administration and security administration (this includes the separation of operations from control functions, such as reconciliation controls), account set-up and benefit authorization, and benefit authorization and settlement authorization.

3.2.34.4.4 Backup/Contingency Operations and Disaster Services
The EBT Vendor shall provide for backup procedures to ensure the continuation of operations in the event of

a temporary disruption (i.e., 4 hours or less) in operations and disaster recovery. Backup procedures will allow benefit access when the EBT Vendor's computer, system terminals, or communications are not operational. Backup procedures shall include manual transaction processing for the Food Stamp Program. The EBT Vendor shall also provide for contingency plans for benefit issuance in the event of catastrophic disruption of benefit delivery services

In the event the State activates its recovery "hot site", the EBT Vendor shall interface with that site for continuation of benefit service delivery to clients within one hour of the declaration of an event. The Vendor's delivery of services should meet the following contingency plan requirements:

- The EBT Vendor shall establish policies and assign responsibilities to ensure that appropriate contingency and recovery plans are developed and maintained. The processing capabilities to be described shall include both direct dial up with the Vendor's host and interface with RAPIDS.
- The recovery plan shall include a State notification process with criteria and timeframes that are acceptable to the State. The Vendor's plan should include the immediate notification of the State upon the decision to move to a back-up site for the provision of EBT services. If the Vendor is providing EBT services to multiple states, the recovery plan should address the timing and order of recovery of the State as compared to the other states/agencies being processed. The recovery of the State's EBT system shall not be delayed because the Vendor is recovering other EBT systems.
- Contingency planning consists of the advance plans and arrangements that are necessary to ensure continuity of the critical functions of the EBT system. The contingency plan shall describe the actions to be taken, the resources to be used and the procedures to be followed before, during, and after any unlikely event occurs that would render inoperative a function supportive to the EBT system. The contingency plan should cover all events of total or partial cessation of operations or destruction of the database or physical facility. Such planning shall include procedures and availability of equipment for both automated and manual procedures.

- A formal Contingency Plan is required as one of the system development deliverables as described in Parts 3.2.6.6 and 3.2.6.7.

3.2.34.5 **System and Procedural Documentation**

An integral component of the EBT Vendor's internal control structure is the provision and maintenance of adequate documentation of system and software applications and operating procedures and requirements.

3.2.34.5.1 Security Features User's Guide

A single summary, chapter, or manual in user documentation should describe the security features provided by the system, guidelines on how to use them, and how they interact with one another.

3.2.34.5.2 *System Modification and Tampering Controls*

The mechanisms within the application that enforce access controls are to be continuously protected against tampering and/or unauthorized changes. The Vendor should have security-relevant software, or other controls instituted to maintain an execution program that protects its security mechanisms from external interference or tampering (including but not limited to modification of its code or data structures).

3.2.34.5.3 *Key Management*

Master keys developed by the processor must be keyed by at least two officers of the company and those keys must be kept in a secure place. Keys shall only be accessible to individuals who need to recreate a master key. Working keys are to be exchanged between the processor and acquirer on a periodic and routine basis.

3.2.35 Administrative and Personnel Security

The EBT Vendor is responsible for ensuring the integrity of EBT system operations including personnel involved in system administration and security administration. The EBT Vendor shall ensure that appropriate screening is conducted of all personnel who are assigned to work on the Electronic Benefits Transfer system, and that such screening is in compliance with Title 12, U.S.C., Section 1829.

3.2.35.1 General Organizational Controls

The EBT Vendor shall designate an organizational entity responsible for EBT security administration. Security and control responsibilities for personnel involved in security administration should be clearly delineated in the position descriptions for such personnel. A Security Program Official should be designated and this official should be responsible for the approval of security specifications during the development of the EBT system. This official shall also be responsible for ensuring that security activities during system development are accomplished and management officials are kept aware of the system security design specifications.

3.2.35.2 Supervisory and Management Controls

The EBT Vendor shall provide for supervisory and management controls in controlling risks to the EBT system and operation and provide for separation of duties, dual control, and/or other measures to control against operational risks.

3.2.35.3 Theft and/or Embezzlement

The EBT Vendor is responsible for ensuring that adequate safeguards are in place to control against internal theft and/or embezzlement. Such controls shall include pre-employment inquiries and National Agency checks on new and temporary personnel.

3.2.35.4 Security Awareness Training

The EBT Vendor shall provide security awareness training, in accordance with Public Law 100-235, Computer Security Act of 1987, for all personnel involved in the management, operation, programming, maintenance, or use of the Electronic Benefits Transfer system. EBT Vendors and subcontractor employees should be aware of their security responsibilities, know how to fulfill them, and know the penalties involved if they are not fulfilled. Such training should be directed to the specific EBT system and operational procedures used by the personnel.

The EBT Vendor shall, at a minimum, certify that all personnel have received the required security awareness training as part of the annual certification described in this section. Additional and refresher training shall be performed annually.

The EBT Vendor's system security personnel shall receive training in the operations of the system that includes a systemic overview, the security features, known vulnerabilities and threats, and security evaluation methodologies.

3.2.36 Inspections, Audits, and Investigations

DHHR and USDA, FNS shall have the right to inspect, review, investigate, or audit all parts of the EBT Vendor's or any subcontractor's facilities engaged in performing Electronic Benefits Transfer services. In such capacity, DHHR or its representatives shall have access to facilities, records, reports, personnel and other appropriate aspects of the EBT system.

3.2.37 Comprehensive Security Program

The EBT Vendor shall be responsible for the implementation and maintenance of a comprehensive

security program for the EBT system and operations. This program should include the administrative, physical, technical and systems controls that will be implemented to meet the security requirements of the EBT system and this section. The system of internal controls used to manage risks to the EBT system and operations will be based on EFT industry standards used by EBT Vendors to manage their business exposure.

