Maine Center for Disease Control and Prevention
WIC Nutrition Program

Effective: October 1, 2012 Policy No. VM-1
Revised: October 1, 2017

Vendor Selection and Authorization

Authority

7 CFR §246.4(a)(14)(i), (ii) and (iii), §246.12(a)(1), §246.12(g)(2), (3) and (4), §246.12(h), and §246.12(l)(3)

22 MRSA §255; and

10-144 CMR Chapter 286 §IV(A), (B), (C) and (D)

Policy

1. The Maine CDC WIC Nutrition Program uses a retail purchase system for distribution of supplemental foods. Maine CDC does not allow home delivery or direct delivery distribution of supplemental foods. Delivery is only allowed after purchase transaction in store.
2. Maine CDC contracts with a limited number of retail vendors in the operation of its retail purchase system to:
   - 2.1. Ensure the lowest practicable food prices consistent with adequate participant access; and
   - 2.2. Ensure effective management, oversight and review of authorized vendors.
3. Only vendors selected and authorized by Maine CDC may participate in the WIC Program.
4. Maine CDC does not authorize vendors that derive more than 50 percent of their annual sales revenue from WIC food instruments/cash-value vouchers.
5. Maine CDC considers vendor applications on a semi-annual basis – beginning on April 1 and October 1 – unless more frequent consideration is necessary to ensure adequate participant access. For each consideration period, only those applications received prior to the start date will be processed during that period. If more frequent consideration is necessary due to inadequate participant access, Maine CDC will post a notice on its website informing retailers of the need for additional authorized vendors in particular areas of the state.
6. Vendors must meet the following selection criteria:
   - 6.1. Carry a minimum variety and quantity of supplemental foods as identified in the current Minimum Inventory Requirements in Appendix VM-1-A.

6.1.1. Expired foods are not counted toward meeting minimum inventory.

6.1.2. Stand-alone pharmacies are exempt from minimum stock requirements.

6.2. Have competitive prices, based on comparison of vendor applicant price lists and a State Agency standard drawn from a price survey completed by vendors that are authorized in the Peer Group that the applicant would be assigned to, unless denial for this reason would result in WIC participants having inadequate access to an authorized WIC Vendor.

6.2.1. Pharmacies that provide only exempt infant formula or WIC-eligible medical foods to participants are exempt from Maine CDCcompetitive price criterion for vendor authorization.

6.2.2. Commissaries are exempt from competitive price criterion for vendor authorization.

6.3. Possess a valid Food Establishment License from the Maine Department of Agriculture, Food and Rural Resources (or its equivalent from another state) or registration as a pharmacy through the Maine Board of Pharmacy (or its equivalent from another state).

6.4. Currently be authorized as a Supplemental Nutrition Assistance Program (SNAP) retailer, and provide the SNAP authorization number.

6.5. Have a location that improves WIC participant's access to supplemental foods provided with WIC food instruments (FIs) per the limiting criteria listed in Section 3.3 of the Procedures portion of this policy.

6.6. Obtain infant formula for sale to WIC participants from sources on the WIC Program authorized list of infant formula wholesalers, distributors and retailers or manufacturers registered with the U.S Food and Drug Administration (Appendix VM-1-B).

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6.7. Be an established business, open to the public for at least one year in the current location. This condition may be waived by Maine CDC for a currently authorized Vendor in good standing that is adding an additional location or to the new owner of a currently authorized store in good standing.

6.8. Have a fixed location that includes refrigeration and freezer equipment in the retail area.

6.9. Carry foods intended for home preparation and consumption in addition to the WIC required minimum stock items including:

6.9.1. Fresh or frozen uncooked meat, fish, poultry, or meat substitutes;

6.9.2. Whole grain bread and cereal products;

6.9.3. Dairy or dairy-substitute products; and

6.9.4. Fresh fruits and vegetables.

6.10. Be open to the public for business at least ten hours per day, six days per week.

6.11. Have at least 1000 square feet of space devoted to the sale of grocery items unless denial for this reason would result in inadequate participant access.

6.12. Clearly mark all items for sale in the store with prices, or clearly indicate prices with shelf labels or other signage.

6.13. Have the capacity to receive an ACH credit (direct deposit) through their bank.

6.14. Have maintained compliance with the previous Vendor Authorization Agreement, if previously authorized.

6.15. Maintain business integrity which excludes:

6.15.1. Selling a store to circumvent a WIC sanction.

6.15.2. The vendor's owners, officers, or managers having a history of criminal convictions or civil judgments for activities listed in 7 CFR 246.12(g)(3)(ii) during the previous six (6) year period, unless denying authorization would result in inadequate participant access.

6.15.3. Having a history of WIC sanctions.

6.15.4. Failing to pay a vendor claim.

6.15.5. Being disqualified from SNAP or incurring a civil money penalty for hardship from SNAP, unless denying authorization would result in inadequate participant access.

