

## MEMORANDUM

**TO:** Robert F. Kennedy Jr., Secretary of Health and Human Services  
**SUBJECT:** Ensuring SNAP Benefits Align with MAHA Nutritional Goals through Innovative Payment Technology  
**FROM:** Nick Iacovella, Executive Vice President, Coalition for a Prosperous America  
**DATE:** June 2, 2025

---

*“Thirty-eight percent of our kids are diabetic or prediabetic, and we are paying at both ends. We are paying for the food or the ‘food-like substances’ that make them diabetic ... and then we’re paying a trillion dollars for metabolic research. It’s existential and not sustainable.” —*

*Secretary Kennedy*

### I. Overview

Secretary Kennedy’s leadership in powering the Trump administration’s Make America Healthy Again (MAHA) agenda is making monumental progress in prioritizing nutritional health, including by highlighting significant concerns regarding the consumption of ultra-processed foods (UPFs), particularly within federal nutrition assistance programs such as the Supplemental Nutrition Assistance Program (SNAP).

SNAP is designed to help millions of Americans access nutritious food. However, as highlighted by the recent landmark MAHA report (pp. 32-34), the excessive consumption of UPFs among SNAP recipients contributes significantly to negative health outcomes, including obesity, diabetes, and cardiovascular diseases.

SNAP participants, especially children, face heightened disease risks compared to non-participants. Additionally, the current administration of SNAP faces significant fraud, waste, and abuse, with approximately \$25 billion lost annually due to improper payments. Existing technology employed by SNAP is outdated, lacks precision, and fails to ensure that benefits are used in strict alignment with the nutritional goals set forth by MAHA.

Numerous existing organizations and processes have attempted to rectify these issues through various incentive programs and promotional strategies. However, these approaches consistently fall short, lacking the necessary technological rigor and real-time precision to effectively prevent misuse of funds and guarantee compliance with nutritional guidelines.

**Problem:** SNAP dollars are increasingly used to purchase UPFs, creating increasingly significant health outcomes among program recipients, including obesity, diabetes, and cardiovascular diseases. Current SNAP administration is rife with fraud, waste, and abuse. Additionally, current program payment disbursements of funds lack the proper technology to ensure benefits are used in strict alignment with the nutritional goals of the MAHA agenda.

**Solution:** The deployment of patented technology that can precisely validate each SNAP-funded transaction at the product level, backed by digital ledger technology (DLT) to ensure maximum transparency and reporting represents the most viable solution to ensure SNAP is used exclusively for nutritious food purchases, directly aligning SNAP's operation with MAHA's nutritional health priorities.

Key advantages of this innovative payment technology include:

- **Real-Time Item-Level Validation:** Ensuring SNAP benefits are exclusively used to purchase nutritious, eligible food items.
- **Blockchain-Backed Transparency:** Every transaction is recorded securely and transparently, drastically reducing fraud and misuse of funds.
- **Scalability and Merchant Integration:** Easy and efficient integration at points-of-sale, enhancing merchant participation and consumer access.

By implementing this state-of-the-art technology, the Department of Health and Human Services can significantly reduce or even eliminate SNAP-funded purchases of ultra-processed foods, ensuring strict adherence to MAHA nutritional standards and profoundly improving public health outcomes.

## **II. Challenges Highlighted by the MAHA Report**

The MAHA report emphasizes the detrimental health impacts associated with UPFs, explicitly linking their high consumption rates to increased healthcare costs and adverse chronic health outcomes. Over the past 50 years, various government programs, despite their well-intentioned goals, have inadvertently exacerbated this issue by favoring traditional field crops like wheat, corn, and soybeans over specialty crops such as fruits, vegetables, tree nuts, and organic products.

The report strongly recommends federal programs, notably SNAP, to implement stringent measures ensuring recipients have access to nutritious food choices, thereby reducing consumption of UPFs and improving overall public health.

SNAP, the largest federal nutrition assistance program, serves approximately 42 million low-income Americans monthly, with federal spending reaching \$113 billion in fiscal year 2023. Alarming, SNAP participants, particularly children, have higher consumption rates of sugar-sweetened beverages and processed meats compared to non-participants. By FY2025, SNAP spending on UPFs and sugar-sweetened beverages is projected to nearly double that of fruits and vegetables (\$21 billion vs. \$11 billion).