3.2.37.1 EBT Security Plan

Documentation of the comprehensive security program should be submitted by the EBT Vendor as a part of the EBT Security Plan, which is one of the deliverables described in Part 3.2.6.7 of this RFP. The Security Plan should describe the administrative, physical, technical and systems controls to be implemented for the EBT system. The security plan should reflect the guidance of FNS Handbook 901 and the FNS EBT Security Manual. In addition to describing the planned controls to meet the security requirements of this section, the EBT Security Program and Plan should provide for the ongoing certification and examination of the EBT Vendor's operations and control system. The EBT Vendor is encouraged to use OMB Circulars A-130 and 90-08 as references and templates in preparing the EBT Security Plan

3.2.37.2 Certification and Examination

As an integral component of the EBT Vendor's EBT Security Program, the EBT Vendor shall provide DHHR with an annual certification of compliance with banking, EFT, EBT and other regulations and requirements relating to the EBT application.

The annual self-certification and examination requirements shall be applicable to the EBT Vendor and any organizations to which the EBT Vendor has contracted with the performance of EBT related services. It is the responsibility of the EBT Vendor to provide annual certification of compliance with EBT program specific and related banking requirements for any contracted entities. Such certification of subcontracted entities will also be subject to independent examination and validation. Therefore, the certification by the EBT Vendor to DHHR shall include certification for the EBT Vendor entity and any contracted entities compliance with EBT program specific requirements and banking regulatory requirements related to the EBT application.

The EBT Vendor shall provide an annual written certification stating that it is in compliance with applicable banking regulatory requirements and EBT program specific requirements. The following lists the EBT program specific requirements that shall be addressed in the EBT Vendor self-certification of compliance:

- The EBT Vendor must comply with banking, EFT, and other financial services industry rules that relate to the EBT application. The EBT Vendor certification of compliance should include, but not be limited to, banking, EFT, and financial services industry rules to the extent that such rules govern aspects of EBT system operations. Such rules include the National Automated Clearing House Association *Operating Rules* and *Operating Guidelines,* and the Department of the Treasury Financial Management Service Green Book requirements and 31 CFR Part 210.

- Quest Operating Rules The EBT Vendor and any contractors shall comply with the Quest Operating Rules and any modifications thereto. These operating rules detail the operational requirements for EBT Vendors and other parties participating in the EBT program.

- Benefit Program Rules The EBT Vendor and any contractors shall comply with the specific benefit program level requirements. For benefit programs that do not have specific written requirements for participation in the EBT program, the EBT Vendor shall comply, as applicable, with the existing program level requirements and with benefit level requirements as promulgated by the administering agency. Currently, two benefit programs have written requirements

specifically for participation in the EBT program:

1) *USDA Food and Nutrition Service Final Rule 7 CFR Parts 272, 274, 276, 277, and 278*

2) *Aid to* Families *with Dependent Children (AFDC) Action Transmittal Number ACF-AT*-91-28

- Internal Control and Physical/Personnel Security Requirements The EBT Vendor is subject to the control and security requirements of this RFP and the components of its individual EBT Security Plan.

3.2.37.2.1 *Self-Certification Requirements*

- Evaluation of Compliance The EBT Vendor shall accept responsibility for and provide an evaluation of its compliance with the EBT program specific requirements, compliance with the applicable regulatory requirements, and of the effectiveness of the internal control structure in ensuring proper safeguards for the administration of public funds.

- Certification of Compliance The EBT Vendor shall provide to DHHR a written certification of compliance with the EBT program specific requirements and applicable bank, EFT, and financial services industry requirements related to the EBT application. The EBT Vendor shall include how such determination of compliance was made, including bank examination, audit, and internal review. Any exceptions or qualifications are to be identified and detailed, with a description of the corrective actions taken or planned to address such exceptions. It is the expectation of DHHR that the EBT Vendor will utilize the results of current bank examinations, audits, reviews, and similar activities in making certification of compliance.

- Internal Control The EBT Vendor shall certify that it has properly administered all components of the EBT Security Plan and that such controls provide reasonable assurance that public funds administered through the EBT system are properly safeguarded and protected. The EBT Vendor shall describe how such certification was made. The EBT Vendor may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in making this certification.

- Annual Attestation Engagement Requirements The EBT Vendor and any sub-contractor(s) shall arrange for the performance of an annual attestation engagement on the West Virginia EBT system by an independent auditor acceptable to DHHR. The purpose of this engagement is to ensure that the certifications of compliance and internal control provide reasonable assurance, and any disclosure of exceptions or qualifications made by the EBT Vendor are proper and complete. A written report on this engagement is to be sent to DHHR together with the self-certification statements. The engagement shall be performed in accordance with the guidance in *Government Auditing Standards* issued by the Comptroller General of the United States, for financial audits, specifically, Statement of Standards for Attestation Engagements No. 4 (SSAE No. 4). SSAE No. 4 is applicable to the EBT annual engagement in that it addresses the attestation requirements to examine management's assertions of compliance and internal controls. The independent auditor may use the results of internal auditors' opinions, financial statements and audits, bank examinations and reviews, and similar activities in supporting this engagement.

- Additionally, an engagement in conformance with Statement on Auditing Standards (SAS) No. 70, *Service Organizations*, in conformance with guidelines set forth by the American Institute of

Certified Public Accounts (AICPA). A "type 2 report" is required. The engagement shall culminate in a report on the policies and procedures placed in operation and tests of the operating effectiveness of those controls. The report shall be addressed to DHHR and is due no later than the last Friday of September or September 30; whichever comes first, of the year indicated.

- The EBT Vendor authorizes DHHR or its representatives to perform audits and/or inspections of its records at any reasonable time during the term of the contract and for a period of three (3) years following the date of final payment under the contract, to assure compliance with its terms and/or to evaluate the EBT Vendor's performance.
- Any amounts that have been paid by DHHR which are found to be improper in accordance with the terms of the contract shall be returned to DHHR or may, at the discretion of DHHR, be returned in accordance with other remedies.
- The EBT Vendor shall permit DHHR and any other governmental agency authorized by law, or their authorized designee to monitor all activities conducted by the Vendor pursuant to the terms of this contract. As the monitoring agency may, in its sole discretion as deemed necessary or appropriate, such monitoring may consist of internal evaluation procedures, reexamination of program data, special analysis, on-site verification, formal audit examinations, or any other reasonable procedures. All monitoring shall be performed in a manner that will not unduly interfere with contract work.

