

Maine Center for Disease Control and Prevention

WIC Nutrition Program

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Policy No. VM-12

Vendor Operations

Authority

7 CFR §246.4(a)(14); §246.12(e), (f), (g), (h) and (k);

22 MRSA §255 and 1951;

10-144 CMR Chapter 286, § IV

Policy

1. An authorized vendor shall meet the following general requirements:
 - 1.1 Maintain compliance with the WIC vendor selection criteria throughout the Vendor Agreement period, including conforming to any changes to the criteria.
 - 1.2 Maintain inventory records used for federal tax reporting purposes; maintain records in accordance with generally accepted accounting procedures; and assure that records reflecting justification and receipt of WIC funds, FIs (food instruments, cash-value vouchers, electronic benefit cards)), and all other program-related records of the vendor are available for inspection or audit by Federal, State or other authorized personnel.
 - 1.3 Cooperate with Federal and State WIC Program and other authorized personnel during announced and unannounced on-site vendor reviews, inspections and audits.
 - 1.4 Provide the State Agency with dated purchase invoices from wholesalers, with names and addresses of suppliers, when requested.
 - 1.5 Submit a current price list within the timeframes given and in the format requested by the State Agency.
 - 1.6 Comply with the nondiscrimination provisions of 7 CFR §15, 15A and 15B.
 - 1.7 Keep all information pertaining to authorized WIC participants confidential.
 - 1.8 Never publicly identify, call unnecessary attention to, or allow discourteous treatment of a WIC participant.
 - 1.9 Appropriately redeem valid FIs for the types and quantities of food specified on the FIs. The prices charged for WIC foods shall be the same as, or less than, the prices charged to non-WIC customers.

- 1.10 Never substitute one WIC approved product for another.
- 1.11 If the vendor is a WIC pharmacy or combination food store/pharmacy, ensure that authorized WIC participants can receive, within 72 hours of a request from a participant or the WIC Program, any authorized prescription infant formula and/or WIC-eligible medical foods.
- 1.12 If the vendor is a pharmacy, be willing to “break a case” if it is necessary to provide the number of cans/bottles printed on the FIs.
- 1.13 Never request or accept cash payment from a WIC participant for the authorized quantities of foods specified on FIs.
- 1.14 Allow WIC participants to use FIs to purchase less than (but never more than) the authorized amount of food, if they so desire.
- 1.15 Never attempt to seek restitution from participants/authorized representatives for redeemed FIs that were rejected by the Program’s bank and/or for cash refunds requested by the State Agency.
- 1.16 Allow WIC participants to take advantage of manufacturer or vendor promotions that provide foods free of charge when purchasing WIC foods. The vendor shall also accept manufacturers’ “cents off coupons” from WIC participants for foods being purchased with FIs and deduct the value of the coupon from the cost of the WIC foods being purchased.
- 1.17 Never provide incentive items or other free merchandise, except food or merchandise of nominal value (less than \$2.00), to WIC participants unless the vendor provides to the State Agency proof that the vendor obtained the incentive items or merchandise at no cost.
- 1.18 Only accept FIs at the time of the actual purchase and never issue “rain checks” or credit slips to WIC participants for WIC-approved foods.
- 1.19 Allow exchange of an identical item only when the original item is defective, spoiled, or has exceeded its expiration date.
- 1.20 Never improperly refuse to accept a WIC FI from a WIC participant.
- 1.21 If the vendor is a WIC pharmacy that has not been authorized as a WIC food vendor as well, accept WIC FIs for authorized prescription infant formula and/or WIC-eligible medical foods only.
- 1.22 If the vendor is a WIC food vendor that has not been authorized as a WIC pharmacy as well, never accept FIs for authorized prescription infant formula and/or WIC-eligible medical foods.
- 1.23 Never demand identification other than the WIC ID Folder from a WIC participant for WIC items.
- 1.24 Never transact WIC FIs outside of the authorized store. Vendors offering delivery services may deliver WIC foods after the transaction has been completed in the store.