These dietary habits significantly elevate disease risks for SNAP recipients: studies show they are twice as likely to develop heart disease, three times more likely to die from diabetes, and exhibit higher rates of metabolic disorders compared to non-participants. Additionally, approximately 60% of SNAP participants received Medicaid in 2019, highlighting a direct link between nutritional deficiencies and escalating healthcare costs borne by taxpayers.

To address these issues, some countries like South Korea and Chile have successfully implemented voucher programs prioritizing domestic, nutritious food items, steering recipients toward healthier eating habits rather than merely caloric intake. Unfortunately, SNAP's current incentive programs promoting fruits, vegetables, dairy, and whole grains through coupons, discounts, and additional funds lacks the proper technology to guarantee program integrity, prevent fraud, and ensure alignment with the MAHA agenda.

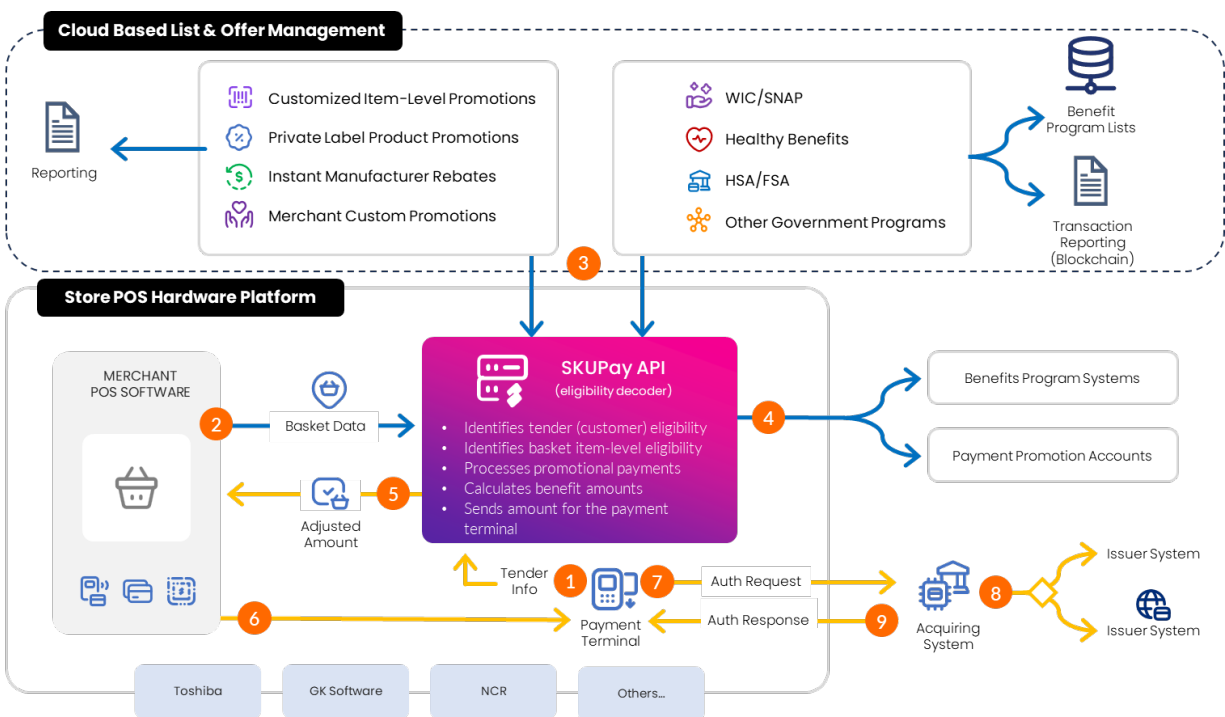
### **III. About SKUx**

SKUx is a multi-patented payments technology company with a mission to unlock value within payment transactions by eliminating fraud, cutting inefficiency, while increasing return on investment for partners. SKUx payments technology is being leveraged by the world's leading merchants, consumer packaged goods brands, healthcare issuers, global payment processors, card networks, and mobile digital wallets.

### **IV. Technology Description & Intellectual Property**

SKUx technology is trademarked and heavily protected under U.S. Patents 12,131,331, 11,615,435, 11,288,697, and 12,293,383. Furthermore, SKUx owns the exclusive commercial agreement to distribute SKUx powered payments and stored value to a digital wallet (such as Apple or Google wallet). SKUx also owns a license to critical U.S. Payments Patents 8,099,368, 8,244,643, 8,280,776, 8,370,265, and 9,292,852 – creating an end-to-end protected technology IP portfolio suite. The company has developed proprietary payment software that embeds in a merchant point-of-sale system to enable real-time, item-level eligibility transaction decisioning, also known as product-specific payments. In other words, patented technology can ensure that payments are only processed on eligible items at the point of sale.

