



MEPD and TW Bulletin 23-10

Date: May 24, 2023

To: Eligibility Services Supervisors and Staff
Program Managers
Regional Directors
Regional Attorneys
Hearings Officers

From: Access and Eligibility Services Program Policy
State Office 2115

Subject: SNAP Unauthorized Use Replacement Benefits

The information in this bulletin will be included in a future handbook revision. Until the handbook is updated, staff must use the information in this bulletin. If you have any questions regarding the policy information in this bulletin, follow regional procedures.

Active bulletins are posted on the following websites:

- [Medicaid for the Elderly and People with Disabilities Handbook \(MEPDH\)](https://hhs.texas.gov/laws-regulations/handbooks/mepd/policy-bulletins) at <https://hhs.texas.gov/laws-regulations/handbooks/mepd/policy-bulletins>;
- [Texas Works Handbook \(TWH\)](http://hhs.texas.gov/laws-regulations/handbooks/texas-works-handbook/texas-works-bulletins) at <http://hhs.texas.gov/laws-regulations/handbooks/texas-works-handbook/texas-works-bulletins>.

SNAP Unauthorized Use Replacement Benefits

Background

The Consolidated Appropriations Act, 2023, (P.L. 117-328) signed into law on Dec. 29, 2022, authorizes state agencies who receive federal approval to replace SNAP benefits removed from a household's electronic benefit transfer (EBT) account through skimming devices, electronic scanners, and other fraudulent methods. Using these fraudulent methods, people obtain EBT account information and use the Lone Star Card Personal Account Numbers (PANs) and Personal Identification Numbers (PINs) to access SNAP benefits without household authorization.

Texas Health and Human Services (HHSC) received federal approval from the Food and Nutrition Service to replace benefits for SNAP households whose Lone Star Card PANs and PINs were fraudulently obtained and used without the household's authorization for transactions occurring between Oct. 1, 2022, and Sept. 30, 2024.

Current Policy

SNAP

SNAP benefits are replaced for the following two reasons:

- When lost through unauthorized use of the account only if the loss occurred:
 - after the person reports the Lone Star Card lost or stolen;
 - because of HHSC local office card error; or
 - because of an unlawful or other erroneous action on the part of HHSC or an HHSC contractor. ([TWH B-341](#), Replacement of Benefits Issued via EBT)
- When a SNAP household reports that food purchased with SNAP benefits was destroyed in a household disaster. ([TWH B-344](#), Destroyed Food)

HHSC does not replace benefits taken from the household's account without their authorization due to skimming, cloning, or other fraudulent methods.

SNAP households must request a replacement Lone Star Card through the Lone Star Help Desk except if they:

- need an immediate replacement in the HHSC local office because their card was lost or destroyed in a household disaster; or
- have not received a previously requested replacement card from the Lone Star Help Desk within seven calendar days after the order date reflected on the EBT system. ([TWH B-235](#), Lone Star Card Replacement)

New Policy

SNAP

HHSC will continue to replace benefits for the following two reasons:

- Agency replacements when benefits are removed from a household's Lone Star Card account due to an error on the part of HHSC or HHSC contractor.
- Destroyed food replacements when food purchased with SNAP benefits was destroyed in a household disaster.

HHSC will also replace SNAP benefits for unauthorized use when benefits are taken from the household's account without their authorization due to skimming, cloning, or other fraudulent methods for transactions occurring between Oct. 1, 2022, and Sept. 30, 2024.

SNAP households may receive unauthorized use replacement benefits equal to the total amount of the unauthorized transactions or the household's combined monthly allotment for the two months prior to the oldest eligible transaction date, whichever is lesser. Additionally, households can only receive up to two separate issuances of unauthorized use replacement benefits in a federal fiscal year (October through September), for which the replacement benefit is being requested.

The household's regular SNAP monthly allotment, disaster SNAP benefits, and emergency allotment supplements are eligible for replacement due to unauthorized use. P-EBT benefits are not eligible for unauthorized use replacements.