- 1.25 Direct questions concerning payment only to the State Agency. Customers are not to be contacted concerning this or any other problem area.
 - 1.26 Report to the State Agency any irregularities in the use of WIC FIs by WIC participants.
 - 1.27 Report to the State Agency if a WIC participant requests cash or credit in exchange for returned WIC products.
 - 1.28 Purchase infant formula for sale to WIC participants from sources on the Maine WIC Program authorized list of infant formula wholesalers, distributors and retailers.
 - 1.29 If the vendor owner receives WIC FIs as a WIC participant or is an authorized representative for a WIC participant, they must redeem WIC FIs at different authorized vendor location other than the location they own.
 - 1.30 If a cashier working for an authorized WIC vendor receives WIC FIs as a WIC participant or is an authorized representative for a WIC participant, they cannot conduct their own transaction(s) to redeem WIC benefits.
2. The State Agency shall hold each vendor accountable for maintaining prices at a level consistent with the selection criteria applied to the vendor at the time of authorization. Failure to remain price-competitive is cause for termination of the Vendor Agreement. More specifically, vendors shall:
 - 2.1 Provide WIC products at prices that are competitive. Vendors whose prices are high when compared to other authorized vendors (of the same peer group) will experience rejection of FIs and related banking fees.
 - 2.2 Never charge the WIC Program for WIC products not actually purchased and received by the WIC participant.
 - 2.3 Never charge the WIC Program for WIC products provided in excess of those listed on the WIC FIs.
 - 2.4 Never price WIC transactions by FI type instead of pricing each FI for the actual, authorized WIC products purchased and received.
 - 2.5 Never collect sales tax on WIC food purchases.
 3. Ensure that prices charged to WIC participants for approved foods are equal to or less than prices charged to non-WIC customers.
 4. Assure that the price affixed to a scanned item's UPC code in an electronic cash register with scanning capability/point of sale device is not greater than the price displayed on the package, container, shelf, or other signage in the store for the purchased item.
 5. To ensure paper-form (checks and cash value vouchers) FI validity, vendors shall:
 - 5.1 Observe the FI to ascertain that there are no visible alterations.
 - 5.2 Observe the WIC participant as she/he signs the FI, and be sure the signature on the FI matches one of the two signatures on the WIC ID Folder.

- 5.3 Never accept a pre-signed FI.
- 5.4 Never accept a FI without the actual sale cost of the WIC foods purchased entered in the amount field of the FI.
- 5.5 Never accept a FI outside of the “to use” dates (before the “first day to use” or after the “last day to use” date).
6. To ensure eWIC FI validity, vendors shall require participants/authorized representatives enter the eWIC card’s associated four (4) digit pin number in the POS device.
7. During the transaction of any FI type, vendors shall:
8. Collect Maine Bottle Bill deposits from the WIC participant and not from the WIC program.
9. Provide the WIC participant with an itemized receipt that indicates the cost of each food item purchased with the FI.
10. During transaction of paper-form FIs, vendors shall:
 - 10.1 Request that the WIC participant present an approved/validated WIC ID Folder.
 - 10.2 Request that the WIC participant write the actual cost of the WIC foods purchased in the space provided on the face of the FI prior to signing the FI. Exception: a computer may print the actual cost of the WIC foods on the FI if an automated system exists in the store.
 - 10.3 Request that the WIC participant affix his/her signature in the lower right hand corner of the FI after he/she has written in the price.
 - 10.4 Compare the signature on the FI with the signature(s) on the ID Folder; if the signature on the FI does not match either of the signatures on the ID Folder, do not accept the FI.
 - 10.5 In cases where a WIC participant signs with an “X”, witness the transaction by signing beneath the “X” mark.
11. During transaction of eWIC card FIs, vendors shall:
 - 11.1 Only allow the WIC participant/authorized representative to purchase food items with UPC codes that correspond to the eWIC approved APL.
 - 11.2 Scan or manually enter the actual UPC code that is affixed to the item actually being purchased by the WIC participant/authorized representative.
 - 11.3 Not scan any UPC code that is not affixed to the item being purchased by the WIC participant/authorized representative, or any UPC code as a substitute or replacement for the item being purchased.
 - 11.4 Not require the WIC participant/authorized representative to provide any other form of identification besides entering the pin number associated with the eWIC card.
12. Vendors deposit transacted paper-form FIs with their banks for redemption. The Maine WIC Program utilizes a food delivery system that provides for the rejection of FIs by the banking system prior to payment, where appropriate:

- 12.1 By signing the WIC Vendor Agreement, the Vendor agrees to submit WIC checks for payment within sixty (60) days from the “FIRST-DATE-TO-USE”. The Department shall have no obligation to pay any WIC checks submitted outside of this timeframe.
 - 12.2 Prior to deposit, Vendors must review ALL WIC checks for possible errors before submitting them for payment. Checks with errors will be rejected by the banking contractor. The Vendor may incur bank fees for these. The State Agency cannot reimburse the Vendors for such charges.
 - 12.3 The WIC Program may reject FIs that are submitted for redemption in violation of the Vendor Agreement or any of the rules, regulations, policies or procedures of the WIC Program.
 - 12.4 All FIs presented to WIC’s fiscal intermediary undergo a visual and automated review or pre-edit screening. If an FI does not pass this pre-edit test it will be rejected unpaid and returned to the vendor’s depository bank stamped with an explanation indicating why it was not paid. The vendor’s bank will debit its account and return the FI to the vendor. A bank charge may apply.
 - 12.5 FIs will be rejected for payment by the WIC fiscal intermediary and returned to the vendor’s depository bank for the following reasons:
 - 12.5.1 Over the maximum redemption price for that food instrument type
 - 12.5.2 Early cashing (before the “first day to use”)
 - 12.5.3 Late cashing (after the “last day to use”)
 - 12.5.4 Missing WIC participant signature on the right side of the FI.
 - 12.5.5 Obvious alterations
 - 12.5.6 Invalid vendor number
 - 12.5.7 Unauthorized vendor stamp
 - 12.5.8 Missing/unreadable vendor stamp. To receive payment, the vendor shall stamp these FIs clearly and re-deposit within sixty (60) days from “the first date to use” date. FIs re-deposited after this date will not be paid and will not be replaced by the State Agency.
 - 12.5.9 Encoding Error. The vendor bank has scanned WIC check and coded check for different amount than written on WIC check.
 - 12.5.10 Present/ Void Do Not Redeposit - the WIC check has already been paid.
13. The State Agency shall not be held liable for any costs charged by the vendor’s bank for a rejected paper-form FI unless the FI was rejected in error by the State Agency.
 - 13.1 If check is rejected it is critical that immediate follow-up training be completed with store personnel. Follow-up training with the cashier and/or other store personnel involved in the transaction must be done to prevent future occurrences,

thus saving the Vendor money and protecting the Vendor's record with the State Agency.

14. To ensure compliance with the applicable maximum allowable reimbursement (MAR), the WIC Program shall reduce payment on FIs submitted in excess of the MAR for WIC products. In such cases, the Maine WIC Program shall pay no more than the MAR. Payment of the reduced amount will be made by direct deposit credit to the vendor's bank account. In the case of paper –form FIs, the FI will be returned to the vendor and bank fees may apply.
15. When the State Agency determines that the vendor has committed a violation that affects the payment to the vendor, the State Agency shall delay payment or establish a claim. Such vendor violations may be detected through compliance investigations, FI reviews or other reviews or investigations of a vendor's operations.
16. When payment for an FI is delayed or a claim is established, the State Agency shall provide the vendor with an opportunity to justify or correct the vendor overcharge or other error. If satisfied with the justification or correction, the State Agency shall provide payment or adjust the proposed claim accordingly.
17. Failure of a vendor to pay a claim shall result in termination of the Vendor Agreement. The vendor may reapply for authorization after a waiting period of twelve (12) months.
18. The Vendor may not appeal disputes regarding WIC check payments and vendor claims.
19. The State Agency will not reimburse a vendor for a FI when it is determined that the vendor intentionally attempted to defraud and/or abuse the Program.
20. If, during an appeal of a reduction or rejection, the State Agency determines that state or federal violations were committed, the vendor may be subject to the corresponding penalties including disqualification.
21. The Maine CDC, WIC Nutrition Program cannot pay for WIC FIs from other states.
22. The Maine CDC, WIC Nutrition Program has the right to modify payment, to assess a claim, or to charge a fine for WIC FIs transacted for unauthorized foods, other items, or when sales tax is charged.
23. The Maine CDC, WIC Nutrition Program may deny payment to the Vendor for improperly redeemed FIs or may require refunds for payments already made on improperly redeemed FIs.
24. Vendors may not seek reimbursement of money or return of food from WIC participants for any rejected check. The Vendor may not appeal disputes regarding WIC check payments and vendor claims.
25. All payment inquiries regarding specific WIC FIs must be submitted in writing by mail. Telephone inquiries of this type will not be researched. Telephone requests for general information are welcomed.

