

1. Arizona Site Visit Summary Report

I. Background

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

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

WIC Program Organization

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

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

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

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

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

Management Information System

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

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

Management Evaluations

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

Quality Assurance

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

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

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

II. WIC Program Operations and Processes

A. Certification

Screening and Certification

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

Verification of Adjunctive Eligibility

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

Documentation of Identity, Residence and Income

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

Dual Participation

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

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

Automatic Termination and Conversion

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

Separation of Duties

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

Special Formula

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

Reliance on Outside Providers for Blood Work and Measurements

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

WIC Quiz

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

Receipt Requirement

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

B. Food Instrument Issuance and Management

Check Printing

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

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

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

On-Demand Checks

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

Dual Signatures

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

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

Voiding of Checks

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

No-Replacement Policy

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

WIC Staff as Alternate Representatives or Proxies

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

C. Management Evaluations

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

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

D. Special situations

Indian Tribal Organizations

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

III. Summary of Site Visit Results

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

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

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

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

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

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

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