

Appendix A – State Plan Template

State Plan for The Replacement of Stolen EBT SNAP Benefits, 2023

State: Arizona

Region: Southwest

Primary Citations: H.R.2617 - Consolidated Appropriations Act, 2023

Retroactive Claims

For retroactive instances of card skimming, cloning, and other similar fraudulent methods (stolen electronic benefits) that occurred between October 1, 2022 and the implementation date of this State Plan, Arizona will consider a report made to the State Agency within 90 calendar days of the date the state implements this plan. When the 90th day falls on a weekend or holiday, the household has until the following business day to report and still be considered timely.

The state will attempt to contact known victims who previously reported stolen electronic benefits and inform them of the opportunity to submit a report. In addition, the state will attempt to reach unknown victims via social media and news media to increase awareness that the Department will be accepting reports retroactive to October 2022 for victims of electronic benefit theft.

Submission of Claims – Timeliness

SNAP households will have up to 90 calendar days after the date the state implements this plan to submit retroactive replacement claims for theft incidents that occurred between October 1, 2022, and the implementation date of the state plan. When the 90th day falls on a weekend or holiday, the household has until the following business day to report and still be considered timely.

Except for SNAP households that meet the retroactive criteria, EBT theft victims will have 45 calendar days from the date the household's benefits were stolen to report and claim replacements for benefits, after the implementation date of the state plan. When the 45th day falls on a weekend or holiday, the household has until the following business day to report and still be considered timely.

Submission of Claims – Procedure

The state will create a form (to be used for both new and retroactive reports) to be utilized for the submission of reports for stolen electronic benefits covered under this state plan. This form will be housed in the Digital Library and available to households via the state's website. Households can submit the form in one of the following ways:

- Download the form from the state website. Complete, sign and return via USPS mail, facsimile or bring into a local office.
- When a household member is in-person at a local office, staff will assist by providing the form, assisting with the completion of the form, and obtaining the required signature(signed or electronic).
- The household can make contact via telephone and a worker will complete the form and obtain a telephonic (voice captured) signature.

The form will be available in both English and Spanish and request the following information from the household:

- Date of Report
- Name of Household Member
- Case Number
- Best method to contact household: Phone/Email/Text
- Best time to contact household
- Amount of benefits stolen - Needs to include specific purchases being disputed (Date/Time/Amount/Store/City/State)
- Whether the household had their EBT card in possession on the date(s) of the fraudulent activity
- Has the household replaced their EBT card since the unauthorized activity?
- Last authorized purchase? (amount, date, time (if possible))
- Additional Notes section (used as needed)
- Attestation Statement with wet or voice signature options

Household will attest to the following:

I understand that reports of stolen electronic benefits must be reported within 45 calendar days from the date of the theft.

I understand that only benefits stolen between October 1, 2022 - September 30, 2024 can be considered for replacement.

I understand that replacement benefits due to electronic benefit theft cannot exceed the amount of two months of benefits or the amount of my actual reported loss, whichever is less.

I understand that benefits lost due to electronic benefit theft cannot be replaced more than two times in a federal fiscal year (October 1st - September 30th).

I hereby certify, under penalty of perjury, that my SNAP benefits were stolen. I understand that if I make false statements, I may be liable for an Intentional Program Violation (IPV) or prosecution under both Federal and State laws.

Validation – Timeliness

The state will complete the validation process and final determination for retroactive reports within 20 business days of the receipt of a completed and signed request.

The state will complete the validation process and final determination for non-retroactive reports within 10 business days of the receipt of a completed and signed request.

Validation – Criteria

Upon receiving a request for stolen electronic benefits, the State agency shall complete a first level review to determine if the household is eligible for replacement of stolen electronic benefits. This review shall include the following questions:

1. Is the timeframe within the appropriate scope of replacement beginning October 1, 2022 to September 30, 2024?
2. Is this the household's first or second replacement this federal fiscal year (October 1 - September 30)?
3. Is the report submitted timely?
4. Is the report signed by a SNAP household member or Authorized Representative (physical, electronic, voice signature)
5. Is the report for a qualified SNAP benefit type (all SNAP benefits including Emergency Allotments but excluding P-EBT)?

When the household is determined eligible for replacement of stolen electronic benefits, the state agency will complete a validation of the transactions to ensure they meet the definition of electronic benefit theft which includes card skimming, card cloning, and other similar fraudulent methods.