Procedures

1. Provided no errors are present on FIs/CVV's, the fiscal intermediary will transfer the funds to the bank of first deposit within sixty (60) days.
2. ACH payments are "warehoused" or held for one week. Payments are "cycled" each Friday and one deposit for all FIs/CVV's submitted by each vendor the previous week is made. Vendors receive a detailed report of each ACH transaction included in that credit by Wednesday of the following week.
3. The State Agency keeps a scanned copy of all rejected FI/CVV's and maintains them in a State Agency file.
 - 3.1 The State Agency reviews potential return items for unreasonable dollar amount before they are returned to the bank of first deposit to alleviate incorrect rejects and potential bank fees that the vendor may incur.
 - 3.2 The State Agency will work with vendors and their bank of first deposit to get fees waived if possible.
4. For Vendors who believe a payment denial has been made incorrectly, or believe there is a justifiable reason why payment should be made, a written payment reconsideration request must be submitted to the State Agency within ninety (90) days of the "FIRST-DATE-TO-USE" printed on the check for reconsideration.
 - 4.1 Reconsideration requests must include:
 - 4.1.1 One completed WIC check appeal form for each rejected check appeal requested. A brief explanation on the form describing the circumstances, the reason why payment should be reconsidered, and what steps have been taken to prevent problem(s) in the future.
 - 4.1.2 Vendor stamp number, date mailed, check number, complete store name with address, contact name and a phone number.
 - 4.1.3 The check image with the denial/rejection stamp and receipt copy of the original receipt or journal transaction.
 - 4.1.4 A corrective action plan demonstrating to the Department how the problem(s) will be prevented in the future.
 - 4.2 Consideration will be given to the documentation submitted. Incomplete appeal forms or appeals that do not include the check and the receipt will be denied.
5. Before appealing a reduction, the vendor is strongly urged to review the following:
 - 5.1 Depository bank statement reflecting WIC direct deposit credits
 - 5.2 WIC ACH statement detailing the direct deposit credit transaction under consideration
 - 5.3 Copy of the receipt verifying that the correct items in the correct amounts were sold
 - 5.4 The additional amount requested, to determine whether it is less than \$4.00

6. If the vendor is satisfied that the reduced payment was not due to an error on his part the vendor shall send to the State Agency:
 - 6.1 A copy of the customer receipt
 - 6.2 A copy of the FI
7. The Maine CDC, WIC Nutrition Program is not responsible for any bank charges, returned checks or other fees charged to the vendor that result from the non-payment or partial payment of WIC checks. Vendors may not recover any bank charges from the WIC program, or from WIC participants or their proxies.
8. When the State Agency denies payment or initiates claims collection action, this will take place within ninety (90) days of either the date of detection of the vendor violation; or the completion of the review or investigation giving rise to the claim, whichever is later.
9. Vendor WIC Payment Procedure

Vendor Payment:

- 9.1 The Department will make payment to the Vendor upon receipt of validly transacted and redeemed WIC checks for food costs incurred in providing WIC approved foods to WIC customers.
- 9.2 The Department shall deny payment, either partially or fully, to a Vendor for improperly transacted or redeemed WIC checks; or may establish a claim for payments already made on improperly transacted WIC checks; or may offset future payments for the claim.
- 9.3 The Department has the right to demand refunds for charges of more than the Vendor's actual selling price and shall deny payment to the Vendor for more than the price limitations of the WIC check.