3.2.38 Incident Reporting

In addition to the self-certification and evaluation requirements, the EBT Vendor shall notify the State of any instances of non-compliance promptly upon their discovery but no longer than five business days. Notification shall include a description of the non-compliance and corrective action planned and/or taken.

3.3 Special Terms and Conditions:

3.3.1 Performance Bond:

The Vendor, as an independent contractor, is solely liable for the acts and omissions of its employees and agents. The successful Vendor **shall** maintain, at a minimum, and furnish proof of coverage of liability insurance for loss, damage, or injury, including death, of third parties arising from acts or omissions on the part of the Vendor, its agents and employees. The following is the minimum bond requirement:

Performance Bond: equal to 50% of the first (12)-month contract price to be in effect for the first eighteen (18) months of the contract.

3.3.2 Insurance Requirements:

The Vendor, as an independent Vendor, is solely liable for the acts and omissions of its employees and agents. Proof of insurance shall be provided by the Vendor at the time the contract is awarded. The Vendor shall maintain and furnish proof of coverage of liability insurance for loss, damage, or injury (including death) of third parties arising from acts and omissions on the part of the Vendor, its agents and employees in the following amounts *at a minimum*:

1. For bodily injury (including death): $500,000.00 per person, minimum of $1,000,000.00 per occurrence.
2. For property damage and professional liability: Minimum of $1,000,000.00 per occurrence.

The State must also be notified by the Vendor and/or insurance carrier if the policy is going to be cancelled at least 30 days prior to expiration. If the successful bidder does not provide a renewed

certificate with the original terms of insurance coverage, it may be considered a breach of contract. Certificates of Insurance must list the State of West Virginia Department of Health and Human Resources as the certificate holder.

3.3.3 Performance Standards/Liquidated Damages

The Vendor is required to meet the performance standards as established in Part 3.2 of this Request for Proposal. Liquidated damages will be assessed as per Part 1.19.15 of this Request for Proposal**.**

3.3.4 License Requirements:

The Vendor is subject to the laws of the State of West Virginia, and, where applicable, Federal law. The Vendor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of the United States and the State of West Virginia. The successful vendor shall incur these costs directly; they will not be reimbursed as a separate item. Prior to contract award, the Vendor must:

1. Provide certification that it is registered with the Secretary of State's Office to do business in the State of West Virginia
2. Provide evidence that it is in good standing as to Unemployment Compensation coverage and Workers' Compensation coverage or exempt from such coverage; and, be registered as a vendor with the Department of Administration, Division of Purchasing.

The Vendor shall comply with all applicable provisions of law and other rules and regulations of any and all governmental authorities relating to licensure and regulation of personnel and to the operation of the Department.

The selected Vendor will be expected to comply with other Federal statutes including the Copeland "Anti-Kickback Act" (18 U.S.C. 874) and the Debarment Act. The Vendor acknowledges that the following laws are included:

1. Age Discrimination Act of 1975	42 U.S.C. Sections 6101 et seq.
2. Age Discrimination in Employment	29 U.S.C. 621-634 Act of 1967
3. Americans with Disabilities Act	42 U.S.C. 12101 et seq. of 1990 (ADA)
4. Equal Pay Act of 1963	29 U.S.C. 206(d)
5. Immigration Reform and Control	8 U.S.C. 1324b Act of 1986
6. Section 514 of the Rehabilitation Act of 1973	29 U.S.C. 794
7. Title VI of the Civil Rights Act of 1964	42 U.S.C. 2000d
8. Title VII of the Civil Rights Act of 1964	42 U.S.C. 2000e
9. Title IX of the Education Amendments of 1972	20 U.S.C. 1681 et seq.

3.3.5 HIPAA Business Associate Addendum

The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site http://www.state.wv.us/admin/purchase/vrc/hipaa.htm is hereby made part of this agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.

3.3.6 Debarment and Suspension

Successful vendor must certify that no entity, agency or person associated with the vendor is debarred or suspended from conducting business.

PART 4 PROPOSAL FORMAT

4.1 Vendor's Proposal Format

The proposal should be formatted in the same order, providing the information listed below:

Title Page - Should state the RFP Subject and number, the name of the Vendor, Vendor's business address, telephone number, web site and name of authorized contact person to speak on behalf of the Vendor, dated and signed.

Table of Contents – Clearly identify the material by section and page number.

Proposal Format – Vendors should organize their proposal into sections as listed below that follow the format of this RFP, with tabs separating each section. A point-by-point response to all numbered sections and, subsections is strongly encouraged.

Section 1: Understanding the Project.
Vendors should include an overview of the Functional Requirements and Design Specifications. This section of the proposal clearly describes the system configuration including all processing components, databases, interfaces, and participating entities. The Vendor should provide detailed Functional Requirements and Design Specifications and documents presented in Part 3.2.6.3 and 3.2.8.1 of Part 3, Procurement Specifications.

Project Work Plan:
The Vendors should submit a preliminary Project Work Plan as part of their bid response, with a start date of June 2009. The schedule should include the tasks and deliverables required for the design, development, testing, contingencies, and implementation of the system including system requirements and any hardware/software installations. All deliverables identified within the project plan are subject to the State and Federal review and approval. The Vendor should allow an appropriate time for the review and comment of all deliverables.

Project Tasks and Deliverables:
A description of the tasks and deliverables is preferred for the work detailed in the Vendor's response (not a reiteration of the schedule). Vendors are encouraged to structure their response to follow the sequence in which requirements are presented in Part 3, Procurement Specifications, Part 3.2.5 - System Documentation and Testing Requirements, Part 3.2.6.1 - Transition-In Plan; and Part 3.2.7 - Development Phase.

Transition and Implementation:
Vendors should present their approach for meeting the transition and implementation requirements specified in Part 3.2.8, 3.2.9 and 3.2.10 in Part 3, Procurement Specifications.

