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April 11, 2012

**VENDOR BULLETIN 2012-01**

**TO: ALL WIC AUTHORIZED VENDORS**

**SUBJECT: CHANGES TO WIC MAXIMUM ALLOWABLE DEPARTMENT REIMBURSEMENT (MADR) RATES**

**Purpose:**

To address the serious concerns we share with the U.S. Department of Agriculture (USDA) about substantial rises in food costs in the California WIC Program, the California Department of Public Health (CDPH) Women, Infants and Children (WIC) Nutrition Program will modify Maximum Allowable Department Reimbursement (MADR) rates for WIC-authorized vendors with 1-4 registers. (These vendors are in peer groups 2, 3, 7, 8, 12, and 13.) This modification also will affect the reimbursement rates for vendors in Peer Group 1 as their rates are readjusted to the statewide average of all redemptions. The MADR changes will be posted on the Vendor WIC Information Exchange (VWIX) website on May 20, 2012 which is as soon as computer programming can be completed. The new rates will be effective beginning at 12:01 a.m. on May 25, 2012.

**Background:**

CDPH and USDA are working together to address rising food costs in the California WIC Program. The food cost increases are greater than can be explained by the rate of food inflation, particularly the high prices charged by stores with 1-4 registers. Therefore CDPH will take immediate action to control WIC food costs in accordance to USDA directives.



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**CDPH WIC Action:**

To control WIC food costs in 1-4 register stores while maintaining participant access to WIC supplemental foods, CDPH WIC is implementing the following modifications to its peer group and reimbursement methodology:

**MADR Rates:** CDPH will modify the tolerance level in MADR rates for the 1-2 cash register peer groups to 15 percent above the competitive statewide average and for the 3-4 cash register peer groups to 11 percent above the competitive statewide average. These changes will be made effective as soon as possible.

**Peer Groups:** Effective immediately, peer group assignments will remain the same. WIC will not authorize reassignment of a vendor to a different peer group except in cases where a vendor is reassessed as an A-50 vendor and/or is placed in Peer Group 1.

**Vendor Action Needed:**

Please prepare to review and apply the interim MADR changes as soon as they are announced and posted by accessing VWIX at <https://vwix.ca.gov>. Your attention to these rates will help avoid return check charges if the amount on the face of the WIC Food Instrument (FI) is greater than the MADR for the food item as posted in VWIX.

**Next Steps:**

The MADR and peer group changes outlined in this Vendor Bulletin and the moratorium on new vendor authorizations will remain in effect until further notice.

If you have questions about these changes, please contact your Vendor Analyst at 916-928-8705.



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