

8.05 **Selection Criteria**

POLICY:

The State Agency establishes selection criteria for Vendor authorization to ensure:

- < That outlets selected to redeem WIC food drafts are capable of fulfilling the responsibilities of appropriate food draft redemption in a timely manner;
- < That selected outlets pricing structure on food items allows for maximum participation of eligible WIC participants; and
- < That outlets selected are operating within the framework of acceptable business practices.

PROCEDURE:

A. Regional And New Vendor Authorization

The West Virginia WIC Program has established an ongoing cycle of regional Vendor authorization.

1. Currently active Vendors will be authorized on a regional basis with Vendor Agreements running two (2) years and the eight (8) Local WIC Agency regions will be reviewed at the rate of one (1) region per calendar quarter over each two (2) year period.
2. New applicant vendors will, upon initial approval, receive a Vendor Agreement for a six (6) month probationary period. Upon successfully completing this probationary period, the vendor will receive an Agreement extension with an end date that will coincide with the other active vendors within the particular region.
3. New applicant vendors seeking consideration as authorized Vendors for the WIC Program must initiate action by requesting and submitting to the State Agency a completed application package.
4. Upon receipt of the completed package from an applicant, or at an active Vendor's scheduled Vendor Agreement renewal time, the Vendor begins a six (6) step process toward authorization.
5. Active Vendors seeking renewal of their Vendor Agreement are evaluated on:
 - < Their established ability to meet the WIC Program's fundamental requirements and pricing limitations (see steps 1 & 2);
 - < Their redemption history as it relates to overall draft rejection errors (see step 3); and
 - < Their redemption history as it relates to vendor having too many draft rejections due for excessive pricing (see step 3).

8.05

Selection Criteria

6. Because new applicants have not established histories, all new applicants will be considered for authorization without regard to redemption histories for a period of one (1) full calendar quarter, provided all other authorization criteria are met.
 - a) This rule applies to cases of change of ownership of established Vendors.
 - b) During the history accumulation period, Vendor redemption activity will be monitored and Vendors exceeding one or both of the tolerable levels of food draft rejection applied to active Vendors will be warned and given an opportunity for correction.
 - c) Following the expiration of the period, the Vendor will be considered to have established a history and will be subject to the same review as other current Vendors.

B. Fundamental Requirements (Step 1)

The following qualifications are the basis for establishing the capability for fulfilling the responsibilities of a WIC Vendor as set by the West Virginia WIC Program. Meeting these qualifications does not constitute authorization for food draft redemption.

1. The Vendor must have current shelf prices which will place it within 15% of the average food cost as collected via current Vendor Price Lists from authorized vendors (within the individual vendor classification) in the State.
2. The Vendor's current stock must be equal to or surpass the stock as required by the Minimum Stock Grid for all categories of WIC food in both variety and quantity.

The applicant vendor (grocery store only) must offer for sale on a continuous basis (on any given day) a variety of foods in each of the following staple food groups: meat poultry or fish; bread or cereal; vegetables or fruits; and dairy. The vendor must have at least three different varieties of food items in each of the four staple food categories. The vendor must have at least 50% of its sales in non-WIC sales.

3. A pharmacy must be able to provide formula within forty-eight (48) hours.
4. The Vendor must be open at least ten (10) hours a day, six (6) days per week.
5. The Vendor applicant or any of the Vendor applicant's current owners, officers, or managers must not have been convicted of or had a civil judgment entered against them for any activity indicating a lack of business integrity during the last six years of date of application. Activities indicating a lack of business integrity include fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and obstruction of justice.

