

NC DEPARTMENT OF
HEALTH AND HUMAN SERVICES

Food and Nutrition Services

**Card Skimming and the Federal Fiscal
Responsibility Act**

Division of Child and Family Well-Being

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AGENDA

Today, we will cover replacing FNS benefits due to card skimming as well as the Federal Fiscal Responsibility Act and its impact on ABAWD eligibility



Card Skimming

- Electronic Benefit Transfer (EBT) Card Skimming/Cloning
- Affidavit for Stolen Benefits, DSS-8644/Claims
- Various Types of Claims
- Calculating Benefit Replacement
- Validation of Submitted Claims
- Fair Hearings
- Benefit Distribution
- Guidance on Fraud Prevention
- Training and Resources



A comprehensive overview of EBT Card Skimming and the process of receiving replacement benefits.



Fiscal Responsibility Act

- Fiscal Responsibility Act of 2023 (FRA)
- Exceptions for Certain FNS Recipients from Able-Bodied Adults without Dependents (ABAWD) Time Limit
- Verification for ABAWD Time Limit Exceptions
- ABAWD Work Requirements Reminders
- Training and Resources



A description of FRA and how this act affects ABAWDs and exempt individuals.

ELECTRONIC BENEFITS TRANSFER (EBT) CARD SKIMMING/CLONING

The United States Department of Agriculture (USDA) approved North Carolina to replace electronic benefits stolen October 1, 2022, through September 30, 2024. Per the 2023 Omnibus Bill, benefit theft that qualifies for replacement (new fraud loss) includes card skimming, card cloning, and other similar fraudulent methods. Food and Nutrition Services (FNS) benefits that may be replaced include **regular FNS, Simplified Nutritional Assistance Program (SNAP), Disaster Supplemental Nutrition Assistance Program (D-SNAP) and Emergency Allotments (EA)**. Pandemic-Electronic Benefits Transfer (P-EBT) benefits are **not** FNS benefits and therefore cannot be replaced.

Electronic Benefits Transfer (EBT) Card Replacement

NCDHHS has also become aware of an evolving situation of at least 650 Electronic Benefit Transfer (EBT) cards that have been compromised statewide, and at least 9,000 cards that have been potentially compromised. Out of an abundance of caution, the potentially compromised cards have been canceled and reissued by NCDHHS.

NCDHHS will continue to cancel and reissue cards as they receive reports about potentially compromised cards. These compromised cards are an example of electronic benefit theft and may be eligible for replacement benefits using the protocols outlined in this slideshow.

AFFIDAVIT FOR STOLEN BENEFITS, DSS-8644/CLAIMS

A new affidavit form has been created ([Affidavit For Stolen Benefits DSS-8644](#)), which includes attestation, date(s) electronic benefits were stolen, the amount stolen, and questions about where the FNS unit was and how FNS electronic benefits were stolen.

Affidavit DSS-8644/Claims

The affidavit is currently available on the [NCDHHS webpage](#), is available on ePASS, and in-person at county Department of Social Services (DSS) agencies. FNS units who have discovered stolen benefits will be able to submit a signed affidavit by mail, fax, in-person, or over the phone with a telephonic signature to their county DSS agency. If a county DSS agency has the functionality, affidavits may also be accepted via email or a portal for uploading documents.

FNS units will be required to submit a signed affidavit attesting to the electronic benefit theft to the county DSS agency. Case numbers are optional.

VARIOUS TYPES OF CLAIMS

Retroactive

- FNS units that discovered their electronic benefits were stolen between October 1, 2022 and August 25, 2023, **and reported the theft to the NC EBT Call Center (1-866-719-0141).**
- FNS units who reported theft to the NC EBT Call Center and for whom NCDHHS has contact information will receive a written notice. The notice will be mailed to the FNS unit by the Division of Child and Family Well-Being.
- FNS units are required to complete, sign, and submit the Affidavit for Stolen Benefits, DSS-8644, to the county DSS agency by September 27, 2023.

