



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



EDMUND G. BROWN JR.
Governor

August 31, 2012

VENDOR ALERT 2012 - 15

TO: ALL WIC VENDORS

SUBJECT: REMINDER: THE MAXIMUM ALLOWABLE DEPARTMENT REIMBURSEMENT (MADR) RATE IS PAYMENT IN FULL

Purpose

The California Women, Infants, and Children (WIC) Program would like to remind all vendors that charging WIC participants the difference between the Maximum Allowable Department Reimbursement Rate (MADR) and the price your store charges for supplemental food items is not allowed.

Background

On May 25, 2012 the WIC Program modified the MADR rates which reduced the amount vendors with 1-4 registers and vendors in Peer Group 1 were reimbursed for supplemental foods. This action was taken to address concerns about substantial rises in food costs in the WIC Program. While the MADR rates may be lower than the prices your store charges for supplemental foods, the Code of Federal Regulations (CFR) section 246.12 (1) (c) prohibits WIC participants from being charged for supplemental foods.

Vendor Compliance Requirements and Implications

Article II, Rule 5 (g-h) of your WIC Vendor Agreement states "The vendor shall not seek or accept payment from the participant with any food instrument except for the food instrument redeemable for the purchase of fruits and vegetables. Not seek restitution from the participant for food instruments not paid or partially paid by the WIC Program."

When the shelf price of the supplemental food is higher than the vendor's peer group MADR rate for that food item, the vendor is required to lower the dollar amount of the supplemental food to an amount which does not exceed the vendor's peer group MADR rate.

In addition, when a supplemental food item is not brand specific, the participant may choose any brand. A vendor may not require the participant to choose a cheaper brand or require the participant to purchase less than the full amount of prescribed foods on the food instrument (FI). If the shelf price of the brand the participant chooses is higher than the vendor's peer group MADR rate for that food item, the vendor must lower the dollar amount of the supplemental food item to an amount which does not exceed the MADR rate.

California Code of Regulations 40741(a) specifies that a vendor shall be disqualified from the WIC Program for one year for violations of the Vendor Agreement.

Remember that the Cal-Fresh/SNAP Program may also disqualify a vendor based solely on the WIC Program disqualification. Do not put your WIC or Cal-Fresh/SNAP authorization at risk.



Women, Infants, and Children (WIC) Program
3901 Lennane Drive, MS 8600, Sacramento, CA 95834
P O Box 997375, MS 8600, Sacramento, CA 95899-7375
(916) 928-8500 Internet Address: www.wjworks.ca.gov

Exception

WIC participants are allowed to pay the difference between the cash value and the purchase price of the fruit and vegetable FI. The dollar amount the cashier writes on the fruit and vegetable FI cannot exceed the specific dollar amount on the FI or it will be rejected.

Outline of Vendor Responsibilities

The following outlines the vendor responsibilities in accordance with your contractual agreement with the WIC Program:

You must:

- Accept up to the MADR rate for the vendor's peer group as payment in full for the maximum quantity of supplemental food listed on the FI.
- Allow participants to buy the full amount of the items listed on the FI even if the shelf price of the participant's selection exceeds the maximum dollar value of the FI. Remember, this is the participant's choice, not the vendor's.
- Provide supplemental foods at the current posted shelf price or at less than the current price charged to other customers.

You may not:

- Require participants to purchase less expensive or less costly brands when the supplemental food item is not brand specific.
- Charge participants for the difference between the MADR rate and the price your store charges for supplemental food items.
- Require participants to purchase less than the full amount of prescribed foods on the FI.

You may:

- Reduce shelf prices to lower than or equal to the vendor's peer group MADR rate for supplemental food items.
 - Maintain current shelf prices, but accept WIC's reimbursement as payment in full for the maximum quantity of supplemental food listed on the FI.
 - Terminate your contract with the WIC Program with a 15-day advance written notice. You may do so by contacting your vendor consultant.
-

Increased Enforcement

The WIC Vendor Management Branch (VMB) will continue to redirect resources to identify and disqualify vendors who are engaging in these prohibited activities. All vendors can expect 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. You can also contact the WIC Vendor Management Branch by email: WICVENDORINFO@cdph.ca.gov.



Kim Frinzell, Deputy Division Chief
Vendor Management and Training Services
California WIC Program