Payment transactions are real-time encrypted, date and time stamped, and securely reported via blockchain or distributed ledger technology to guarantee proof of record. Furthermore, a secure digital payments platform architecture provides for the distribution of real-time, digital payments to a mobile device, for use in-store or online. This supports a variety of digital transformation initiatives, such as the replacement of an existing EBT card, fraud rife physical checks, and vouchers.



## V. What is SKUPay?

SKUPay® is a patented payment technology developed by SKUx, featuring sophisticated item-level adjudication capabilities. This sophisticated technology integrates seamlessly at merchant points-of-sale (POS), validating product eligibility in real-time, thus ensuring SNAP funds are exclusively spent on nutritious items that align with the MAHA nutritional objectives as outlined in the MAHA Report.

Importantly, SKUx technology supports both physical and virtual payments, such as an EBT card in an Apple wallet or Google wallet. As a result, this offers SNAP recipients' multiple options to receive and use their benefits, all while ensuring the program is operating in a way that is aligned with the MAHA agenda of providing nutritional assistance and healthy options.



**Key US Patents:** 12,131,331; 11,615,435; 11,288,697; 12,293,383. Trademarks and exclusive commercial agreements and patent licenses as referenced via section IV.

**Key Benefits:**

- **Item-Level Validation:** Real-time, SKU-specific validation ensures that only nutritionally approved items are purchased, directly addressing the UPF challenge identified by MAHA.
- **Enhanced Merchant Participation:** SKUPay technology enables merchants to easily integrate and accept SNAP funds through streamlined, scalable API integration, significantly enhancing merchant choice and participation.
- **Compliance Leadership:** Supports merchants in adhering strictly to SNAP nutritional guidelines, facilitating program compliance without adding complexity to retail operations.
- **Real-Time Transparency:** Employs blockchain technology for secure, transparent, and auditable transaction records, enhancing accountability and minimizing fraud.

## VI. The U.S. Government is Woefully Behind in Adopting Technological Innovation in Payment and Disbursement of Funds

Despite being the world's largest disburser of funds, the U.S. government has lagged significantly in adopting recent technological innovations that could streamline payments and eliminate waste, fraud, and abuse. Below are key areas where SKUx's patented technology can immediately reduce improper payments in federal fund disbursement.

1. U.S. Healthcare Payments, via Secure Item-Level Eligibility Validation

2. U.S. Emergency and Disaster Response, via Secure Digital Payments
3. Real-Time, Instant Payments, via Secure and Authenticated Digital Barcode
4. Cross-Border Payments, via Distributed Ledger Technology Stablecoin

In the U.S., healthy benefits is a large and fast-growing market. Based on analysis of government records, it is estimated to have reached \$200 billion in 2023.

Market forces are reshaping the healthcare benefits industry and creating tailwinds for retailers that accept healthy benefits cards and carry covered products and services. Insurers are expanding the breadth of plans and supplemental benefits they offer, as well as aggressively marketing them directly to consumers. According to a report from the U.S. Government Accountability Office, this year 99.9% of Medicare Advantage plans offer supplemental benefits, compared with 73% in 2019. Merchants are also enabling consumer demand by investing in health and wellness capabilities and offering their own branded healthcare plans.

Unlike traditional insurance-funded healthcare and pharmacy transactions, which are processed as business-to-business payments, consumers pay for healthy benefits at retail checkout. Account funds are typically accessed through “restricted” or “filtered” payment cards, which may flow through either open or closed-loop payment networks.

Funding for these monies primarily comes from federal or state government agencies, private insurers, employers, and employees setting aside pre-tax funds for their health-related expenses. In some instances, Medicare Advantage plan providers may get government funding in addition to the enrollment fees paid by consumers.

## **VII. How SKUPay Eliminates Waste, Fraud, and Abuse**

### **1. Item-Level Validation:**

- Precisely identifies each item at checkout, instantly confirming SNAP eligibility, thus preventing unauthorized purchases such as alcohol, tobacco, and non-nutritional items.