Non-Retroactive

- FNS units that reported stolen benefits to county DSS agencies (**not the NC EBT Call Center**) from October 1, 2022, through August 25, 2023, **or discovers stolen benefits through September 30, 2024.**
- FNS units are required to complete, sign, and submit the Affidavit for Stolen Benefits, DSS-8644, to the county DSS agency by September 27, 2023.
- County DSS agencies are encouraged to contact FNS units that have reported stolen benefits and encourage them to submit the affidavit.

August 26, 2023 and after:

- For stolen benefits discovered from **August 26, 2023, through September 30, 2024**, the FNS unit must complete and sign the Affidavit for Stolen Benefits (DSS-8644) and submit the affidavit to the county DSS agency within 30 calendar days from discovery.

CALCULATING BENEFITS REPLACEMENT

The calculation of a household’s maximum replacement is based on the lesser of the amount of benefits stolen as reported by the household OR the amount equal to two times the immediate monthly benefit prior to the date on which the benefits were stolen.

	Example 1	Example 2
Example Replacement Amount	<div>1. Fraud Loss Amount = \$300 2. Last Issuance = \$15; 2x Last Issuance = \$30 3. Approved Replacement Amount = \$30 (lesser amount)</div>	<div>1. Fraud Loss Amount = \$300 2. Last Issuance = \$200; 2x Last Issuance = \$400 3. Approved Replacement Amount = \$300 (lesser amount)</div>

VALIDATION OF SUBMITTED CLAIMS – TIMELINESS AND CRITERIA

County DSS agencies will have **30 business days from the receipt of the signed affidavit** from the FNS unit to validate and issue claims. A new Approval or Denial for Stolen Benefits, DSS-8643 (this is a single notice that will be used to indicate either an approval or a denial) notice will be sent through NCFASST.

Validation of Submitted Claims - Criteria

- An FNS unit's claim is valid if benefits were stolen between October 1, 2022, and September 30, 2024. The caseworker will validate claims of benefit theft by:
 - ✓ Reviewing the information provided by the FNS unit on the affidavit.
 - ✓ Verifying the information through the appropriate means such as:
 - Verification that the affidavit is complete and signed by the FNS unit,
 - Collateral contacts,
 - Documentary evidence including ebtEDGE data (e.g., caseworkers reviewing transaction history to check for atypical transactions such as out-of-state transactions, transactions at unusual times, transactions for unusual amounts),
 - EBT call center and benefit information data (found in FAST Help), and/or
 - Retailer or news media reports of identified skimming devices or other similar information.

VALIDATION OF SUBMITTED CLAIMS – DENIAL OF CLAIMS

- NCFAS will have a validation that prevents issuance of replacement benefits if the FNS unit has already received replacement for stolen electronic FNS benefits twice in the current federal fiscal year (FFY), which is October 1 to September 30.
- Caseworkers must deny claims for replacement of stolen benefits for the following reasons when the claim:
 - Appears to be fraudulent,
 - Is invalid,
 - FNS unit met the two-replacement limit within one FFY,
 - Is submitted untimely (for benefits stolen outside of the allowable timeline established by the federal Omnibus legislation, 10/1/2022 – 9/30/2024), or
 - FNS unit failed to provide verification.

Denial of Claims Examples

1. **Invalid Claim:** FNS unit submits affidavit (DSS-8644) for benefits stolen on September 14, 2022. This is considered an invalid claim as it is outside of October 1, 2022 through September 30, 2024.
2. **Fraudulent:** FNS unit submits affidavit (DSS-8644) requesting for EBT fraud loss for months that FNS benefits were not issued. This is considered fraudulent.
3. **Untimely (Late) Request:** FNS unit discovers EBT fraud loss on August 29, 2023 and submits a signed affidavit (DSS- 8644) to the local DSS agency October 30, 2023. This is considered an untimely request.
4. **Two-Replacement Limit Exceeded:** FNS unit submits affidavit (DSS-8644) on August 29, 2023, September 3, 2023, and September 15, 2023. This is considered over the two-replacement limit within a federal fiscal year (which is October 1 to September 30).