8.05

Selection Criteria

6. The Vendor must not be currently disqualified from the Food Stamp Program, or assessed a civil money penalty (CMP) for hardship and the disqualification period that would otherwise have been imposed has not expired.
7. The Vendor must not be serving a current disqualification period imposed by the West Virginia WIC Program.
8. The Vendor must be in a permanent, fixed retail establishment located in West Virginia, except that a WIC Only Store is specifically prohibited.
9. The Vendor applicant must not have been involved with or had interest in a previous ownership in which the WV WIC Program has determined was sold in an attempt to circumvent a WIC sanction.
10. Vendor authorization will not be granted to a Vendor applicant if the WV WIC Program determines that the previous owners had sold the store in order to circumvent a WIC sanction and members of the previous ownership still have interest and involvement with the current store operation.
11. In making the determination that a store was sold in an attempt to circumvent a WIC sanction, the WV WIC Program will consider factors such as whether the store was purchased by a relative by blood or marriage of the previous owner(s) or sold to any individual or organization for less than its fair market value.
12. The vendor must maintain a satisfactory sanitary condition.
13. A current WIC Vendor must have complied with all required corrective actions resulting from monitoring by the State WIC Agency.
14. A Vendor must have provided proper justification or repayment for any drafts which exceed the established edits set by the State WIC Agency.
15. The Vendor must abide by any applicable West Virginia consumer protection law.
16. The Vendor must explain and document any possible conflict of interest.
17. For those Vendors with a redemption history, the total draft rejections for “Exceeds Current Price Edits” must not exceed 2% of all drafts redeemed within the current vendor Agreement period.
18. For those Vendors with a redemption history, the total draft rejections for any reason must not exceed 5% of all drafts redeemed within the current vendor agreement period.
19. As provided in WV Code §21A-2-6(17) the WV WIC Program may not issue or renew a Vendor Agreement if the vendor is in default with the state’s Workers’ Compensation and/or Unemployment Compensation benefits.

8.05

Selection Criteria

20. The WV WIC Program will not authorize a vendor that is expected to derive more than 50 percent of its annual revenue from the sale of food items for WIC food drafts, unless that vendor is necessary to assure participant access to program benefits. The methodology used by the WV WIC Program to determine if a vendor is expected to meet the 50 percent criteria may include but is not be limited to the following:

Applicant vendor currently has WIC approved stores where WIC food sales are more than 50 percent of total annual food sales.

Applicant vendor is expected to accept WIC as the primary form of payment for the sale of supplemental foods items.

Applicant vendor is expected to or currently offers for sale primarily WIC-authorized food items groups (i.e. does not offer a variety of foods in the staple food groups - meat, poultry or fish; bread or cereal; vegetables or fruits; and dairy). Refer to pages 2 and 3 for specifics.

Applicant vendor is dependent upon WIC authorization before the store can open for business.

21. The WV WIC Program will provide to the vendor a listing of approved infant formula manufacturers, wholesalers, distributors and retailers licensed in the State from which the vendor is required to purchase WIC approved infant formula. If the manufacturer, wholesaler, distributor or retailer from whom the vendor normally purchases WIC approved infant formulas does not appear on the list, the vendor must contact the WV WIC Program to confirm approval of that manufacturer, wholesaler, distributor or retailer. The vendor may purchase from a source outside the state as long as that source appears on that state's approved manufacturers, wholesalers, distributors and retailers list. The vendor is not to purchase infant formula from an individual or source not appearing on the approved list.

The approved list of manufacturers, wholesalers, distributors and retailers will be updated on an annual basis and provided to the vendors. The list will also be available on the WIC Program's website at www.wvdhhr.org.

The vendor is to maintain copies of all invoices/receipts verifying the purchase of infant formula for two years.

The vendor must make available purchasing records to the WV WIC Program within 30 days of a written request from the State Agency. The purchasing records must show the source and date of purchase of all WIC Approved formulas and foods.

The vendor must notify the State Agency within 30 days, if their primary source of WIC Approved formula has changed from what was reported at the time of application or previously reported. The purchase of WIC approved infant formula from a non-approved source may result in a vendor sanction.