- The response should include a plan that assures that all objectives will be met.
- The Vendor should agree to meet the time frame specified for conducting the transition and implementing the system statewide.
- The Vendor, as necessary, must also agree to assist the State of West Virginia in transition to another or a new Vendor as described in Part 3.2.10, End-of-Contract Transition Out

Additional Information, Options and/or Enhancements:
Vendors are encouraged to offer additional information/options and/or enhancements in their response to

this RFP. Please include any of the additional information within the response to Part 3 in sequence, clearly indicating if it is additional information, optional or an enhancement. Any pricing differences from those on the Schedule 1A and Cost Worksheets caseload/CPCM should be noted on the appropriate Schedule as indicated. Additional information, options and/or enhancements that may be included but are not limited to the following:

- Specification of any additional hardware, software, communications infrastructure or alternative data elements necessary to support batch interface and online processes, account set-up, benefit authorization, account maintenance, and/or reports. See Parts 2.2.5, 2.2.6, 3.2.6.3, 3.2.17, and 3.2.33
- Propose a process to ensure adequate coordination between the existing and a new Vendor to minimize the risk of any disruption of service to clients, retailers or the State. See Part 3.2.10.
- Magnetic Tape: The Vendor shall propose the specifications for the card that will provide the most durable card available at a reasonable cost. See Part 3.2.12.12.2.
- Describe the approach for meeting the card design, encoding, personalization, obverse and reverse features with antifraud recommendations. See Parts 3.2.12.13 and 3.2.12.5.5.2.
- Propose a process for monitoring, reporting and reducing keyed card transactions. Please include this information with the antifraud optional/additional information. Please include any reporting features in Part 3.2.33.2, Security and Fraud Reports.
- Provide details for the approach for creating an account structure that encompasses the three benefit types (cash, food stamps and WIC) including linking cards to client accounts, ensuring that benefits are drawn from the appropriate benefit account and that benefit account balances are not overdrawn. See Part 3.2.15.1
- Description of how the Vendor would develop and maintain a WIC database management system to validate that WIC transactions originate at authorized merchant locations and comply with WIC requirements. See Part 3.2.15.1.
- Clearly explain and detail the Vendors EBT Administrative System functionality and web-based reporting system, including the multi-level physical access controls, and any hardware and/or software that are necessary to support this function. See Parts 3.2.18 and 3.2.33
- Provide details for POS deployment in the event of any equipment changes and/or that the incumbent contractor is not the new contactor and new POS equipment is deployed. See Part 3.2.20
- Describe any cost saving measure concerning POS equipment and deployment. Cost savings should be indicated on Schedule 2A, Pricing Response. No financial information is to be included in the technical response. See Part 3.2.20.
- Offer viable options to manual vouchers for FNS authorized retailers with less than $100 per month in food stamp redemptions. See Parts 3.2.22.2 and 3.2.28.6.
- Details for disaster issuance, including any alternative methods, same or next day over-the-counter card and PIN issuance. See Part 3.2.26.1.1
- A description of the approach for meeting the transaction fee accounting requirements. See Parts 3.2.29.3 and 3.2.24.
- A description of the Vendor's proposal for cost saving measures and/or enhancements for cash only transactions. Include such pricing in Schedule 1B. See Parts 3.2.29.3 and 3.2.24. No financial information is to be included in the technical response.

- Alternatives to card replacement as specified in Part 3.2.26.2
- Alternative approaches for staff and recipient training. See Part s 3.2.27 and 3.2.27.1. No financial information is to be included in the technical response.
- Description of the EBT Vendor's reporting and data storage process which may include on-line administrative access to standard reports/data, web-based/internet access and examples of reports. Refer to Parts 3.2.33, 3.2.33.1, 3.2.33.2, 3.2.33.3, and 3.2.33.4, 3.2.33.1.4.

Section 2: Management Plan
The Management Plan should fully describe the relevant qualifications, capabilities, and resources of the Vendor for furnishing the services requested in the RFP.

- The plan should include a discussion of the proposed lines of authority, how management will be involved in the administration of the services, coordination, and communication within the Vendor organization and among all subcontractors.
- Vendor is strongly encouraged to include a commitment indicating that the pace of EBT System development and implementation in West Virginia will not be adversely affected by any EBT projects the selected Vendor is conducting for other states or government agencies and that key personnel assigned to the West Virginia EBT project will not be changed unless agreed to by the State.

The following sections should be included in the Management Plan:

- Personnel Management - Discuss the proposed lines of authority of the project team and provide background information on the key personnel that will be involved in the day-to-day development, management, and operation of the service.
- Project Staffing Plan - Describe the overall staffing plan for the project.
  - Detail the key personnel to be dedicated to the development, management and operation of the project. The staffing plan should include the Vendor's staff as well as any subcontractor staff and cover each phase of the project.
  - The capabilities of proposed project staff should be included. Vendors should provide evidence that proposed staff is capable of carrying out the duties and responsibilities of the positions for which they are proposed.
  - Vendors should provide the names and telephone number of three (3) customers for which the staff person is providing or has provided similar services.
  - It is preferred that the Vendor provide evidence of past performance of the Vendor in carrying out the proposed services. The Vendor should also describe the depth of the staff and how the Vendor's senior management should be involved in the performance of this effort (both day-to-day and strategic involvement).
  - If any of the proposed key personnel or project managers is not currently in the employ of the Vendor, a letter of intent to accept employment should accompany each response.
- Project Management - The Vendor should designate and make available a project manager. The project manager proposed should have successfully managed the transition to another Vendor and /or implementation of an EBT or other system of comparable size and similar implementation complexity as the one defined within this RFP. In addition, the proposed project manager should have a minimum

of three years experience in EBT project management. For the person designated as the project manager, at least one reference should be that of an EBT project or similar project of comparable size and similar implementation complexity as the one defined within this RFP. The Vendor is strongly encouraged to propose the best use of a project manager, and discuss how the project manager will interact with the West Virginia program agencies.