FAIR HEARINGS

FNS units have the right to appeal through the Fair Hearing process if the FNS unit disagrees with any aspect of the replacement of benefits due to electronic benefit theft (“replacement benefits”).

- If an FNS unit does not agree with the calculated amount of benefits to be replaced, or any other action taken to replace benefits, FNS unit may request a Fair Hearing within 90 calendar days of the date the recipient is notified of entitlement to replacement benefits.
- Replacement benefits will not be made when a Fair Hearings appeal is pending for the replacement of stolen benefits. Replacement benefits shall be provided only if the Fair Hearing decision is found favorable to the FNS unit.

BENEFITS DISTRIBUTION

Caseworkers will complete the claim validation and process to issue replacement benefits within 30 business days of receiving the completed and signed affidavit from an FNS unit. Refer to manual section [FNS 905 Replacement of Authorized Issuance](#) for procedures. Once the claim is processed, the FNS unit will receive replacement benefits the next calendar day.

EBT Card Replacement

- The caseworker shall issue a new EBT card if the date for the latest EBT Card was issued prior to the fraud discovery date.
- The caseworker shall instruct the FNS unit to establish a unique PIN for this card (i.e., a PIN that has not been used previously).
- New cards will be issued through normal procedures (typically received by the FNS unit within 3 to 7 business days) and will contain replacement benefits.

GENERAL GUIDANCE ON FRAUD PREVENTION

County DSS agencies should provide FNS units of the following recommendations that households can take to keep their EBT card/account secure:


Fraud Prevention

- Freeze your EBT card so that fraudulent purchases cannot be made using your card.
- Block out-of-state and online purchases from their EBT Edge accounts or the mobile app.
- Select a difficult PIN (not continuous sequences such as 1234, or repetitive sequences such as 4444).
- Change the PIN to your EBT card regularly, using a new number each time.
- Check your EBT account regularly for unauthorized charges. You can check your balance and/or replace a lost or stolen EBT card by visiting www.ebtedge.com, using the EBT Edge mobile app or contacting the North Carolina EBT Call Center at 1-888-622-7328.
- Check card reading machines in stores to make sure there is nothing suspicious overlayed or attached to the card swiper.
- If you receive calls or texts from someone asking for EBT card information or your PIN, please do not respond. Neither county DSS offices nor NCDHHS will ever ask for EBT card information or your PIN.
- Call the EBT Call Center at 1-888-622-7328 to request a new EBT Card at no cost. Note: the new card will not contain funds that were stolen from the previous card.
- Contact law enforcement to report the stolen benefits.

TRAINING AND RESOURCES

NCDHHS hosted several trainings regarding card skimming replacement benefits in August 2023 with county DSS staff. The recording for the training and PowerPoint will be available in the Learning Gateway. Please note since conducting the training, implementation dates have changed slightly; as such, please use the dates in this Dear County Director Letter instead of the dates referenced in the training. Job aids will be available in FAST Help.

- Website: [NC DHHS: Food and Nutrition Services Food Stamps](#)
- [North Carolina Victims of FNS EBT Theft and Fraud Now Eligible for Replacement Benefits | NCDHHS Press Release](#)



Replacement of Food and Nutrition Services (FNS) Benefits – Fraud Loss Request

Last Updated: 08/25/2023
Last Reviewed: 08/28/2023

Overview

This job aid explains the steps that a caseworker will take to replace benefits that have been destroyed or stolen through the Replacement of Food and Nutrition Services (FNS) Benefits in the Consolidated Appropriations Act of 2023. Benefit theft can occur through card skimming, card cloning, and other similar fraudulent methods. FNS benefits may include regular FNS, Simplified Nutritional Assistance Program (SNAP), Disaster Supplemental Nutrition Assistance Program (D-SNAP) and Emergency Allotments (EA).