8.05 **Selection Criteria**

Note: With the exception of WV Code §21A-2-6(18), any of the above criteria may be waived by the State Agency based on inadequate participant access.

C. Vendor Pricing (Step 2)

Vendor pricing is a large determinant in the West Virginia WIC Program's ability to maximize the number of participants it can serve. Therefore, the ability of a Vendor to provide the services within the limited range of prices established by actual reported food prices is essential to successful WIC Program operation.

1. The Vendor Price List will be used to determine that the applicant Vendor is within prescribed pricing limits.
 - a) The Vendor Price List comparison is made on four (4) of the most common WIC food packages plus a 15% inflation factor.
 - b) The Statewide average for food draft types 0005, 0039, 0163, and 0618 within Vendor class will be used to determine if a Vendor applicant's (or current Vendor at re-authorization) prices are competitive within the applicant's specified vendor classification.
 - c) The prices as reported on the Vendor Price List portion of the application will be the determinant as to whether the Vendor's prices are within 15% of the average reported prices within the individual vendor class for WIC-eligible food.
2. In determining the food draft cost, the highest price reported on the Vendor Price List will be used for fluid milk, adult/child juice, eggs, cheese, peanut butter, carrots, and tuna.
3. For infant formula, the highest price reported for a 13 ounce can of concentrated contract formula, as designated on the Vendor Price List, will be used.
4. For infant juice, the highest price reported for a 4 ounce jar of the contract infant juice, as designated on the Vendor Price List, will be used.
5. For infant cereal, the highest price reported for an 8 ounce box of the contract infant cereal, as designated on the Vendor Price List, will be used.
6. For adult/child cereal, the cost will be computed based on the average per ounce price of the cold cereals carried by the Vendor.
7. After determining the cost of a particular food draft type, the applicant's (or current Vendor at re-authorization) price will be compared to the price edit for that Vendor's class level.

8.05 **Selection Criteria**

8. If the price edit on any food draft type is exceeded, the Vendor will be offered an opportunity to adjust the price(s) in order to meet the maximum allowable price per food draft type.
9. Should the Vendor be unable to meet the pricing edits, the application will not be approved (or the current Vendor Agreement will not be renewed).

D. Vendor Redemption History (Step 3)

The West Virginia WIC Program has designed a banking payment system to minimize WIC personnel involvement and to expedite payments to Vendors. Vendors whose pricing and food draft handling practices cause excessive banking rejects, circumvents the banking system, delay payments which requires unnecessary personnel time to process payment at an increased cost to the Program will result in the following actions. The review of Vendor draft rejection percentage history will ensure that personnel time is not spent in duplicating other efforts.

1. Category A: A Vendor who is currently participating in the West Virginia WIC Program will be subject to review of its draft rejection history
 - a) When an active Vendor becomes an applicant for a new Agreement period, its draft rejection history will be reviewed from the origination date of the current Vendor Agreement to the end of the quarter preceding the quarter of re-authorization.
 - b) Vendor Agreements will not be offered to Vendors with a history of banking system rejects at an average rate of 5% or greater within the course of the current (expiring) Agreement.
 - c) The rejection rate for the single reason of "Exceeds Current Price Edits" must not exceed an average of 2% within the course of the current (expiring) Agreement.
2. Category B: An applicant Vendor with no current agreement with the West Virginia WIC Program, but with a previous redemption history, to include at least one (1) month of redemption activity in the twelve (12) months prior to application, is subject to review of that history.
 - a) Vendor Agreements will not be offered to Vendors with a history of average banking system rejects exceeding 5%.
 - b) Vendor Agreements will not be offered to Vendors with a history of average banking system rejects for the single reason of "Exceeding the Current Price Edits" of 2%.
3. Category C: An applicant Vendor with no current (expiring) Vendor Agreement, and no redemption history within the past twelve (12) months may be approved for participation without regard to redemption history, however such a history will be considered to have been established at the end of the first full quarter from the

8.05

Selection Criteria

time approval is granted. Performance will be evaluated at that time, and the Vendor will be subject to the same performance levels as any active Vendor.