Designated staff will utilize the transaction history in Arizona's Data Warehouse and vendor tools to verify that the disputed EBT transactions exist and the reported stolen benefit amounts are correct. The state will take actions to validate the reported electronic benefit theft up to the point that it can be determined with reasonable certainty that the activity meets the definition of valid electronic benefit theft. The state's validation process will be based on the totality of the case circumstances and will include, but is not limited to the completion of the following activities:

- The state will determine if known and reported fraudulent activity has been identified at the retail establishment and whether this activity is known to the state's OIG.
- The state will take into consideration news media reports of identified skimming activities.
- The state will determine if the disputed transaction was made out of state on the same day/time as an in-state transaction.
- The state will determine whether the disputed transaction took place outside of the household's normal purchase area.
- The state will review transaction history to determine if the disputed transaction amount was unusual from the household's normal purchase patterns.
- The state will review EBT transaction screens to determine whether the disputed transaction was for the full remainder of the client's available balance.
- The state will determine if there are other cases with similar transactions on the same terminal/location out of state.
- The state will cross reference a list of known suspicious transactions and/or locations.
- The state will determine if the transaction is similar (location and timeframe) to other known fraudulent activity.
- The state will utilize household attestation in addition to discovered information.

Validation – Denial of Claims

The state will deny requests when they meet the following reasons:

- Not Timely - outside reimbursement timeframe - October 1, 2022 through September 30, 2024
- Not Timely - Not turned in within 90 calendar days from the date the state implements this plan for retroactive claims and 45 calendar days from date of the theft for non-retroactive claims
- Signature missing or not provided
- Household has already made 2 requests that were approved in the current Federal Fiscal Year

- Not submitted by a household member or authorized representative
- Not a qualifying SNAP benefit requesting to be replaced
- Missing information to complete processing
- Transaction(s) being disputed not found
- Transaction(s) could not be validated as electronic benefit theft
- Missing date/location and or amount of disputed transaction(s)

The state will create a notice to be mailed to the household when a report of stolen electronic benefits request is either approved or denied.

When approved, the household will be notified of the amount of the approved replacement. The amount of replaced benefits indicated on the approval letter may be less than the amount requested by the household for reasons such as the maximum replacement allowed.

When denied, the household will be notified of the reason for the denial action. State contact information will be provided for the household to forward any questions or concerns.

Fair Hearings

The approval/denial notice will include information informing the household of their right to file a fair hearing and information on free legal service organizations. Households that file an appeal for an action/inaction related to stolen electronic benefits, are not eligible to have their benefits replaced, pending the hearing.

Record Keeping

Documentation of all activities pertaining to the determination of the report of stolen electronic benefits will be added to the state eligibility system. The report form and any supporting documentation provided by the household will be stored in the household's electronic case file. Decision notices and SNAP payment amounts will be stored in the state's eligibility system. Any replacements for the purposes of this process will be identifiable separately from regular SNAP issuances.

Benefit issuance coding will identify these replacements as specific to stolen electronic benefits. The system coding will allow for the state to isolate the number of households issued replacement benefits and the amount of replacement benefits for this process (separate from NA Replacement Benefits due to Disaster or Misfortune). The state will utilize the number of issuances with the specific coding identifying them as stolen electronic benefits in order to ensure households are not issued more than 2 replacements in any given FFY.

Benefit Distribution

Approved replacement benefits will be issued following existing replacement procedures using the stolen electronic benefits issuance code. Once authorized in the eligibility system, the benefits will be posted to the household's EBT account by 5:00 AM the following morning.

When the household has indicated they have not received a replacement EBT card since the date(s) of the electronic benefit theft, the agency will deactivate the current EBT card as stolen and replaced via US mail following the normal replacement procedures. In an effort to ensure the replacement EBT card is received by the household within the process timeliness standards, the state will complete this activity upon receipt of the request for replacement of stolen benefits. Any EBT card replacement charges for this process will be waived.

As part of the approval process, the state will review the number of SNAP issuances in the state's eligibility system with the stolen electronic benefits issuance code to ensure households are not issued more than 2 replacements in any given FFY.

Data on Benefit Theft

State:	
Report Start Date	
Report End Date	

Federal Replacement of Stolen SNAP Benefits due to Card Skimming, Card Cloning, and other Fraudulent Methods - Data Reporting		
Complete all shaded fields		
	Figure	Comments*
1		
Total number of stolen benefits claims		
2		
Total number of approved** stolen benefits claims		
3		
Total number of denied stolen benefits claims		
Invalid claims		
Claims from households that met two-replacement limit		
Untimely submitted claims		
4		
Total number of households that submitted stolen benefits claims		
Households that submitted approved claims		
Households that submitted denied claims		
5		
Total number of fraudulent transactions		
Fraudulent transactions from approved claims		
Fraudulent transactions from denied claims		
6		
Total value of stolen benefits		
7		
Total value of replaced benefits		

*Use the comments field for any clarifications or context that are needed for any data points.

