

**Crossroads Design, Development and Implementation WIC System
Status Report
Item 289 D of Chapter 2 of the 2014 Virginia Acts of Assembly**

Item 289 D of the 2014 Appropriations Act (see appendix) requires the Commissioner of the Department of Health to provide a written report by December 15 to the Chairpersons of the House Appropriations and Senate Finance Committees on the progress of the multi-state procurement of the Crossroads Design, Development and Implementation WIC System. In accordance with this requirement, this report describes the Virginia Department of Health's (VDH) efforts to ensure that through system design and procurement, adequate participant access can be achieved without the use of slotting or other similar vendor limiting criteria and that the new system allows peer groups to be changed to reflect marketplace dynamics and ensure a more equitable vendor comparison. It also describes the VDH Division of Community Nutrition's efforts to coordinate and collaborate with stakeholders.

The Virginia Department of Health partners with Alabama, North Carolina, and West Virginia in the Crossroads Consortium. The Consortium is one of three in the country working with the United States Department of Agriculture (USDA) to design, develop, and implement WIC state agency model management information systems. The Crossroads system was developed to issue food benefits via electronic benefits transfer (eWIC) similar to the system now being utilized for the Supplemental Nutrition Assistance Program (SNAP). eWIC allows participants to access food benefits with electronic benefit cards rather than paper vouchers (food instruments). The cards contain the specific food package designed for the client as well as other information regarding their benefits, such as food items remaining and last date to spend. There is also an advantage to vendors as they are reimbursed the next business day rather than having to wait for food instruments to clear the banking system.

In June 2011, VDH contracted with Affiliated Computer Services (ACS), a Xerox company, to design, develop, and support ongoing operations of the Virginia eWIC system. (ACS currently supports the Virginia SNAP.) ACS completed the functional design and worked with individual retailers (over 840) to determine the steps required to enable each vendor to be capable of accepting eWIC transactions. Statewide implementation of the Crossroads system began on March 3, 2014 and was completed on May 5, 2014. The legacy system, WIC-NET, is no longer in use. Minor change requests and repairs continue. ACS also continues to support vendors and VDH eWIC Help Desk activities.

The VDH Division of Community Nutrition continues to hold quarterly Retailer Advisory Committee meetings. Every meeting includes a brief e-WIC update and opportunity for retailers to ask questions related to Crossroads and eWIC. In addition, the eWIC Retailer Workgroup represents the Virginia WIC retailer community as an advocacy group to identify questions, concerns, and issues impacting retailers resulting from implementation of eWIC.

On June 30, 2004, Congress passed Public Law 108-265 that mandated states to set up WIC vendor peer groups systems to establish competitive price criteria and allowable reimbursements levels for each peer group. WIC vendors would not be allowed to charge more than a "reasonable amount" for WIC foods within their peer group. In 2005, Virginia developed a peer

group structure to bring the Commonwealth into compliance with PL 108-265. Virginia decided to utilize trade areas set up by the United States Department of Commerce. These trade areas were named Business Economic Areas (BEA). This structure led to 18 peer groups in which a vendor could have been placed. In 2011, the Virginia WIC Program commissioned an outside consultant, Mikelson and Associates, to complete an independent analysis of the BEA peer group structure and make recommendations regarding the use of other standards for this business requirement. This analysis included conducting structured interviews with a cross-section of retailers. A major concern was that the BEA system compared stores of unequal size, which was viewed as unfair because larger stores have lower costs and prices than smaller ones. The executive summary of the final report was shared with retailers in June 2011. Following an analysis of the results, the Virginia WIC Program announced at the Retailer Advisory Committee meeting in September 2011 that the peer group structure would be revised to reduce the number of peer groups from 18 to 8. Peer groups are now determined by three factors: the number of cash registers (1-4, 5-9, ≤ 10), location of store (urban vs. rural), and annual WIC sales (under/over \$100,000.) Virginia State regulation 12VAC5-195-360 authorizes the Virginia Department of Health to determine the number of authorized WIC vendors (slots) within a BEA. The Joint Commission on Administrative Rules asked VDH to review this process and to seek alternative approaches. With the elimination of BEAs for peer grouping, VDH sought and received permission to no longer employ slots as a vendor limiting criteria.

In summary, the Virginia WIC Program has completed the Crossroads project with statewide implementation of eWIC and has eliminated the slot process for authorized vendors.