### **2. Real-Time Blockchain Transparency:**

- Transactions are encrypted, timestamped, and recorded using blockchain technology, creating an immutable ledger that significantly enhances accountability and transparency.

### **3. Closed-Loop Adjudication:**

- By implementing a closed-loop, SKU-level validation system, non-eligible purchases are automatically declined, effectively deterring misuse of SNAP benefits.

## VIII. Alignment with MAHA Priorities

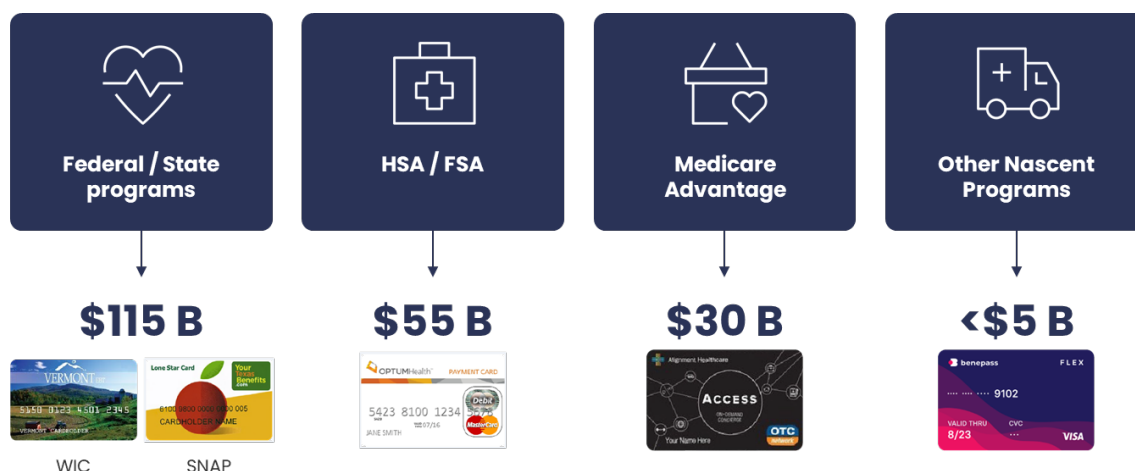
Deploying SKUPay directly supports MAHA's objectives by:

1. Promoting healthier eating through strict adherence to SNAP guidelines.
2. Ensuring SNAP funds exclusively support nutritional food purchases.
3. Providing comprehensive data and analytics to monitor dietary choices and overall program efficacy.



## IV. Financial Impact

SNAP's annual budget approximates \$127 billion, with up to 20% lost to fraudulent activities. Over a 10-year period, SKUPay implementation could save taxpayers upwards of \$250 billion. These substantial savings are essential, given the nation's escalating budgetary constraints and debt considerations.



Estimated Healthy Benefits segment spend opportunity for 2026; represents addressable Healthcare Market GDV for SKUPay® Adjudication solution. Sourced from various sources including Congressional Budget Office (CBO), DevenirResearch, Congressional Research Service (CRS) and USDA.

## X. Existing Industry Partnerships

SKUx technology is already trusted by major players in the payment and fintech ecosystem. The existing integration with these entities ensures rapid and scalable adoption across retail merchants nationwide.

- Visa
- Mastercard
- Apple
- Fiserv
- Fidelity Information Services (FIS)

**Importantly, FIS—a SKUx partner—is already operating SNAP benefits in 36 states, and soon to be 38. Deploying within FIS’s existing program management of SNAP will provide an immediate, quantifiable improvement to SNAP to ensure it is aligned with the MAHA agenda.**

## XI. Recommended Next Steps

1. **Pilot Program:** Initiate a pilot project in the 36 states that FIS is already operating to show the effectiveness in reducing fraud and ensuring SNAP benefits are aligned with the nutritional standards of the MAHA agenda.
2. **Integration Planning:** Develop a comprehensive national rollout strategy, leveraging SKUx’s existing partnerships with key payment networks (Visa, Mastercard, Apple, Fiserv, FIS) to expedite implementation.



3. **Cross-Agency Coordination:** Coordinate with relevant agencies, including USDA and Treasury, to streamline the adoption process and maximize efficiency.

In summary, implementing innovative payments adjudication technology presents a transformational opportunity to redefine SNAP's impact, bolster nutritional outcomes, and uphold fiscal responsibility—all while empowering Secretary Kennedy's MAHA objectives of enhancing nutritional health.