Note: During the course of the Vendor Agreement period for WIC-authorized Vendors, the above mentioned rejection rates will be monitored regularly. Vendors exceeding one or both of the tolerable levels for draft rejections will be warned and given an opportunity for correction. A Vendor who is found to have three (3) consecutive months of exceeding one or both of these tolerance levels, or six (6) months in total in a one (1) year period will be subject to non-renewal of vendor authorization for a period of one (1) year. Vendors subject to such an action will be considered in Category C at the point of re-application.

E. Site Visit (Step 4)

The State Agency will conduct on-site visits to those Vendors that appear to have met the stated criteria.

1. The monitor(s) will review the current stock of WIC-approved food to determine if the stock requirements are met according to the Minimum Stock Grid in both variety and quantity.
2. The monitor will review all WIC-approved food items to determine if these items are within the manufacturer's expiration dates.
 - a) If an item is beyond the expiration date, the item will not be included in determining if the Vendor meets the minimum stock requirements.
 - b) If the Vendor is found to be deficient in two (2) or more categories in either quantity and/or variety of WIC approved foods, the Vendor will not receive any further consideration for Vendor authorization.
3. The monitor will request verification of the following licenses or authorization, where applicable:
 - < Food Stamp;
 - < Food Sanitation; and
 - < West Virginia Business License.
4. If a Vendor is located in a county that does not issue Food Sanitation licenses, the monitor will review the sanitary conditions of the store. Should the store appear (to the Vendor monitor) to not meet acceptable standards, a referral will be made to the local county sanitarian for inspection.

8.05

Selection Criteria

5. The Vendor monitor will also review the store to determine if WIC-approved food items are clearly and correctly priced, requiring corrections if errors are found before proceeding with authorization.
6. If a Vendor is offering the WIC Program prices which are below shelf prices, then the monitor will review the alternative method of pricing which the Vendor is proposing. The alternative pricing method must receive prior approval from the State Agency.

F. Vendor Training (Step 5)

A Vendor reaching this point will be provided an unsigned Vendor Agreement and an invitation to attend authorization training.

1. The Vendor Agreement will be provided prior to training and authorization in order to give the vendor an opportunity to read and understand the conditions into which the vendor is entering.
2. Currently active vendors will be provided a notification letter which will give them the dates, times, and, locations of training sites that will be held within their region.
3. New applicant vendors will be provided a notification letter which will give them the date and time of the next regularly scheduled monthly authorization training for applicant vendors to be held at the State Office.
4. Failure of an active vendor to attend training will result in the vendor not being awarded a new Vendor Agreement to act as an authorized vendor at the end of their current and existing Agreement period.
5. Failure of an applicant vendor to attend training will result in the vendor not being awarded a Vendor Agreement to act as an authorized WV WIC vendor.

G. Vendor Agreement (Step 6)

Upon completion of vendor authorization training the vendor will be awarded authorization.

1. This Vendor Agreement will specify the conditions under which the Vendor must operate.
2. The vendor or an authorized representative of the store will sign the Vendor Agreement and return it to the State Office.
3. At this point an authorized representative of the WV WIC Program will also sign the Agreement.
4. Active vendors will be provided a new Vendor Agreement extending their authorization for another two (2) years.

8.05 **Selection Criteria**

5. New vendors will be provided an initial Vendor Agreement for a period of six (6) months.

6. New vendors will also be provided all necessary WV WIC Related materials such as the Vendor Handbook, window decal, WIC approved food lists, vendor stamp, current quarterly edit sheets, current newsletter(s), training tapes, and request for reimbursement forms.

REFERENCES:

1. WIC Regulation: CFR §246, Special Supplemental Nutrition Program for Women, Infants and Children (WIC): Food Delivery Systems, Final Rule