***Approved,** meaning valid claims that meet the requirements set by the Omnibus and are/were replaced with Federal funds.

The state will use the provided FNS template for data reporting. The State confirms it will use the reporting frequency outlined in the guidance document.

Current Benefit Theft Prevention

Arizona was referenced in a joint memo from FNS and ACF on October 31, 2022 for the state's efforts on EBT card safety and fraud prevention measures that include the following:

1. Real-Time Fraud Alerts to the state on suspicious activities
2. Household education on benefit theft
 - Brochures
 - Social media
 - Electronic Communication marketing

- The state encourages households to be vigilant with their accounts and check their balance often
 - Change PIN monthly
 - Be cautious around point of sale devices
3. Card security features (controlled by the households):
- Freeze/lock cards
 - Allows households to temporarily lock all card activity. Requires households to unlock cards before making a purchase. Freezing a card until the household is ready to use their benefits can prevent unauthorized benefit use.
 - Disallow out of state purchases
 - Disallow online purchases
 - Card Verification Value (CAV) - thwarts various phishing and texting scams
 - Reset PIN - Can be accomplished using Interactive Voice Response (IVR) or Online/Mobile Application
 - Check transactions made via Online/Mobile Application

Planned Benefit Theft Prevention

The state plans to examine the following long-term measures depending on cost to the program, retailers and households:

- Upgrading card capabilities
 - Chip technology - avoid swiping card
 - Tap to pay - avoid contact with point of sale device
- Mobile payment technology - this would be a better long-term solution for security, integrity and sustainability of EBT for all stakeholders and includes:
 - Tap to pay
 - Over the air security updates
 - Major technological support from industry
 - Better online and in-person security
 - Card number protected
 - Allows current cards to be phased out
- Payment alerts direct to households - the state supports this strategy as a quicker mitigation to disrupt theft.
 - Currently being piloted with FIS in Washington D.C.

Implementation Timeline

<u>Milestones</u>	<u>Business DAYS</u>	<u>Planned Start Dates</u>	<u>Notes</u>
Draft Plan	20	02/17/2023	Work on Draft Plan, Outline process/Intake/Verification/Notification/Issuance Benefits/Appeals
Submit Skimming Plan - Deadline to FNS 02/27/2023	1	02/27/2023	IN WIMS by this date
Approval FNS State Plan	0	03/15/2023	Can't Implement until approved
Create Notices - Approval/Denial, Retroactive Notification	10	03/13/2023	
Create InTake Process	15	03/16/2023	
Create Verification Process	15	03/16/2023	
Confirm Notification process and Team	5	03/17/2023	
Confirm Issuance Process and Team that does that	10	03/29/2023	
Confirm Appeal Process	5	03/22/2023	
Write up Policy and Procedures	20	03/16/2023	
Programming Digital Library and Workflow	45	03/16/2023	
Programming Eligibility System, Tracking mechanisms	20	03/17/2023	
Report Development Business OPS with support from FAA Systems	20	05/09/2023	
Identifying Team Standard Work - Intake/Validation/Notifications/Payments	10	03/13/2023	
Retroactive notification process	10	06/09/2023	
Train Staff on their duties	10	06/09/2023	
Start Accepting/Processing Reports - Local Office/Phone/Mail/Fax	<90	06/19/2023	

Messaging

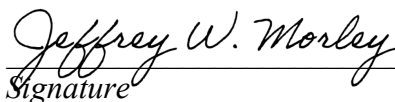
All eligibility staff will be trained to navigate client contacts regarding information on replacement of electronic benefit theft and assistance with the completion of the request.

The state will communicate the availability of stolen benefit replacement due to card skimming, card cloning, and other similar fraudulent methods via various communication channels such as social media (Facebook and Twitter), the state website, and state IVR system.

The state will also collaborate with local outreach organizations, the state's SNAP Assistor network, and community partners such as the Arizona Hunger Advisory Council and Arizona Food Bank Network to market the availability of this replacement process. Our state Office of Community Engagement will add the availability to request the replacement of stolen electronic benefits to their existing SNAP presentations to be utilized during local community events and farmer's markets.

The state will ensure accessibility to persons with disabilities, the elderly, and other vulnerable populations by utilizing the accessibility features available on the state website. Collaboration with the entities above who have direct communication with Arizona's vulnerable populations will assist in expanding the reach of this messaging.

Signature and Title of Requesting SNAP State Agency Official:


Signature

DBME Assistant Director

Title

Date of Request: May 15, 2023