



WILL LIGHTBOURNE
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES

744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



EDMUND G. BROWN JR.
GOVERNOR

July 1, 2013

ALL COUNTY LETTER (ACL) NO. 13-54

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHIEF WELFARE FRAUD INVESTIGATORS
ALL COUNTY HEARINGS MANAGERS
ALL DISTRICT ATTORNEYS
ALL COUNTY EBT PROJECT MANAGERS

SUBJECT: CALIFORNIA CALFRESH INTEGRITY PLAN; EXCESSIVE CARD REPLACEMENT PROCESS

REFERENCE: 7 C.F.R. 271.2; CALIFORNIA CALFRESH INTEGRITY PLAN

The purpose of this letter is to provide instructions regarding the process when clients have requested an excessive number of Electronic Benefit Transfer System (EBT) card replacements. These instructions are part of a plan developed by the California Department of Social Services (CDSS), in response to a request by the Food and Nutrition Service (FNS) Western Region Office to develop a CalFresh Integrity Plan (IP). The plan details the expectation of FNS and state agencies to address fraud issues, including the handling of the “Anti-Fraud Locator using EBT Retailer Transactions” (ALERT) cases, data mining, excessive card replacements, and social media and trafficking prevention.

The CDSS developed its IP through an unprecedented collaborative effort with all major stakeholders, which took place during four full-day sessions in the spring of 2012. The IP Workgroup was comprised of key staff representing CalFresh Program, County Welfare Department (CWD), Special Investigations Unit (SIU), District Attorney (DA), and Information Technology from large, medium and small counties. There was also representation from welfare advocates, the California Welfare Fraud Investigators Association, the Statewide Automated Welfare Systems (SAWS) and the Office of Systems Integration (OSI). This resulted in the submittal of the final IP in September 2012 to FNS; and approval by FNS on December 4, 2012. A copy of the IP can be found at <http://www.dss.cahwnet.gov/fraud/PG1946.htm>

The release of these instructions is part of the implementation of the IP; instructions on other components of the IP will be released in subsequent ACLs.

Background

The Excessive Card Replacement (ECR) process is a part of California's IP and is designed to enhance program integrity efforts through the reduction of ECRs. Although card replacement may be indicative of several situations (i.e. frequently misplaced card, clients inability to properly use the EBT card), excessive card replacement may be an indicator of possible misuse. Repeated requests for replacement cards may indicate that the client has sold his or her card, perhaps repeatedly, in order to obtain cash or other ineligible items.

In accordance with California's IP, following the issuance of this ACL, the CDSS will take action to issue warning letters to recipients who have received and used four or more EBT replacement cards in the past four months. The CWDs have the option to issue additional warning letters to the client, or refer the case to the SIU for possible investigation. The SIUs may take investigative actions to determine potential trafficking, and pursue prosecutions or administrative disqualification, if applicable. Below is the definition of trafficking used in the determination of possible fraud and prosecution.

Definition of Trafficking:

The sale or purchase of CalFresh benefits is called trafficking. Trafficking is an illegal activity punishable by criminal prosecution. Trafficking is defined in part, in 7 CFR 271.2 as:

- (1) "The buying, selling, stealing, or otherwise effecting an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signature, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone;"

ECR Process

Following is a description of how information will be accessed to determine who will receive warning letters, and the actions to be taken at the local level if there are continued requests for EBT card replacements.

Recipient Warning Letters

The CDSS will send a warning letter to any EBT cardholder who has at least one card replacement (for active cards that have at least one transaction) for four consecutive

months. This is the criteria established by California's IP to define what is considered excessive card replacements.

The warning letter is designed to inform the recipient that their household's EBT card replacement rate suggests that they may be having trouble with their card(s) or potential misuse. The letter will include information regarding the proper use of the EBT card and the penalties for trafficking (Attachment A).

The CDSS will issue the warning letters to the recipient within 30 days from the date the CDSS identifies the clients who have met the excessive card replacement criteria. A copy of each recipient warning letter will be sent to the CWD to be retained in the recipient's case file. If a warning letter is returned as undeliverable, the CDSS will forward the undeliverable mail to the CWD for follow-up.

Continued Requests for Replacement EBT Cards

If the recipient requests two or more additional cards within two months after the warning letter has been issued or returned, the CDSS will provide that information to the CWD. The CWD may issue a letter for the recipient to contact the local office, and may also refer the matter to the SIU for possible investigation.

Referrals for Investigations

If the recipient requests two or more additional cards after the CDSS provides information to the CWD (i.e. a total of eight card replacements), within four months after the warning letter is issued, the CDSS will forward that information to the county SIU for investigation. The SIU will determine whether or not an investigation will be conducted and report the outcome back to the CDSS as described below.

Reporting Requirements

Per California's IP, CWDs will track and report on a semiannual basis, whether card replacement data is used as evidence (primary or collaterally) in establishing Intentional Program Violations (IPVs). The IPVs will be reported as either Prosecution or Administrative Disqualification outcomes, consistent with the classifications on the DPA 266 Fraud Investigation Activity Report. CWDs are to begin collecting this data in the month following the release of this ACL, and a reporting form will be sent to counties at a later date.

The CDSS will report to FNS on a semiannual basis the number of referrals to the county SIUs, and comparison analyses to evaluate whether the number of card replacements decrease. The CDSS also anticipates that this information will be posted on the CDSS web page.

The CDSS anticipates the ECR process, as described in this ACL, will continue to evolve as we partner with the United States Department of Agriculture, FNS, CWDs, SIUs and District Attorneys. The CDSS will monitor the ECR case process and outcomes throughout California and solicit feedback from county agencies receiving and processing ECR cases, as well as other stakeholders. This information will assist CDSS in evaluating and enhancing the process. Any modifications to the ECR process will be communicated in subsequent ACLs and/or All County Information Notices.

The CDSS' Fraud Bureau staff is available to assist you with the ECR process. If you have any questions regarding this ACL, please contact Barbara Tanner, Welfare Fraud Prevention Coordinator, at (916) 651-3987 or the Fraud Bureau main line at (916) 653-1826.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division

Attachment



CDSS

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EDMUND G. BROWN JR.
GOVERNOR

Date

Client (head of household) name

Address

City, State and ZIP

Household number/County number

Dear _____

Our computer records show that you have used four or more new EBT cards in the past four months. This shows a problem with your EBT card or a possible misuse of your CalFresh benefits. You can use the same EBT card every month as long as you get your food benefits. If you are having a problem with your EBT card, please call the toll free EBT Customer Service Helpline at 877-328-9677 to learn how to use your card or contact your county worker.

It is against the law to buy, sell or trade EBT cards or CalFresh benefits. All EBT sales and card replacements are monitored by a computer. We do this to make sure cards are used correctly and to protect the CalFresh program. Based on those computer records, we may investigate any improper use of your EBT card. If you are found responsible, your benefits may be stopped, and you may be fined or sent to jail or prison.

To keep your CalFresh benefits, you are reminded that they may only be used to buy food that you and your household eat, or seeds to grow your household's food. You may keep using your EBT card for this purpose. This letter does not change your CalFresh benefits, but the county will put a copy of this letter in your case file.

You don't need to do anything now except make sure you use your benefits correctly. If you have any questions about this letter, contact your county welfare office.

Welfare Fraud/Program Integrity Branch