

State Plan for The Replacement of Stolen EBT Benefits, 2023

State: Tennessee

Region: SERO

Primary Citations: Consolidated Appropriations Act, 2023

Submission of Claims – Procedure

As authorized by the Consolidated Appropriations Act of 2023 (the Omnibus), the Tennessee Department of Human Services (TDHS) will accept claims for replacement SNAP and D-SNAP benefits stolen from households between October 1, 2022, and September 30, 2024. The claim review period is estimated to open no later than September 30, 2023 and will close on October 30, 2024 (30 days after the end of the eligibility period).

The following types of fraud are eligible for replacement:

- Card skimming (when devices illegally installed on ATMs or point-of-sale [POS] terminals capture card data or record households' PINs)
- Card cloning (when data captured by skimming are used to create fake EBT cards and then steal from households' accounts)
- Other similar fraudulent methods (including but not limited to scamming through fraudulent phone calls or text messages that mimic official TDHS messaging and phishing)

TDHS will accept and process households' claims primarily within the OneDHS customer portal and by telephone, as follows:

1. During the review period, customers may complete a replacement claim form via the online portal.

The replacement claim form will collect information about the alleged fraud, including (*denotes required fields):

- a. Last four digits of the EBT card number*
- b. Name of household individual filing claim*
- c. Date of birth of household individual filing claim*
- d. Date benefits were discovered missing*
- e. Household's last authorized purchase (including date, time, amount, retailer, retailer address)
- f. Specific purchases/amounts disputed (including date, time, amount, retailer, retailer address)
- g. Did the household have the card in their possession during the time the fraudulent transaction(s) took place?
- h. Has the card information been shared with others outside the household? (If yes, form logic will display a text box that asks the claimant to share whom)

- i. Have you traveled outside the state within the last 30 days? (If yes, form logic will display a text box that asks the claimant to share where)
- j. How many replacement claims have you filed during the last 12 months?
- k. Do you use a website or app on your smartphone or computer to check your benefit balance?
- l. Did you receive a phone call asking you for your EBT card number or PIN?
- m. Did you receive a text message asking for your EBT card number or PIN?
- n. Did you receive an email asking for your EBT card number or PIN?
- o. Any additional information the household wishes to provide about the replacement claim
- p. Customer's attestation that all reported claim information is true and correct*

To certify customer's attestations of benefit theft, TDHS will capture customer signatures within the online replacement claim form. Prior to submitting an online replacement claim form, the claimant will type their name in a required text field to sign the attestation that 1) the claim is being filed within 30 calendar days of the date that the household became aware of the fraud, and 2) all information reported in the claim is true and correct.

Following submission of the online replacement claim form, customers will receive instructions about how to opt-in to text message updates related to their claim.

Individuals who need assistance with the online replacement claim form (such as elderly and disabled households, households without computer/internet access, and/or households with limited technological proficiency) may contact TDHS directly for assistance by telephone Monday through Friday, 8:00 am to 4:30 pm CT (excluding holidays). TDHS staff will complete the online replacement claim form on the customer's behalf during the call. A language line will also be available for households who need translation services. TDHS will collect verbal attestations with telephonic signatures from customers who submit a replacement claim by telephone with assistance from staff. TDHS staff will document these attestations in the replacement claim notes.

- 2. During replacement claim review, staff will screen the reporting household against TN's existing database of active households to prevent duplicate claims and ensure the household has not exceeded the replacement limit of 2 issuances within the Federal fiscal year (FFY). Staff will also cancel the household's existing EBT card and request issuance of a new card if this step has not already been completed. (Customers who previously reported fraud and/or customers who call the EBT Customer Service Center before contacting TDHS may have already been assisted in this manner.)
- 3. TDHS State Office staff will validate each claim within 15 business days of the submission to ensure that the claim is supported by transaction data. (See "Validation – Criteria" below.)

4. Customers will be able to check the status of a claim (“Pending” [replacement claim form submitted], “Under Review” [validation in process], “Approved,” or “Denied”) at any time by visiting the online portal. TDHS will notify households of each claim outcome and the replacement benefit issuance amount, if approved. Approval/denial notifications will be sent via mail, email (if available), and text message (if the customer opts-in to text messaging).

A paper version of the replacement claim form will also be available for customers who visit a TDHS County Office for in-person assistance. Paper replacement claim forms will be indexed, converted to the electronic format, and processed as outlined above.

If a claim is validated, replacement benefits will be issued to the customer’s new card within 3 business days.

Following approval of the state plan for replacement benefits, TDHS will begin development of the SNAP replacement claims module within the OneDHS customer portal. TDHS estimates that the replacement claims module will be implemented no later than September 30, 2023.

Submission of Claims – Timeliness

Household claims of stolen benefits due to skimming/cloning/similar fraud must be submitted timely. A timely report consists of submission of a replacement claim form within the OneDHS online portal, by telephone with the assistance of a TDHS staff member, or in-person at a TDHS County Office within 30 calendar days of the date that the household discovered their benefits were stolen. Customers will attest in the replacement claim form that the claim is being filed within 30 calendar days of the date that the household became aware of the fraud.