Requesting Unauthorized Use Replacements

When a household reports benefits were used without their authorization, the household must immediately report the transactions, document the transaction details, and request a replacement Lone Star Card from the Lone Star Help Desk or through their Your Texas Benefits mobile app.

To request replacement benefits, the head of household (HOH), responsible household member, or authorized representative (AR) must:

- request a replacement Lone Star Card and PIN; and
- complete and sign [Form H1854](#), Affidavit for Unauthorized Use of EBT Benefits, within 30 calendar days of discovering the unauthorized transactions.

Note: For unauthorized use discovered by the household on or before May 30, 2023, the household may request replacement benefits within 90 calendar days from the policy effective date (until Aug. 29, 2023), for unauthorized transactions that occurred between Oct. 1, 2022, and May 30, 2023, using the processes below.

This 90-calendar day period allows households with *Dates of Discovery* between Oct. 1, 2022, and May 30, 2023, reasonable time to request replacement benefits after the implementation of this new policy.

Requesting Replacements in an HHSC Local Office

The HOH, responsible household member, or AR must request replacement benefits by going in person to an HHSC local office to complete a Form H1854.

On Form H1854, the *Date of Discovery* is the date the household initially discovered the unauthorized transaction and is considered day zero of the 30-calendar day period. For households completing the form in an HHSC local office, the *Date Reported to HHSC* is the same date as the *Date HHSC Received Form H1854*.

Prior to signing Form H1854, HHSC local office staff must:

- Verify the person's identity.
- Confirm the household has requested a replacement Lone Star Card and PIN using the EBT system. If the household has not requested a replacement, issue a replacement, Lone Star Card.
- Review the form for completion.
- Confirm the person understands the form.
- Sign the form as a witness.
- Accept the signed form and any supporting information voluntarily provided by the household.
- Email Form H1854 to the [HHSC ISS Inquiries/Referrals Mailbox](#) the same day or no later than the following day. Use the subject line: Stolen Benefit Replacement Request.
- Image the form and any supporting information voluntarily provided into the case record using an "Image Only Cover Sheet" and document type "Supportive Documents."

Requesting Replacements from an HHSC Local Office by Mail

The HOH, responsible household member, or AR may contact an HHSC local office by phone to request Form H1854 be mailed if the household cannot come to an HHSC office because of one of the following criteria: age, disability, distance to the HHSC office, or inability to appoint an AR in alignment with existing exceptions listed in [TWH B-344.1](#), Procedures for Replacing Destroyed Food, when processing replacement benefits not requested in the local office.

When a Form H1854 is requested by mail, HHSC local office staff:

- Authenticate the identity of the person requesting the form by phone. ([TWH A-2020](#), Authenticating a Caller)

- Confirm the household has requested a replacement card and PIN using the EBT system. If the household has not requested a replacement, refer them to the Lone Star Help Desk or their Your Texas Benefits mobile app.
- Determine if the household meets the criteria to receive the form by mail.
- Complete Part IV of Form H1854 (except for the *Date HHSC Received Form 1854*).
- Inform the household of the required form return date. The Form H1854 must be returned to HHSC within 10 calendar days from the *Date Reported to HHSC* or 30 calendar days from the *Date of Discovery*, whichever is later.
- Record the date and criteria to receive a replacement benefit by mail in TIERS case comments.
- Mail Form H1854 to the household with a missing information pre-paid envelope.

After the form is returned, HHSC local office staff:

1. Complete *Date HHSC Received Form 1854* in Part IV of the Form H1854.
2. Sign the form as a witness.
3. Email the replacement request to the [HHSC ISS Inquiries/Referrals Mailbox](#) the same day or no later than the following day. Use the subject line: Stolen Benefit Replacement Request.
4. Image the form and any supporting information voluntarily provided into the case record using an "Image Only Cover Sheet" and document type "Supportive Documents."

Households receiving the Form H1854 by mail must return the completed and signed Form H1854 to HHSC within 10 calendar days from the *Date Reported to HHSC* or 30 calendar days from the *Date of Discovery*, whichever is later. The *Date Reported to HHSC* is day zero of the 10-calendar day period for HHSC to receive the completed and signed form.

