



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



EDMUND G. BROWN JR.
Governor

April 4, 2014

VENDOR ALERT 2014 - 03

TO: ALL WIC VENDORS

SUBJECT: NOTICE TO VENDORS REGARDING FINAL ACTION FOR PEER GROUP CRITERIA AND CORRESPONDING REIMBURSEMENT SYSTEM, EFFECTIVE JUNE 1, 2014

Purpose The California Supplemental Nutrition Program for Women, Infants, and Children (WIC) is notifying vendors that WIC Regulatory Bulletin 2014-01 issued on April 4, 2014, is posted on the WIC website and provides Notice of Final Action for changes to peer group criteria and a corresponding reimbursement system. The Final Action will be effective on June 1, 2014.

Authority Title 7 of the Code of Federal Regulations (C.F.R.) Section 246.12(g)(4) and California Health and Safety Code (H&S) Section 123315 adopt rules for vendor reimbursement, including the maximum allowable department reimbursement (MADR) rates for each peer group.

Background On December 13, 2013, the Department issued WIC Regulatory Alert 2013-03, which informed WIC stakeholders of the Program's plan to adopt the California WIC vendor peer group criteria and corresponding reimbursement system into California regulation, pursuant to H&S Code Section 123322 and in accordance with 7 C.F.R. Section 246.

In establishing changes to Program peer group criteria and corresponding reimbursement system requirements and before the WIC Regulatory Bulletin becomes effective, the Department provided notice to affected stakeholders, including vendors, manufacturers, local agencies, participants, advocates, consumer groups, and their respective associations. The notice stated the reasons and authority for the changes. It also notified stakeholders about how to provide comments on the proposed regulations and participate in a workgroup meeting with other stakeholders and the Department. The notice was fulfilled with the issuing of WIC Regulatory Alert 2013-03 and Attachments 1 and 2, "Vendor Peer Group Criteria and Statement of Reasons" and "Vendor Reimbursement System and Statement of Reasons," on December 13, 2013. The Stakeholder Workgroup Consultation Webinar for the proposals was held on Tuesday, January 21, 2014.

WIC Regulatory Alert 2013-03 and information provided at the webinar can be accessed online at: <http://www.cdph.ca.gov/programs/wicworks/Pages/WICRegulations.aspx>.

Subsequently, on April 4, 2014, the Department issued WIC Regulatory Bulletin 2014-01, which posted a Final Action on the changes to California WIC vendor peer group criteria and corresponding reimbursement system into California Regulation at: <http://www.cdph.ca.gov/programs/wicworks/Pages/WICRegulations.aspx>.



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(916) 928-8500 Internet Address: www.wicworks.ca.gov

Changes and Updates in Program Rules

Below is a summary of changes to the vendor peer group criteria and corresponding reimbursement system that will go into effect on June 1, 2014. Please see WIC Regulatory Bulletin 2014-01 for more details regarding the vendor peer group criteria and corresponding reimbursement system.

Peer Group Criteria (Article 3; Sections 50000, 50100, 50200, and 50300)

The Department will use criteria to place a vendor in an appropriate peer group category and subgroup based on a review and assessment of the vendor at authorization and any time during the term of the vendor agreement. Further, Section 50000 establishes general requirements for the assessment conducted to assign a vendor to a peer group. The following is a summary of peer group categories and a definition of a full-line grocery store.

Peer Group Category A. Vendors assigned to Peer Group A are vendors that derive more than 50 percent of their annual food sales revenue from WIC food instruments, or is a new vendor expected to meet this criterion.

Peer Group Category B. Vendors assigned to Peer Group B are vendors who receive less than or equal to fifty percent of their annual food sales revenue from WIC food instruments and meet the definition of a full-line grocery store. Peer Group Category B vendors are divided into Register Count Subgroups based on the number of cash registers in the vendor location.

Peer Group Category C. Vendors assigned to Peer Group Category C are vendors who receive less than or equal to fifty percent of annual food sales revenue from WIC food instruments and does not meet the definition of a full-line grocery store.

Full-line Grocery Store. A full-line grocery store is defined in Section 50200(a)(2) as a vendor stocking the following varieties and quantities of foods: 5 or more varieties of cereal with 5 units of each variety, 4 or more varieties of breads or tortillas with 5 units of each variety, 5 or more varieties of fresh dairy products with 5 units of each variety, 7 or more varieties of fresh fruits with 5 units of each variety, 7 or more varieties of fresh vegetables with 5 units of each variety, and 4 or more varieties of fresh meat, seafood, and/or poultry with 5 units of each variety.

Reimbursement System for Vendors (Article 3; Sections 60000, 60100, 60200, and 60300)

These regulations provide definitions for vendor reimbursement, the methodology for MADR rates of Cash Value Vouchers for all peer groups, MADR rates for food instruments for each peer group, and rules for calculating MADR rates, including adjustments and a process for excluding partially-redeemed food instruments from MADR calculations.

Further information regarding peer group criteria and the reimbursement system can be found at the following link:

<http://www.cdph.ca.gov/programs/wicworks/Pages/WICRegulations.aspx>.

Action for Vendors

WIC authorized vendor contract owners will receive a letter by mail with the peer group category assignment(s) for their authorized store(s). These peer group assignments are based on information the Program currently has on file for each authorized store. If you are an authorized vendor and have not received a letter with a peer group assignment for your store(s) by April 23, 2014, please contact your vendor consultant or call toll free

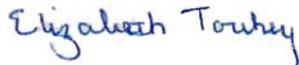
(855) WIC-STOR or (855) 942-7867. You may also contact the WIC Vendor Management Branch by email at WICVENDORINFO@cdph.ca.gov.

**Email
Notification
and Alerts**

If you have not done so already, it is recommended that WIC authorized vendor contract owners provide current email and contact information via the "Vendor Owner" tab in VWIX. Vendor contract owners will receive e-mail notifications of vendor alerts posted on the above website. Vendor contract owners were sent a letter dated February 14, 2014, requesting this information. If you require an additional copy of the letter, which includes instructions and a secure Login ID and temporary password, please contact your vendor consultant or call toll free (855) WIC-STOR or (855) 942-7867. You may also contact the WIC Vendor Management Branch by email at WICVENDORINFO@cdph.ca.gov.

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.



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California WIC Program