- Subcontractor Management - Vendors may subcontract the performance of the required services with other Vendors or third parties. The Vendor is encouraged to describe which functions it proposes to subcontract however; the State of West Virginia has the right to review and approve the respondent's subcontracting plan. When proposing the use of a subcontractor, the Vendor should explain the relationship between the subcontractor and the Vendor. In addition, the Vendor is encouraged to provide organizational charts and a breakdown of duties. The responsibility for the performance of subcontractors rests solely with the selected Vendor and any subcontractor(s) should adhere to the same requirements as the selected Vendor. Subcontracts, including lower tier contracts, should incorporate the provisions of the contract between the State and the Vendor and the State has the right for review. The EBT Vendor is strongly encouraged to-explain the subcontractors' role by including the following minimum information in their response:
    - Each subcontractor's name, address and type of business;
    - Each specific service(s) the subcontractor will be performing;
    - Evidence of each subcontractor's intent to participate, including a signed letter by an authorized representative; Include three (3) references for each subcontractor including names, addresses, and telephone numbers, and a description of the services provided;
    - A contingency plan to cover any subcontractor stoppage.

Section 3: Corporate Qualifications

Vendors should provide evidence of their corporate qualifications for performing the work specified in this RFP. The State encourages proposals from corporations and/or financial institutions with experience in providing the scope of EBT services being requested. Proposals from teams of providers are also encouraged.

- Vendors are strongly encouraged to describe their experience in providing services similar to those required in the RFP to commercial or State clients. Vendors are requested to provide the names and telephone numbers of three (3) customers for which they are providing or have provided similar services.
- Security Plan - Vendors should also present a comprehensive system security plan for meeting the requirements of Part 3.2.37 of this RFP.
- Financial Stability - Section 3 of the Vendor's proposal should provide evidence, properly documented, and verifiable of its financial capacity to undertake and meet the conditions of this RFP. The Vendor must also provide a copy of its most recent audited financial statement and SAS-70 Report upon request within 3 (three) business days.

Section 4: Cost

The Vendor is strongly encouraged to complete the Pricing Response Forms found in Part 4.5, Cost Proposal Format. The following information is intended to provide Vendors with a format for submitting price quotations that will facilitate the evaluation of responses. Price quotations are strongly encouraged to be submitted using the provided pricing sheets. Vendors are advised to provide their best price response, as there will be no "best and final offer" opportunities. The only exception to this pricing provision would be in the event of a tie or if a revised proposal is requested.

Unless noted otherwise, prices quoted shall apply for the duration of the term of the contract as executed in response to this RFP.

Vendors are encouraged to identify cost savings options for EBT services in West Virginia. As part of the pricing response, Vendors should identify cost reduction factors, rationale for pricing, and optional services that would serve to produce cost savings to the State of West Virginia.

If applicable, sign and submit the Resident Vendor Preference Certificate with the proposal.

4.1.1 Pricing Response Schedules

Vendors are strongly encouraged to use the Pricing Response Schedules as found in Part 4.5 to submit the proposed project prices.

4.1.2 Response Requirements

Responses shall include prices for services in the following categories of EBT-related functions and activities as specified in the RFP:

- System Development and Conversion Costs – Schedule 1C
- Cost Per Case Month (CPCM) pricing for food stamp only, cash only and combined food stamp and cash cases.
- Incremental cost increases/decreases for alternative service options.
- Per unit pricing for 1-800 payphone charges for client help line calls.
- System enhancement costs.
- Client fee for cash-only withdrawals (after two free transactions) in a one–month period.

Vendors shall include information that identifies the specific location of all technical and support services (i.e., EBT help line, Retailer Help Desk, State Support Help Desk, etc.) Price quotations for the core EBT services shall be expressed in terms of Cost Per Case Month (CPCM). CPCM represents the fixed cost to deliver the mandatory category of services to a single case for one month. Price quotations provided on the mandatory component shall include all costs associated with operation of the EBT system for the core services. Pricing will be volume based (“tiered”) dependent upon the total actual number of active cases on the EBT system.

4.1.3 Pricing Assumptions

Vendors should use the following assumptions in development of their pricing tables:
The System Development and Conversion costs shall be fixed based upon the requirements within the RFP. The CPCM pricing provided by the vendors shall be fixed for the life of the contract. Vendors should use the tiers within the CPCM pricing schedule to cover the fluctuations of the case volumes. The State will pay the actual cost of the Vendor’s phone service carrier for client calls to the EBT help line from payphones. The fees for payphone calls are to be identified within Schedule 3B of the Pricing Response.

4.1.4 Definition of Active Case

The Core Service CPCM represents the total cost to deliver the specified category of service to a case for one month at the specified caseload volume. A "case" is defined as the single beneficiary unit receiving benefits from one or more programs through a single cardholder account. For example, a beneficiary unit receiving both Food Stamps and TANF through a single card would represent a single, combined case. The Vendor shall apply the quoted CPCM to all active cases.

4.1.5 Schedule Pricing for Core EBT Services

Prices for Core EBT Services shall be presented on Schedule 1A. Core EBT Service price quotations shall include all costs associated with the operation of the West Virginia EBT system for the term of the contract. Program-specific caseload data are presented in Appendix A. While this data may be used to project caseload and transaction volume, caseloads are not guaranteed. Due to program changes and other factors affecting programs, as well as the potential to add programs to the EBT system, EBT caseload volumes are subject to change. To accommodate potential changes in the EBT caseload volume, pricing for Core EBT Services shall be volume-based. It is the State of West Virginia's expectation that as caseload volumes increase, pricing for EBT services will decrease.

Schedule 1A, Core Service Costs shall be Quoted as a Cost Per Case Per Month (CPCM).

The quoted Core Service CPCM includes the monthly maintenance cost, which represents the fully loaded fixed cost per month to maintain a case account, including costs for all food stamp POS functions (balance inquiries, denials, etc.), transaction authorizations, EBT card issuance (excluding 100% card replacement), settlements and customer service. State the number of calls by categories that are included in the CPCM. Pricing shown on Schedule 1A, shall include the costs of transaction fees with the switch and processing fees associated with **unlimited POS food stamp transactions**. Therefore, the cost for unlimited food stamp transactions at POS devices must be included in the Core Services CPCM for EBT. Recipients will bear the surcharges for commercial ATM cash withdrawals and transaction fees in excess of two withdrawals. Costs for the two cash only transaction fees to be paid by the State should not be included in the CPCM, but will be billed separately for only the actual transactions completed. The pricing for these costs are shown on Schedule 1B.