6.15.6. Being disqualified or incurring a civil money penalty for hardship from the New Hampshire WIC Program, unless denying authorization would result in inadequate participant access.

7. The Maine CDC shall routinely verify the FNS field office information provided by vendor applicants regarding the status of their SNAP retailer authorization.

8. Vendors are assigned to Peer Groups for selection/authorization and for reimbursement purposes. Peer Groups are used to set the competitive price range for WIC foods, to assess whether a vendor applicant's prices are competitive, and to establish maximum reimbursement amounts (MARs) for WIC foods

9. The Maine CDC classifies authorized vendors into groups based on the store business model.

10. Peer groups are as follows:

10.1. Group 1– Chain stores including mass merchandisers, national and regional chains, and other stores supplied through the same wholesale distributor as a national or regional chain (chain affiliates) (Peer A)

10.2. Group 2 – Convenience and independent grocery stores (Peer C)

10.3. Group 3 – Rural stores/special circumstances stores- Island Locations (Peer D)

10.4. Group 4 – Commissaries/Pharmacies (Peer E)

10.5. Group 5 – Farmers Accepting FMNP Coupons and WIC Cash Value Vouchers (Peer H)

11. The State Agency may reassess an authorized vendor's peer group designation at any time during the vendor's agreement period. The vendor may be placed in a different peer group if, upon reassessment, the State Agency determines that the vendor is no longer in the appropriate peer group. Peer groups shall be adjusted as needed to ensure cost containment.

12. The State Agency shall assess the effectiveness of its peer group system on an ongoing basis using redemption data from the peer groups to compare food package costs.

13. All vendors shall have a written agreement with Maine CDC. The Agreement is a standard agreement that is used statewide (see Appendix VM-1-C).

    13.1. Agreements between the State Agency and authorized vendors will be valid for a maximum of three (3) years. Occasionally, an Agreement period may be for a shorter timeframe in order to ensure administrative efficiency.

    13.2. The Vendor Agreement is non-transferable. Any transfer of ownership or sale of the business by the vendor shall render the Agreement and the vendor stamp null and void. The Agreement also shall be null and void if the vendor ceases operations or leases the business.

    13.3. Both parties to the Vendor Agreement shall represent that there is no conflict of interest between the Maine CDC WIC Nutrition Program, the local WIC agencies and the Vendor.

    13.4. The Vendor Agreement is subject to change in accordance with any changes in federal and state requirements governing the Maine WIC Nutrition Program.

    13.5. Neither the vendor nor the State Agency has an obligation to renew the Vendor Agreement upon expiration.

Procedures

1. Each retail store applying for WIC authorization shall submit all the required application forms to the Maine CDC WIC Nutrition Program office (see Appendix VM-1-D).

1.1. Application forms shall be completed in full, signed by an appropriate vendor representative, and submitted to the State Agency for consideration by the beginning of the upcoming application period.

1.1.1. Vendor corporate offices shall complete applications for all vendor outlets of their chain. Individual stores in a chain are not required to submit an application. Each individual store is required to receive an approved form of training prior to authorization and to meet all authorization criteria and requirements such as minimum stocking requirements.

1.2. Incomplete or unsigned applications will be returned to the vendor.

1.2.1. Applicants shall submit the missing information to the State Agency within thirty (30) days of notification of the incomplete application.

1.2.2. Applicants who fail to return the missing information within 30 days may be not be considered for authorization.

2. Prior to the consideration of complete applications, the State Agency will determine the participant access needs for each of the towns for which applications have been received.

3. If multiple vendor applicants that meet the selection criteria apply in the same town:

3.1. Applicants that would be placed in the Peer A grouping will receive first consideration for authorization.

3.2. The State Agency will also consider any other applicants in the same town that meet vendor limiting criteria based upon the applicant's location and participant density in that area.

3.3. The State Agency will limit the number of vendors authorized using the following criteria:

3.3.1. Redemption of a minimum number/volume of food instruments (no less than an average of 15 WIC checks or of $200.00 in value of WIC checks redeemed per month based upon the most recent 12 months of redemption).

3.3.1.1. Any Peer A store redeeming fewer than 50 food instruments per month averaged over the previous 12 months that is located within a 1 mile radius of another Peer A vendor redeeming more than 50 food instruments per month will be terminated.

