

Amendment 2 to RFP # 952, “EBT Services”

The Department of Social Services hereby amends RFP #952 to modify section 3.6.40, Online SNAP Purchasing, by removing the originally posted pages 60 and 61 and replacing them with the revised pages 60 and 61 as written below.

All other sections and provisions of the RFP remain intact as posted.

Any and all questions should be posed to the Point of Contact, Mark Close at mark.close@state.sd.us

Dated: January 29, 2018

- Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all benefit programs;
- Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all state and federal government funding agencies;
- The net settlement value of all transactions to the sum of the net settlement values for all benefit programs;
- The net settlement value of cardholder account adjustments to the sum of the net settlement value of adjustments settled to retailer and ATM acquirers;
- The net settlement value of all transactions to the sum of the net settlement values for all county offices; and
- Net redemptions of each program versus the daily suspense transactions that overlap daily ACH cut-off times plus the current daily activity.

As part of system balancing and reconciliation, the Contractor shall determine the total amount of federal funds by program and the total amount of state funds by program necessary to reimburse its accounts for the total credits due to EBT acquirers. The information generated during system cutoff and balance processing shall be used by the Contractor to prepare the daily settlement files. The Contractor shall specify procedures for maintaining audit trails throughout the reconciliation and settlement processes.

Prior to making any change in reconciliation reports, processes, or data displays, the Contractor shall provide 90 calendar day advance notice to the States.

The Contractor shall provide initial reconciliation training onsite to designated state staff during contract implementation. Initial training shall be provided during UAT with test data. This training should include every type of transaction that can occur in production. Thereafter, the Contractor shall provide refresher training as requested by the States. The training shall be updated as needed during the course of the contract to reflect changes to the reconciliation reports, processes, or data displays.

3.6.40 Online SNAP Purchasing

FNS is currently conducting a pilot to test and evaluate the acceptance of SNAP benefits to pay for online food purchases. Federal SNAP legislation requires that FNS use the pilot results to determine whether to require all states to allow online purchasing with SNAP benefits. North Dakota and South Dakota have decided to wait until FNS makes that determination and issues final guidance on requirements. The Contractor shall implement these requirements, as part of its core SNAP CPCM pricing, within the mandated timeframe. At a minimum, FNS expects to require the Contractor to:

- Program the EBT system to recognize, accept and permanently store codes and data elements related to online transactions (as specified in X9.58-2013) including delivery street address and ZIP code.
- Accept online SNAP transactions only through FNS-approved secure online PIN-entry service providers; reject all online transaction requests coming from any other TPPs.
- Identify online transactions using a new card entry method code (I or Internet) on all screens, reports, and files that normally indicate the transaction was swiped or keyed.
- Enable a process that allows online retailers, and only online retailers, to submit SNAP [and cash EBT] refunds that do not contain a PIN value.
- Examine each incoming transaction to determine if it is coded as an online transaction and take appropriate actions as follows:

- Compare all SNAP online transactions to the REDE file to validate that the retailer's FNS number is classified as an Internet Retailer (IR) store type; if not then deny the transaction;
- For all online purchases and balance inquiries, validate that the IR retailer is currently active in REDE.
- For all online refunds, validate that the IR retailer is currently active or was previously active at the time of the original purchase.
- Validate that retailers classified as IR only perform authorized online transactions (no voucher, store and forward or in-store/wireless POS transactions); and
- Deny refund transactions without a PIN from retailers not classified as IR.
- For online refund transactions from retailers classified as IR¹:
 - Validate card numbers against the original purchase transaction (or the case's card history)
 - Ignore State-designated refund amount limits
 - Establish a maximum time limit of 90 days for online refunds; deny refunds that exceed that time limit.
- Include all required data elements for online SNAP transactions in the ALERT file transmitted to FNS, utilizing version 2.00 of the ALERT specification.
- Provide the standard online transaction summary totals report that was required to be developed for the pilot.
- Provide the standard online transaction detail file that was required to be developed for the pilot.
- Make these standard reports and files available to FNS upon request.
- Display delivery street address and ZIP code on transaction detail screens
- Comply with any additional FNS requirements resulting from the pilot and/or decision to implement online purchasing nationwide.

¹ For these retailers, the cardholder is not usually present (online) to enter a PIN or current card number at the time of a refund transaction. Instead, the online retailer identifies the specific purchase transaction that will receive a full or partial refund. The FNS-approved secure PIN-entry service provider matches the refund request back to the purchase transaction and ensures that the refunded value does not exceed the original amount. If there are multiple refunds for the same purchase, the service provider ensures that the total value of all refunds does not exceed the original purchase amount. They deny any excessive refunds. The service provider submits the card number and FNS number from the original purchase transaction in the authorization request to the EBT processor. There may be instances where one or both of these values are no longer valid.