FNS Job Aid

Frequently Asked Questions for County DSS Agencies: Card Skimming Replacement of Stolen Benefits

Published: August 24, 2023

Q: Who is eligible to receive the card skimming and card cloning stolen benefit?

Q: Is there a limit to how many times FNS units are allowed to receive replacement benefits?

A: FNS units can receive replacements for stolen benefits a maximum of twice during a...

Q: If FNS benefits were stolen on or before August 25, 2023, are those benefits still eligible to be retroactively replaced?

A: Yes, benefits stolen between October 1, 2022 and August 25, 2023 are eligible for retroactive replacement as long as the FNS unit completes, signs, and submits an affidavit (DS-8644) to their county DSS Office by September 27, 2023.

Q: Who is responsible for reporting stolen benefits to the police department?

A: FNS units may choose to file a police report, but a police report is not required to request and/or receive replacement benefits.

Q: Who is responsible for processing affidavits for stolen benefits – case workers or program integrity staff?

A: Caseworkers at the county DSS agency are responsible for processing affidavits for stolen benefits. Program integrity staff has limited access in NCFast which prevents their ability to process replacements. Program integrity staff are responsible for investigating any fraudulent request.

Q: What type of signature is accepted for an Affidavit for Replacing Stolen Electronic Benefits (DSS-8644)?

A: A telephonic signature is accepted in addition to wet (i.e., physical) signatures. Digital signatures will also be accepted.

Q: How is the amount of replacement benefits determined?

A: The calculation of a household's maximum replacement is based on the lesser of the amount of benefits stolen as reported by the FNS unit OR the amount equal to two times the most recent month's allotment.

Card Skimming FAQs

QUESTIONS ON CARD SKIMMING?



FISCAL RESPONSIBILITY ACT OF 2023 (FRA)

On June 3, 2023, the Fiscal Responsibility Act of 2023 (FRA) was signed into law by President Biden. The FRA changes the age range for individuals subject to the Able-Bodied Adults Without Dependents (ABAWDs) and time limit, adds new modified exceptions for certain groups of FNS participants from the ABAWD time limit, and updates the purpose of Food and Nutrition Services.

Policy Procedures: Able-Bodied Adults Without Dependents (ABAWDS)

- Prior to September 1, 2023, individuals aged 18 to 49 are subject to the Able-Bodied Adults Without Dependents (ABAWD) time limit per federal rules. Going forward, the FRA gradually increases the age range of individuals subject to the ABAWD time limit as follows:
 1. Effective September 1, 2023, the age range of individuals subject to the ABAWD time limit is 18 to 50 years.
 2. Effective October 1, 2023, the age range of individuals subject to the ABAWD time limit is 18 to 52 years.
 3. Effective October 1, 2024, the age range of individuals subject to the ABAWD time limit is 18 to 54 years.

These changes remain in effect until October 1, 2030.

EXCEPTIONS FOR CERTAIN FNS RECIPIENTS FROM ABAWD TIME LIMIT

The FRA adds new modified exceptions to the ABAWD time limit for certain groups of FNS participants. These exceptions are effective September 1, 2023 and are as follows:

Person Experiencing Homelessness

- Defined as an individual who lacks a fixed and regular nighttime residence or whose primary residence is:
 - A. A supervised shelter designed to provide temporary accommodations
 - B. A halfway house or similar institution that provides temporary residence for individuals intended to be institutionalized;
 - C. A temporary accommodation for not more than 90 days in the residence of another individual; or
 - D. A place not designed for, or ordinarily used, as a regular sleeping accommodation for human beings

Veterans

- Defined as an individual who served in the United States Armed Forces (such as Army, Marine Corps, Navy, Air Force, Space Force, Coast Guard, and National Guard), including an individual who served in a reserve component of the Armed Forces, and who was discharged or released therefrom, regardless of the conditions of such discharge or release.