Determining Transactions Eligible for Replacement

Within 10 days of the *Date HHSC Received Form H1854*, designated HHSC staff use the following process to determine the household's eligibility for unauthorized use replacement benefits.

- Refer each replacement request to the HHSC Office of the Inspector General (OIG).
- Record the replacement request in the Unauthorized Use Replacement Benefit Request Log.

- Query the Log to confirm the household was not previously issued an unauthorized use replacement benefit on more than two separate replacement issuance dates in the current federal fiscal year (FFY).
 - Use the replacement issuance date to determine the number of occurrences in the FFY even if the dates of the transactions included in the replacement issuance occur across FFYs.
- Compare the household's report on Form H1854 to the information in the EBT system.
- Determine if a prudent person would reasonably conclude that the household's report and any verification voluntarily provided aligns with the information in the EBT system.

Approving Replacement Requests

If designated HHSC staff determine a transaction(s) is eligible for replacement, they must:

- Send the household a [Form H1899](#), Unauthorized Use Replacement Benefit Eligibility Notice.
- Image the notice into the case record using an "Image Only Cover Sheet" and document type "Supportive Documents."
- Document the eligibility determination in TIERS case comments.
- Request replacement benefit issuance using the Second-Level Review (SLR) process.

Requesting Additional Verification

Designated HHSC staff consider the replacement request questionable if the information the household provided on *Part II* and *Part III* of Form H1854 and the information in the EBT system are:

- contradictory;
- do not agree with the information in the case record;
- do not agree with other information available to HHSC staff; or
- do not adequately explain the circumstance.

If additional verification is needed to resolve the discrepant information, designated HHSC staff:

- Send the household a Form H1899 with a missing information pre-paid envelope.
- Image the notice into the case record using an "Image Only Cover Sheet" and document type "Supportive Documents."
- Document the questionable information in TIERS case comments.

To resolve discrepant information, acceptable verification sources include any documentation the household can provide that would resolve the discrepancy or adequately explain the circumstances such as:

- a police report;
- information from the retailer such as a letter or press release identifying fraud specific to the store or retailer and transaction dates;
- media or government reports identifying fraud specific to the store or retailer and transaction dates; or
- verification confirming the household was not in the same location as the unauthorized transaction at the transaction time and date.

The household must return the required verification to HHSC within 10 calendar days of the date on the Form H1899 or 30 calendar days from the *Date of Discovery*, whichever is later. Households may return the verification requested on Form H1899 to a HHSC local office, by mail, fax, or online by uploading through their Your Texas Benefits account.

Denying Replacement Requests

A household's request for replacement benefits is denied if:

- the transactions were reported more than 30 calendar days from the *Date of Discovery*;
- the household failed to return the completed Form H1854 timely;
- the household failed to return the requested verification timely;
- the unauthorized use cannot be validated;
- the transaction(s) is outside the allowed scope of unauthorized use replacement benefit criteria; or
- the household has already received two unauthorized use replacement benefit issuances within the current federal fiscal year.

If designated HHSC staff determine a transaction(s) is not eligible for replacement, they must:

- Send the household a Form H1899.
- Image the notice into the case record using an "Image Only Cover Sheet" and document type "Supportive Documents."
- Document the eligibility determination in TIERS case comments.

Automation

Automation changes are not required.

Correspondence

The following forms were created for the replacement of SNAP benefits used without the household's authorization and are available on the HHSC website effective May 22, 2023. Use the hyperlinks below to access the forms.

- [Form H1854](#), Affidavit for Unauthorized Use of Electronic Benefit Transfer (EBT) Benefits; and
- [Form H1899](#), Unauthorized Use Replacement Benefit Eligibility Notice.

Handbook

Handbook updates are not required.

Training

Training will be made available to designated HHSC staff in May 2023.

Effective Date

This policy is effective May 31, 2023, through Sept. 30, 2024.