



State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

March 6, 2012

VENDOR ALERT 2012 - 06

TO: ALL WIC VENDORS
SUBJECT: REQUIREMENTS TO MAINTAIN COMPETITIVE SHELF PRICES

Purpose

The California Women, Infants, and Children (WIC) Program wants to remind vendors of the requirements in the California Code of Regulations (CCR) and the Vendor Agreement to maintain competitive pricing for supplemental foods.

Background

CCR Title 22 Section 40741 (a) (8) requires the Department to disqualify vendors from the WIC Program for a period of one year for "charging prices for the Program supplemental foods that are unreasonably high or not comparable to the prices of other stores in the area, as determined by the Department." Pursuant to the Vendor Agreement, Article II Rule 5 (c) requires vendors to "maintain prices for supplemental foods that are reasonable and comparable to the prices of other vendors in the same peer group."

Any violations of the Vendor Agreement are subject to termination from the WIC Program as an authorized vendor.

Prohibited Activity - Grounds for Termination of Vendor Agreement

Charging a WIC participant higher prices for food items than the prices charged the general public for those same items, or requiring WIC participants to buy higher priced brands when the WIC Authorized Food List (WAFL) Shopping Guide is not brand specific, is prohibited.

As a WIC authorized vendor, the prices you charge for WIC authorized foods must be competitive with similar stores in your area. You may offer a variety of brands at different price points to meet your customer's preferences. The methodology used to establish the Maximum Allowable Department Reimbursement (MADR) rates provides WIC authorized vendors with opportunity to charge the California WIC Program for products based on the combination of their product cost and their store's business model. The MADR rate is the maximum that a vendor may charge for an item or group of items, **BASED ON THE LESSER OF THE MADR OR THEIR SHELF PRICES FOR THOSE ITEMS.** The MADR rate is NOT a special price that a vendor may charge the WIC Program to make a greater profit than they would have made selling the same items to the general public.

As a WIC authorized vendor you may NOT:

- Charge WIC participants prices higher than the product price that is displayed on your shelves
- Require WIC participants to buy specific brands of products when the WAFL Shopping Guide is not brand specific



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Prohibited Activity - Grounds for Termination of Vendor Agreement (continued)

- Direct WIC participants either verbally, or through shelf talkers or other point-of-display materials, to particular brands within a variety of food. For example, you must place shelf talkers on all brands of 2% milk if you place shelf talkers on any brand in your display.

Violations of these requirements will result in a vendor's disqualification from the WIC Program and an action for reimbursement in accordance with the findings of the audit. Remember that the Cal-Fresh/SNAP program may also disqualify a vendor based solely on the WIC Program disqualification. Please do not put your Cal-Fresh/SNAP authorization at risk by not maintaining competitive pricing for supplemental foods.

Increased Enforcement

The WIC Vendor Management Branch (VMB) has redirected resources to identify and disqualify vendors who are engaging in these prohibited activities. All vendors can expect more frequent visits by State WIC staff, including unannounced routine monitoring visits and undercover buys conducted by WIC investigators.

Questions

If you have any questions, please contact your Vendor Consultant or call toll free (855) WIC-STOR or (855) 942-7867.

!New: You can also contact the WIC VMB by email; WICVENDORINFO@cdph.ca.gov.



Clyde R. Steele, Chief
Vendor Management Branch
California WIC Program