Foster Care

- Defined as an individual who is 24 years of age or younger and who was in foster care under the responsibility of a State on the date of their 18th birthday. Although North Carolina's Expanded Foster Care is for ages 18, 19, and 20 through the month they turn 21 years old, the foster care exception for the ABAWD time limit applies to any individual who was in foster care on the date of their 18th birthday through age 24. On their 25th birthday, these individuals no longer meet the foster care exception to the ABAWD time limit. NCDHHS will be implement the flexibility for foster care exceptions to the ABAWD time limit in NC FAST in two phases.

VERIFICATION FOR ABAWD TIME LIMIT EXCEPTIONS

New verification is not required for the modified exceptions from the ABAWD time limit. Verification of information should only be requested from the applicant/participant if questionable. FNS units may voluntarily verify and provide information, but it is not required.

Person Experiencing Homelessness

- May include but is not limited to collateral contact with homeless shelters or others who are aware of the individual's circumstances. Homeless individuals and households are specifically exempt from the requirement to verify residency.

Veterans

- Service department records, such as a DD Form 214, Certificate of Release or Discharge from Active Duty, original Certificate of Discharge, Report of Transfer or Discharge, military ID card indicating service in the armed forces; correspondence or contact from the Department of Veteran Affairs including benefit payment or award letter or VA ID Card; correspondence or contact from the Department of Veteran Affairs indicating service in the armed forces; or driver's license indicating veteran status.

Foster Care

- Data or collateral contact with social service workers or agencies.

ABAWD WORK REQUIREMENTS REMINDERS

Work registration occurs when the appropriate work registration evidence is entered into NCFast. This includes the date the consolidated notice was provided and verbally explained to the recipient.

Caseworker must enter work registration evidence into NCFast (including date consolidated notice was provided)

Caseworker must explain all ABAWD requirements to the FNS Unit at all points throughout the process:

1. Explain Work Requirements Script for Case Workers to work registrants and ABAWDs. Update case file to reflect Work Requirements Interview and date.
2. Provide the work registrant and ABAWDs with the [DSS-8569 Consolidated Work Notice](#) and explain Notice as necessary. Update case file to reflect the date the notice was explained and how the notice was given (e.g., hand delivery, mailed).
3. Caseworkers must screen for exemptions to the general work requirement to determine if the individual is a work registrant and then screen for exceptions to the ABAWD time limit.

Caseworkers must assess the case to determine if countable months should be recoded (as in FNS 260.05 B-D). Recoding should be assessed retroactive to July 1, 2023 to determine if the ABAWD was exempt or in compliance to remove any incorrect countable months.

Note: If it is unclear whether an ABAWD was exempt or in compliance in past months (e.g., July and August 2023), the caseworker will need to contact the FNS unit to obtain clarity.

Note: Consolidated work notice will be updated online by September 1, 2023 to include the new age limits and new modified exceptions. Effective September 1, 2023, county DSS agencies must replace any previous versions of the application and recertification forms with updated versions

TRAINING AND RESOURCES

NCDHHS hosted trainings for county DSS staff regarding the FRA impacts on FNS from August 21-23, 2023. The recording for the training and PowerPoint will be available in the Learning Gateway at [FNS Home Page](#). **Important Note: Please utilize the foster care ages in this DCDL rather than the ages discussed in the training in the Learning Gateway, as the ages have since been updated.**

Caseworker must enter work registration evidence into NCFast (including date consolidate notice was provided)

Resources in NCFast include:

- ABAWD Work Requirements Exemption Job Aid
- Paid and Unpaid/Volunteer Work Job Aid
- Adding Work Registration Evidence Job Aid
- Adding Employment Job Aid
- Work Registration Exemption Job Aid
- Able-Bodied Adult Without Dependents (ABAWD) Job Aid

QUESTIONS ON FRA?