Retroactive Claims

TDHS will accept retroactive claims (i.e., requests for fraud occurring between 10/1/2022 and the date the claim review period opens) for 90 calendar days following implementation of the replacement benefit claims module within the online portal. Retroactive claim submission will follow the same procedure outlined above for regular claims (i.e., non-retroactive claims). (Note: retroactive claims will be accepted beyond the established 90-day window if a customer can demonstrate good cause for not reporting, such as hospitalization, incarceration, etc.)

TDHS has been documenting reports of alleged skimming/cloning/similar fraud since 7/1/2022. (This process was developed by TDHS OIG as part of an ongoing multistate investigation into skimming fraud.) Following approval of the state plan for replacement benefits and implementation of the claim’s module within the online portal, TDHS will notify households who previously reported SNAP skimming/cloning/similar fraud which

occurred within the replacement benefit eligibility window that a claims process and possible restitution are now available. This notification will include information about how to file a claim.

TDHS will also notify households that file(d) appeals alleging skimming/cloning/similar fraud occurring within the replacement benefit eligibility window that a claims process and possible restitution are now available. This notification will include information about how to file a claim.

Validation – Criteria

TDHS will review each claim and provide an outcome of “Approved” or “Denied.” TDHS will validate submitted claims of benefit theft using available forms of verification data, including:

- Evidence that transaction(s) occurred at a known “hot spot”
- Evidence that transaction(s) occurred at a retailer with other claims reported during the same time frame
- Evidence that the purchase(s) were impossible, such as purchase(s) occurring in a relatively short time frame (e.g., the same morning) in two or more significantly disparate locations (e.g., Nashville, TN and Brooklyn, NY)
- Evidence that the transaction(s) occurred outside customer’s/household’s normal shopping area
- Appearance of the claim on a known list of impacted cases
- Customer/household attestation

All reports of skimming/cloning/similar fraud will require a signed statement from the customer attesting that all information reported in the claim is true and correct.

TDHS staff will investigate all reports of skimming/cloning/similar fraud by reviewing SNAP Administrative Terminal records to validate information reported by the household. The State will evaluate the totality of circumstances when validating claims of skimming, cloning, and similar fraud.

TDHS OIG will provide a daily list of identified hotspots and other relevant information useful for validating claims of skimming/cloning/similar fraud.

Validation – Timeliness

Household claims of stolen benefits due to skimming/cloning/similar fraud will be processed timely. TDHS considers processing/validation to be timely if completed within 15 business days of the date that the replacement claim form was submitted. This timeliness standard applies to both retroactive and regular (i.e., non-retroactive claims).

Validation – Denial of Claims

Claims may be denied in cases in which there is insufficient evidence to support the claim or the household's request for replacement is outside the allowed scope of replacement, including:

- No transaction(s) exist
- Transaction(s) occur prior to 10/1/2022 or after 9/30/2024
- Transactions did not involve SNAP or D-SNAP benefits (P-EBT transactions are not eligible for replacement)
- Household already received 2 replacement issuances for stolen benefits within the FFY
- Claim not submitted timely

Denial notices will include the following reason(s), as appropriate:

- There was insufficient evidence to support the claim.
- The transaction(s) occurred prior to 10/1/2022 or after 9/30/2024.
- The transaction(s) did not involve SNAP or D-SNAP benefits (P-EBT benefits are not eligible for replacement).
- Your household already received 2 replacement issuances for stolen benefits within the Federal fiscal year (10/1 – 9/30).
- Your claim was not submitted timely.

Fair Hearings

Replacement benefits will not be issued if a fair hearings appeal is pending for the replacement of stolen benefits.

Households who are denied all or a portion of a timely submitted claim for replacement of benefits allegedly stolen between 10/1/2022 and 9/30/2024 through skimming/cloning/similar fraud will receive direct notice via mail, email (if available), and text message (if the customer opts into text messaging) of their right to request a fair hearing and the methods of doing so with the denial notice. Fair hearing rights are available to all household, including those with approved claims. Please see the attached "Stolen SNAP Benefit Claim Denial Notice."

Further, households who previously filed an appeal alleging benefits stolen after 10/1/2022 through skimming/cloning/similar fraud will be informed by mail, email (if available), and text message (if the customer opts into text messaging) that they may submit a signed statement attesting to the loss for review. If all or a portion of the request is denied, they will receive direct notice of their right to request a fair hearing and the methods of doing with the denial notice. Please see the attached "Stolen SNAP Benefit Claim Denial Notice."

Appeals will be filed and processed via established TDHS Appeals & Hearings methods and systems. TDHS Appeals & Hearings staff will be able to view claim records within the online portal and export records to present as evidence at hearings.

Record Keeping

Information about replacement benefits issued will be recorded in EPPIC (issuance code unique to SNAP fraud replacement issuances and amount issued) and the claim record within the online portal (EPPIC benefit authorization number). Each claim record in the online portal will also include information about the total number of SNAP fraud replacements issued to the household.

Benefit Distribution

If a claim is approved, replacement benefits will be issued via the state's EBT processor within 3 business days of the decision date. The household's approved issuance amount will be provided with notification of the claim outcome.