Also included within the CPCM shall be the deployment, maintenance and retailer services associated with state deployed EBT only POS equipment up to 1,500 machines. Another component of the core pricing is cardholder customer service available 24 hours a day, seven days a week. The core pricing shall include customer service via a *domestic* center with a limitation of balance inquiry calls per day. Allow for a minimum of 2.5 IVR calls and .2 live CSR calls per billable case per month. Clearly identify the cost per call for IVR and CSR calls not included within the CPCM.

4.1.6 Schedule 1B, Pricing for Cash Only Transactions

For budgetary or other reasons, the State of West Virginia may limit the number of transactions provided at no cost to recipients. Therefore, on Schedule 1B, Vendors shall indicate the cost of the transactions by type as stated on the form. Do not include any costs which are a component of the Schedule 1A.

4.1.7 Schedule 1C, Development and Conversion Costs

The State is requiring that initial planning, programming, implementation and other professional services costs associated with the development and transition to a new Vendor or new processes with the same Vendor be reflected within this chart. The State is electing to have new EBT cards issued to 100% of the cases. The cost for the production and mailing for these is to be included within the category specified. Payment for these costs will be on a fixed price basis and are contingent upon documentation of the successful completion of the deliverable tied to the payment unit. The Vendor shall provide costs within the defined categories as follows:

- EBT System Design and Development – Vendors shall provide cost directly related to the design, development, and testing of the EBT system being provided to the State. The cost of the interfaces to the State's eligibility system should be included within this category.
- EBT-only Terminal Conversion Costs – Vendors shall provide costs related to the transition of EBT only retailer from the current EBT Contractor to the Vendor's EBT system. Costs to be included in this

category are the cost to deploy the new POS terminals, train retailers, and retailer transaction acquiring costs until the EBT database has been converted.

- EBT Database Conversion Costs – Vendors shall provide costs related to the conversion of the EBT database from the current Contractor to the Vendor's EBT system. These costs shall include development and testing of conversion programs, performing mock conversions, and performing the actual database conversion.
- EBT Card Issuance Costs – Vendors shall provide costs related to the design, development and testing of the card issuance process/100% card replacement.

Vendors should include a narrative explaining the costs included within each component. The fixed unit price costs shall be paid to the new Contractor in three installments based upon the successful completion and acceptance by the State.

The first installment, consisting of 40% of the total development and conversion costs, shall be paid upon the successful completion of the system acceptance test. The second installment, consisting of an additional 40% of the total development and conversion costs, shall be paid upon the successful conversion to the new Contractor's EBT System. The final installment, consisting of the remaining 20% of the development and conversion costs, shall be paid following the successful completion of all the changes to the new WV EBT card, its issuance to 100% of the current cases and the card's functionality.

4.1.8 Schedule 2A, State-Deployed EBT Only Terminals

The State reserves the right to deploy POS terminals in retailer locations and other business establishments as deemed necessary by the State. The core pricing of Schedule 1A includes the deployment of up to 1,500 POS machines. **The Vendor is to use Schedule 2A to reflect pricing options for those machines in excess of 1,500 EBT only POS equipment deployed.** Vendors should specify the hardware (brand and model) and the technical capabilities of each configuration (LAN: stand-alone, etc.) Pricing must include all bundled costs for installation, operation and maintenance of each terminal or LAN configuration, costs for delivery and set-up.

The EBT Vendor shall provide maintenance for all State-deployed terminals with retailer assistance available 24 hours a day, seven days a week and toll free help desk, with replacement of faulty equipment as specified by Federal Regulations.

4.1.9 Schedule 3B, Customer Service Payphone Charges

Schedule 3B should be completed if there are to be charges for retailer or client calls to the customer service centers. Prices quoted are to be all-inclusive pass through costs and shall remain in effect unless otherwise agreed upon by the State.

4.1.10 Schedule 4A, Disaster Services

The disaster services are to be priced separately and be consistent with Parts 3.2.34.4.4 and 3.2.26.1.1. Disaster services are not included in Schedule 1A.

4.1.11 Schedule 5A Fee for Professional Services

The fee for professional services is intended to provide the State with a cost basis for any changes or enhancements in program design as needed or requested by the State and/or FNS over the life of the agreement/contract resulting from this RFP response.

4.2 EVALUATION PROCESS:

4.2.1 Method of Evaluation

The proposals will be evaluated by a committee of five (5) or more individuals in accordance with the criteria stated. The Vendor who meets all the mandatory specifications, attains the final highest point score of all the vendors shall be awarded the contract. The selection of the successful vendor will be made by a consensus of the evaluation committee.

Cost Evaluation and award of the Cost will be based on the Core Pricing provided as stated in Pricing Schedules 1A, 1B, 1C, 2A, 3B, 4A and 5A and will be calculated to the total of the 5 year life of the contract using the Caseload volumes and number of billable units as shown in the following Bid Response Cost Worksheets Year 1 through 5. All calculations will be based on the 1st year being made up of only Start-up Costs as identified on Schedule 1C and the cost per year indicated by the Bid Response Cost Worksheets years 2 thru 5.

4.3 Evaluation Criteria: The following are the evaluation factors and maximum points possible for technical point scores: factors and point values:

Section 1	**Understanding the Project (Part 4.1, Section 1)**	**40 Points**
Section 2	**Management Plan (Part 4.1, Section 2)**	**10 Points**
Section 3	**Corporate Qualifications (Part 4.1, Section 3)**	**10 Points**
Section 4	**Cost (Part 4.1, Section 4)**	**40 Points**
	Total	**100 Points**

Each cost proposal cost will be evaluated by use of the following formula for all vendors who attained the Minimum acceptable score only:

Lowest price of all proposals
---------- x 40 = Price Score
Price of Proposal being evaluated

4.4 Minimum Acceptable Score:

Vendors must score a minimum of 70% of the total technical points possible. The technical points are listed above in section 4.3, Sections 1 through 3. The minimum qualifying score would be 70% of 60 points or a technical score of 42 points or greater to be eligible for further consideration and to continue in the evaluation process. **All vendors not attaining the minimum acceptable score (MAS) shall be disqualified and removed from further consideration.**

The State will select the successful vendor's proposal based on best value purchasing which is not necessarily the vendor with the lowest price. Cost is considered but is not the sole determining factor for award. The State does reserve the right to accept or reject any or all of the proposals, in whole or in part, without prejudice if to do so is felt to be in the best interests of the State.

