

## **7. Texas Site Visit Summary Report**

### **I. Background**

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

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

#### ***WIC Program Organization***

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

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

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

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

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

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

### ***Local Program Administration***

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

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

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

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

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

### ***USDA Regional Fraud Initiatives***

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

### ***Management Information System***

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

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

### ***Public Health Programs***

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

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

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

### ***Program Characteristics***

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

## **II. WIC Program Operations and Processes**

### **A. Certification**

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

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

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

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

### ***Proof of Identity Requirements***

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

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

### ***Physical Presence Requirement***

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

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

### ***Residence Documentation***

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

### ***Income Screening***

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

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

### ***Adjunctive Eligibility***

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

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

### ***Challenges of Income Determination***

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

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

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

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

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

### ***Use of Specialized Income Screening Clerk***

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

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

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

### ***Rights and Responsibilities Acknowledgment***

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

### ***Dual Documentation of Certification with Paper Records and MIS***

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

### ***Measurements and Blood Tests***

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

### ***Daily Dual Participation Check***

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

### ***Fraud Unit Researches Dual Participation***

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

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

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

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

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

## **B. Food Instrument Issuance and Management**

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

### ***Print-on-Demand Capability***

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



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

### ***Security Limits on Voucher Printing***

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

### ***Voucher Serial Number Controls***

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

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

### ***Identification for Voucher Issuance***

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

### ***Voucher Issuance Documentation***

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

### ***Formula Exchange Vouchers***

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

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

## **C. Transaction and Redemption of Vouchers**

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

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

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

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

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

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

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

#### ***Investigation of Vendor Fraud Allegations***

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

### **D. Participant Fraud Investigations and Sanctions**

#### ***Investigation of Tips from Hotline***

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

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

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

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

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

### ***Process for Collecting Overpayments***

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

### ***Participant Sanctions***

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

## **E. Local Agency Oversight**

### ***Local Agency Contracting***

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

### ***Training to Promote Program Integrity***

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

### ***Management Evaluations***

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

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

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

### ***Employee Fraud Prevention***

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

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

### **III. Summary of Site Visit Results**

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

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

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

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

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

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

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