Replacement of stolen benefits for a household will not exceed the lesser of the amount of benefits stolen from the household or the amount equal to two months of the monthly allotment (which may include D-SNAP, depending on the month in question) of the household immediately prior to the date when the benefits were stolen. If a theft occurs over the course of several transactions and several days, calculations for the amount of replacement benefits will be determined based on the date of the first occurrence of theft.

TDHS staff will verify that the household is currently approved to receive SNAP or D-SNAP benefits before processing a replacement benefit in EPPIC. (Current certification of SNAP eligibility is required for both regular and retroactive SNAP benefit claims.) Following replacement issuance, staff will update the claim record in the online portal with the EPPIC benefit authorization number. TDHS will use its standard benefit distribution procedures when issuing replacement benefits.

A household may only receive two issuances of replacement benefits in each FFY, even if an occurrence of theft crosses two FFYs. TDHS will ensure that households do not receive more than two replacement benefit issuances within a FFY by referencing the number of previous replacement benefits issuances in EPPIC prior to approving each claim.

All households that report skimming/cloning/similar fraud activity will receive a new EBT card with instructions for setting a new PIN upon activation.

Data on Benefit Theft

TDHS will use the Federal Replacement of Stolen Benefits Data Report template provided by FNS and adhere to the reporting frequency outlined by FNS (data regarding replacement benefits issued within a given quarter will be reported to FNS within 45 days of the end of each quarter).

Current Benefit Theft Prevention

TDHS has (via the [TDHS website](#), press releases, and communication with advocacy and other

community agencies) provided information about card skimming/phishing and shared best practices to prevent benefit theft, including: changing one's EBT card personal identification number (PIN) regularly; checking one's balance regularly; never sharing one's account information; and exercising caution in response to unplanned calls, emails, texts, or other suspicious communications asking for personal information.

Planned Benefit Theft Prevention

On 2/13/2023, TDHS opened an Invitation to Bid (ITB) process related to procurement of an EBT vendor. As a result, TN has not yet committed to investments in enhanced fraud mitigation technology. TN anticipates pursuing enhanced fraud mitigation technology, such as the ability to freeze/lock cards from a customers' mobile app or web browser, chip and/or "tap" technology, and CVV validation (among other measures) after the procurement and implementation processes are complete.

Implementation Timeline

Upon approval of the state plan for replacement benefits, TDHS will begin development of the SNAP replacement claims module within the OneDHS customer portal. TDHS estimates that the replacement claims module will be implemented no later than September 30, 2023. The claim review period will open immediately upon implementation and will close on October 30, 2024 (30 days after the end of the eligibility period).

Messaging

TDHS' Public Information and Legislative Office will operate a public awareness campaign that leverages traditional media (via press releases to print/TV/radio outlets), the TDHS website, social media, and relationships with community partners/advocacy groups. The public awareness campaign will include information about qualifying fraud (timeframe and types); information about the opportunity for retroactive claim submission; instructions on how to file a claim; and steps households can take to protect their benefits. TDHS will create informational flyers about replacement benefits for printing and distribution in TDHS County Offices and by partner agencies. All replacement benefit information will be shared directly with community partners and advocacy groups to broaden the campaign's reach (particularly within marginalized communities such as elderly and/or disabled households and households with limited access to or proficiency with technology), as TDHS' community partners and Tennessee's advocacy groups have a wider on-ground presence and work directly within communities across the state. TDHS will also provide direct notification to households that reported fraud occurring on or after 10/1/2022 that a claims process and possible restitution are now available.


TN's replacement benefit messaging will include language indicating that misrepresentation of theft constituted an intentional program violation (IPV), as described in 7 CFR 273.16(c), which may subject a household to disqualification from the SNAP

program.

Materials will be made available in multiple languages in accordance with regulations at 7 CFR 272.4(b)(1).

Signature and Title of Requesting SNAP State Agency Official:

Michelle
Joyner



Digitally signed by
Michelle Joyner
Date: 2023.07.14
13:49:36 -05'00'

Michelle Joyner
State Director SNAP/EBT
Date of Request: July 14, 2023 (Resubmission)



Tennessee Department of Human Services

Stolen SNAP Benefit Claim Denial Notice

Your household submitted a signed statement requesting replacement of \$_____ in SNAP benefits lost through card skimming, card cloning, or other similar fraudulent methods.

This letter is to inform you that your request for \$_____ in replacement SNAP benefits has been denied.

Reason(s) for Denial: _____

If you do not agree with the decision that has been made with your case, you can ask for a Fair Hearing by filing online at <https://onedhs.tn.gov/csp>, calling 1-833-772-TDHS (8347), by email at AppealsClerksOffice.DHS@tn.gov, or by mail to the address below.

James K. Polk Building
505 Deaderick Street, 1st Floor
ATTN: Clerk's Office
Nashville, TN 37243-1402

A hearing will allow you to talk to a hearing officer who will listen to both sides and make a decision about your request. You have 90 days to ask for an appeal. It may take up to three months to get a decision from the Fair Hearing. You may be able to get free legal help from your local Legal Aid office.