Vendor's failure to provide complete and accurate information may be considered grounds for disqualification. The State reserves the right if necessary to ask vendors for additional information to clarify their proposals.

4.5 Cost and Pricing Requirements

The following information is intended to provide Vendors with a format for submitting price quotations that will facilitate the evaluation of responses. Price quotations should be submitted using the provided pricing sheets. Unless noted otherwise, prices quoted shall apply for the duration of the term of contract.

Vendors are encouraged to identify cost savings options for EBT services in West Virginia. As part of the pricing response, Vendors should identify cost reduction factors, rationale for pricing, and optional services that would serve to produce cost savings to the State of West Virginia. Optional pricing will be considered as stated in 4.2.1.

Criteria used for the Cost Evaluation are as following:

BID RESPONSE SHEET

Cost Worksheet – Summary _____

Summary of Bid Response Sheets

Time Frame	Activity	Annual Total
Year 1	**Start-up Costs**	
Year 2	**EBT Services**	
Year 3	**EBT Services**	
Year 4	**EBT Services**	
Year 5	**EBT Services**	
	(A) Total for EBT Start-up and Years 1 thru 5 of EBT Services	
	(B) Total Cost for a Disaster Declaration	
	(C) Total for Professional Services	
	Grand Total of A, B & C	

(A) Vendor is to complete the Bid Response Sheets for the Years 1 thru 5 and indicate the summary total of each year.
(B) Total of the **COST WORKSHEET – DISASTER DECLARATION** is to be provided.
(C) Total for **Professional Services** as stated in Schedule 5A.

Notes/Comments: To assure a clear and public understanding of the pricing, the Vendor is to provide a narrative description of the various factors included in the pricing of all services.

BID RESPONSE SHEET

COST WORKSHEET – YEAR 1 & 2

1	2	3	4	5	6	7
Start-Up Cost Year 1					**Total Cost Year 1**	**$**
Service Cost for Year 2	**Caseload/Units per Month**	**Less CAP Limits**	**Total Billable Units**	**Unit Price**	**Total Cost per Month**	**X12 = Year Price**
			Col. 2-3		**Col. 4 x 5**	
Caseload/CPCM	**Schedule 1A**					
Food Stamp Only	115,000		115,000			
Cash Only	2,000		2,000			
Combined FS/Cash	10,000		10,000			
Equipment Costs	**Schedule 2A**					
POS Devices	2,000		2,000			
Customer Service	**Schedule 1A**					
IVR Calls	318,000		318,000			
CSR Calls	30,000		30,000			
Payphone	**Schedule 3B**					
Payphone Calls	14,000		14,000			
Transaction Fee	**Schedule 1B**					
Cash Only Withdrawals ATM/POS	24,000		24,000			
Denials – ATM	2,000		2,000			
Denials – POS	3,000		3,000			
Bal. Inquiry – ATM	1,500		1,500			
Bal. Inquiry – POS	500		500			
					Total Cost Year 2	

Notes/Comments:

BID RESPONSE SHEET

COST WORKSHEET – YEAR 3

1	2	3	4	5	6	7
Service Cost for Year 3	**Caseload/Units per Month**	**Less CAP Limits**	**Total Billable Units**	**Unit Price**	**Total Cost per Month**	**X12 = Year Price**
			Col. 2-3		**Col. 4 x 5**	
Caseload/CPCM	**Schedule 1A**					
Food Stamp Only	116,725		116,725			
Cash Only	2,030		2,030			
Combined FS/Cash	10,150		10,150			
Equipment Costs	**Schedule 2A**					
POS Devices	2,000		2,000			
Customer Service	**Schedule 1A**					
IVR Calls	322,775		322,775			
CSR Calls	30,450		30,450			
Payphone	**Schedule 3B**					
Payphone Calls	14,200		14,200			
Transaction Fee	**Schedule 1B**					
Cash Only Withdrawals ATM/POS	24,360		24,360			
Denials – ATM	2,030		2,030			
Denials – POS	3,050		3,050			
Bal. Inquiry – ATM	1,525		1,525			
Bal. Inquiry – POS	510		510			
					Total Cost Year 3	

* Total monthly charge X 12 = Yearly Total Cost
** Historical Increase of Approx. 1.5% has been applied for years 3-5.

Notes/Comments:

BID RESPONSE SHEET

COST WORKSHEET – YEAR 4

1	2	3	4	5	6	7
Service Cost for Year 4	**Caseload/Units per Month**	**Less CAP Limits**	**Total Billable Units**	**Unit Price**	**Total Cost per Month**	**X12 = Year Price**
			Col. 2-3		**Col. 4 x 5**	
Caseload/CPCM	**Schedule 1A**					
Food Stamp Only	118,475		118,475			
Cash Only	2,060		2,060			
Combined FS/Cash	10,300		10,300			
Equipment Costs	**Schedule 2A**					
POS Devices	2,000		2,000			
Customer Service	**Schedule 1A**					
IVR Calls	327,600		327,600			
CSR Calls	30,900		30,900			
Payphone	**Schedule 3B**					
Payphone Calls	14,425		14,425			
Transaction Fee	**Schedule 1B**					
Cash Only Withdrawals ATM/POS	24,720		24,720			
Denials – ATM	2,060		2,060			
Denials – POS	3,100		3,100			
Bal. Inquiry – ATM	1,550		1,550			
Bal. Inquiry – POS	515		515			
					Total Cost Year 4	

Notes/Comments:

BID RESPONSE SHEET

COST WORKSHEET – YEAR 5

1	2	3	4	5	6	7
Service Cost for Year 5	**Caseload/Units per Month**	**Less CAP Limits**	**Total Billable Units**	**Unit Price**	**Total Cost per Month**	**X12 = Year Price**
			Col. 2-3		**Col. 4 x 5**	
Caseload/CPCM	**Schedule 1A**					
Food Stamp Only	120,250		120,250			
Cash Only	2,090		2,090			
Combined FS/Cash	10,300		10,300			
Equipment Costs	**Schedule 2A**					
POS Devices	2,000		2,000			
Customer Service	**Schedule 1A**					
IVR Calls	332,525		332,525			
CSR Calls	31,375		31,375			
Payphone	**Schedule 3B**					
Payphone Calls	14,650		14,650			
Transaction Fee	**Schedule 1B**					
Cash Only Withdrawals ATM/POS	25,080		25,080			
Denials – ATM	2,090		2,090			
Denials – POS	3,150		3,150			
Bal. Inquiry – ATM	1,575		1,575			
Bal. Inquiry – POS	525		525			
					Total Cost Year 5	

Notes/Comments:

BID RESPONSE SHEET

COST WORKSHEET – DISASTER DECLARATION

1	2	3	4	5	6	7
Service Cost	**Caseload/Units per Month**	**Less CAP Limits**	**Total Billable Units**	**Unit Price**	**Total Cost per Month**	**X 4= Total Price**
			Col. 2-3		**Col. 4 x 5 =**	**Col 6 x 4**
Components	**Schedule 4A**					
Disaster Cards	20,000		20,000			
CSR Calls	5,000		5,000			
IVR CSR Calls	30,000		30,000			
Incremental Case Month Fee/CPCM	18,000		18,000			
					Total Cost for a Disaster Declaration	

Vendor is to complete **Schedule 4A: PRICING RESPONSE: DISASTER SERVICES** and use the pricing to complete this Cost Sheet - Disaster Declaration. This Cost Sheet is used for evaluation of bids and based upon the possible occurrence during the life of the contract.

Notes/Comments:

BID RESPONSE SHEET
SCHEDULE 1A
TIERED PRICING FOR CORE EBT SERVICES

CASE TYPE	CORE SERVICES COST PER CASE MONTH (CPCM) AT SPECIFIED CASE VOLUMES				
	Less Than 75,000 Cases	**75,001 to 100,000 Cases**	**100,001 to 125,000 Cases**	**125,001 to 150,000 Cases**	**Greater Than50,000 Cases**
Food Stamps Only **(Unlimited POS Transactions)**	$	$	$	$	$
*TANF Program	$	$	$	$	$
Food Stamps & TANF (Combined)	$	$	$	$	$
IVR Call Cap CSR Call Cap #of Calls per Case Per mo.					
Incremental Price for Each Additional Cash Program, if any	$	$	$	$	$
Price Per IVR > Call Cap	$	$	$	$	$
Price Per CSR Call > Call Cap	$	$	$	$	$
Alternate Pricing Explain	$	$	$	$	$
Alternate Pricing Explain					
Other Explain					

*Tiers do not apply to the TANF Program Pricing

BID RESPONSE SHEET
SCHEDULE 1B
PRICING RESPONSE: FOR CASH ONLY TRANSACTIONS

TYPE OF CASH TRANSACTION	COST PER TRANSACTION	ANY REDUCTIONS IN CPCM if applicable
ATM Balance Inquiries	$	$
ATM Denial	$	$
ATM Cash Withdrawal Up to first 2 billed to state.	$	$
ATM Cash Withdrawal Cardholder transactions costs >2	$	$
POS Balance Inquiries	$	$
POS Cash Withdrawal	$	$
Other (Identify)	$	$

SCHEDULE 1C
PRICING RESPONSE: DEVELOPMENT AND CONVERSION COSTS

CATEGORY	COST
EBT System Design and Development	$
EBT-only terminal conversion costs	$
EBT database conversion costs	$
New EBT Card and PIN Issuance	$
Total Start-up costs	$

BID RESPONSE SHEET

SCHEDULE 2A PRICING RESPONSE: STATE-DEPLOYED EBT ONLY TERMINALS

STATE-DEPLOYED EBT ONLY TERMINALS	Maximum Monthly Lease Fee Per Month Per EBT Terminal > 1500	Specify Type of Hardware, Maintenance, Communications, other
All inclusive pricing per POS machine with Retailer Customer Service 24X7		
Other (Specify)		
Other (Specify)		
Other (Specify)		

State is requesting two pricing schedules for the deployment of EBT only equipment. The core pricing of Schedule 1A includes the deployment of up to 1,500 POS machines. The Vendor is to use Schedule 2A to reflect the cost of those machines in excess of the 1,500 EBT only POS equipment deployed. Pricing shall include all bundled costs for installation, operation and maintenance of each terminal or LAN configuration, costs for delivery and set-up. The EBT Vendor shall provide maintenance for all State-deployed terminals with retailer customer service available 24 hours a day, 7 days a week and toll free help desk with replacement of faulty equipment as specified by Federal Regulations.

SCHEDULE 3B
PRICING RESPONSE: CUSTOMER SERVICE PAYPHONE CHARGES

Payphone Charges	**Fee Per Call including Surcharges/pass through Costs**
Payphone Pass through Charge per Call	

BID RESPONSE SHEET

SCHEDULE 4A
PRICING RESPONSE: DISASTER SERVICES

Type of Service	**Fee per Unit of Service**
Cost Per Disaster Card	
Customer Service Representative Calls (24x7)	
IVR Customer Service Calls (24x7)	
PIN Mailers	
Recipient Training Materials	
Incremental Case Month Fee	
PIN Issuance Equipment if Needed	

BID RESPONSE SHEET

SCHEDULE 5A
PRICING RESPONSE: PROFESSIONAL SERVICES

The vendor shall provide the Professional Services at a flat hourly rate of $_____ per hour. (For bid evaluation purposes only, 100 hours will be the estimated quantity of hours.)

Professional Services flat hourly rate is $_____x 100 hours = Total $_____.

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Local Office Information	3 Pages
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Historical Recipient Help Line Data	1 Page
EBT Retailer Information	1 Page
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Cards Issued and Replaced	1 Page
Electronic Benefits Transfer (EBT) Transition Guide 2.0	44 Pages
FNS Security Guidelines Handbook	86 Pages

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