3.3.2. In towns with more than 5,000 residents, a store that would be placed in the Peer C classification that meets all vendor selection criteria may be authorized if it is in a location:

3.3.2.1. More than 1 mile from an authorized Peer A store;

3.3.2.2. More than 0.5 miles from the nearest Peer C store; and

3.3.2.3. Where there are 25 or more WIC participants residing in a 0.25 mile radius.

3.3.3. In towns with between 2,000 and 5,000 residents, no more than 2 Peer C stores will be authorized in a 5 mile radius. In addition, a Peer C store will only be authorized if it is located:

3.3.3.1. More than 1 mile from the nearest authorized Peer A store;

3.3.3.2. More than 0.5 miles from the nearest authorized Peer C store; and

3.3.3.3. There are 50 or more WIC participants residing within a 5 mile radius of the applicant store.

3.3.4. In towns with fewer than 2,000 residents, no more than 1 vendor will be authorized. In addition, a store may not be authorized if:

3.3.4.1. There are fewer than 10 participants within a 5 mile radius of the applicant store.

4. Prior to declining applicants that do not meet the selection criteria listed as 6.2, 6.11, 6.16.2, 6.16.5, and 6.16.6 in the Policy above, the State Agency will determine if there would be inadequate participant access if the vendor was declined. If a finding of inadequate participant access is made, a least vendor must be authorized.

4.1. The definition of inadequate participant access for the purposes of vendor selection when the applicant vendor does not meet all other selection criteria or is being considered for disqualification is:

4.1.1. For towns with a population of 5,000 people or more, no vendors within a 5 mile radius of the applicant vendor/vendor to be sanctioned; or

4.1.2. For towns with a population of less than 5,000 people, no vendors and at least 25 WIC participants within 10 miles of the location of the applicant vendor/vendor to be sanctioned.

5. For vendor applicants meeting selection and limiting criteria the State Agency will:

5.1. Notify the vendor within 90 days unless an earlier notification is necessary in order to ensure adequate participant access;

5.2. Conduct an on-site preauthorization visit to verify information received during the application process; and

5.3. Require a representative of the store (store owners, managers, and/or store staff) to successfully complete vendor training. Initial training shall be in a face-to-face

format. This training may be held during the on-site visit or at another time and location to be decided by the State Agency.

6. Once training has been completed, the vendor applicant and the State Agency will sign a Vendor Agreement.

   6.1. Vendors who receive an unsigned State Agency-Vendor Agreement in the mail shall sign and return it within two (2) weeks from the date it was mailed by the State Agency.

   6.2. Vendors who fail to return the signed Agreement by the prescribed deadline will be terminated from the Program until the contract is signed and returned to the State Agency. Signed contracts received after the contract period ends will not be accepted. The vendor will be required to apply as a new vendor.

7. Upon initial authorization, one self-inking vendor stamp will be provided to the vendor. Vendor stamps will be mailed via certified mail.

   7.1. Vendors may not duplicate vendor stamps. Upon request from a vendor, the State Agency may issue a duplicate stamp to a vendor.

   7.2. If a vendor stamp is lost by or stolen from a vendor, the vendor shall notify the State Agency immediately. The State Agency shall order a replacement stamp. The State Agency may charge a fee to the vendor. The stamp shall be mailed via certified mail to the vendor.

   7.3. If a stamp is worn out or broken, the vendor may obtain a replacement free of charge by contacting the State Agency. The stamp shall be mailed via certified mail to the vendor.

   7.4. A vendor may use mechanical/electronic means other than the vendor stamp issued by the State Agency to print its vendor number on FIs for redemption, with State Agency approval.

   7.5. The vendor stamp is invalid upon Agreement termination, disqualification or voluntary withdrawal from the Program.

8. The Agreement between the Vendor and the State Agency may be terminated as follows:

   8.1. The Agreement may be terminated for cause by the State Agency with fifteen (15) days' advance written notice.

   8.2. The State Agency shall terminate the Vendor Agreement if the vendor is disqualified for any reason.

   8.3. The State Agency may terminate the Vendor Agreement with thirty (30) days advance written notice without cause.

9. To remain authorized the vendor shall comply with all of the requirements of the Maine CDC WIC Nutrition Program, including, but not limited to:
    - 9.1. Attend mandatory training
    - 9.2. Maintain minimum stock of all WIC foods
    - 9.3. Meet minimum redemption requirements
    - 9.4. Provide price surveys upon request
    - 9.5. Maintain competitive pricing
    - 9.6. Satisfy all claims for overcharges within the time requested
10. The State Agency may reassess authorization of any authorized vendor at any time and as often as it deems necessary during the vendor's contract period, using the vendor selection criteria in effect at the time of the reassessment. The State Agency shall terminate the agreements with those vendors that fail to meet the criteria.
11. Vendors will receive an application for renewal of authorization at least thirty (30) days before the agreement expires. This shall include notification that failure to return the renewal application prior to the date of expiration of the current Agreement will result in loss of authorization.
12. The State Agency will maintain a file on each authorized vendor that includes at a minimum the following:
    - 12.1. Vendor data sheet/price survey forms
    - 12.2. Vendor Agreement
    - 12.3. Completed on-site monitoring forms
    - 12.4. All written correspondence relating to the vendor
    - 12.5. Any participant complaints
    - 12.6. Record of training activities
    - 12.7. Log of vendor contracts
13. All vendor files will be maintained as inactive files for a three-year period from the date the vendor's most recent contract is terminated or expired.