Timeframe:

- 9.4 By signing the WIC Vendor Agreement, the Vendor agrees to submit WIC checks for payment within sixty (60) days from the "FIRST-DATE-TO-USE". The Department shall have no obligation to pay any WIC checks submitted outside of this timeframe.
- 9.5 Prior to deposit, Vendors must review ALL WIC checks for possible errors before submitting them for payment. Checks with errors will be rejected by the banking contractor. The Vendor may incur bank fees for these. The Department cannot reimburse the Vendors for such charges.
- 9.6 WIC checks should be reviewed for completeness, legibility, dates, the total sale amount and the WIC customer signature. The register receipt should also be reviewed to ensure that the correct foods have been provided.
- 9.7 When a WIC check is returned to the store because the banking system could not read the Vendor's four (4) digit ID number, the Vendor can re-stamp its Vendor ID number on the check and redeposit the WIC check to its bank.

- 9.8 If WIC check is rejected it is critical that immediate follow-up training be completed with store personnel. Follow-up training with the cashier and/or other store personnel involved in the transaction must be done to prevent future occurrences, thus saving the Vendor money and protecting the Vendor's record with the Department.
- 9.9 All payment inquiries regarding specific WIC checks must be submitted in writing by mail. Telephone inquiries of this type will not be researched. Telephone requests for general information are welcomed.
- 9.10 For Vendors who believe a payment denial has been made incorrectly, or believe there is a justifiable reason why payment should be made, the Department may consider payment approval with valid justification. A Vendor must submit a written payment reconsideration request to the Department within ninety (90) days of the "FIRST-DATE-TO-USE" printed on the check. Remember to always keep a photocopy of all items being mailed, including the front and back of the check (See Appendix VM-12-A-WIC Check Appeal Request).

Approval/Denial

Consideration will be given to the documentation submitted. Incomplete appeal forms or appeals that do not include the check and the receipt will be denied.

- If the appeal is approved, the WIC program will process an ACH
- If the appeal is denied, the WIC program will inform vendor of denial and return it to the Vendor.

Checks rejected for the following reasons:

- Missing/Unreadable Vendor Stamp - The WIC check was not stamped at all or not clearly stamped prior to deposit. Stamp the check clearly and redeposit to your bank within sixty (60) days from the "first date to use". Do not send this check to the State Agency. WIC checks beyond the deposit period will not be paid. If missing Vendor Stamp, stamp and resubmit.
- Unauthorized Vendor Stamp - The store's vendor stamp is no longer active. The Maine WIC Nutrition Program will not authorize payment for checks by unauthorized vendors.
- Early Cashing/Void - "Deposited Early" This means that the WIC check was used before the "First Date to Use". The Maine WIC Nutrition Program will not authorize payment for checks taken early.
- Stale Date/Void - "Deposited Late" This means that the WIC check was used after the "Last Date to Use". The Maine WIC Nutrition Program will not authorize payment for checks taken late.
- Missing Signature/Void - No authorized representative's/ proxy signature in the lower right hand corner of the check. This means the WIC participant/authorized representative/proxy did not sign the check. The check must be signed at the store during the transaction procedure, after the purchase price has been entered on the check. The cashier is required to verify that the signature on the check matches the signature on the

WIC ID Folder. The Maine WIC Nutrition Program will NOT reimburse the store for a check taken without a valid signature.

- Altered/Void - Obvious Alterations. The Maine WIC Nutrition Program will not authorize payment for checks that display obvious alterations such as tears, punctures, written over food prescriptions, amounts, “First-Date-To-Use” or “Last-Date-To-Use” dates.
- Unreasonable Dollar amount/Void - WIC checks redeemed for more than the “MAXIMUM PURCHASE PRICE-MUST NOT EXCEED”. The WIC Program will reduce payment on WIC checks submitted in excess of the maximum redemption price for WIC products. In such cases, the Maine WIC Program shall pay no more than the maximum dollar amount. The maximum dollar value that WIC will pay is based on an average of the reported prices from each authorized vendor of the same sized stores.

Payment of the reduced amount will be made by direct deposit credit to the vendor’s bank account. The check will be returned to the vendor and bank fees may apply.

- Encoding Error - The vendor bank has scanned WIC check and coded check for different amount than written on WIC check. Do not send this check to the WIC Program; verify the bank statement; the bank may have encoded the check wrong.
- 2 Present/ Void Do Not Redeposit - the WIC check has already been paid.

Before requesting an appeal, the vendor must

Review the following:

- Depository bank statement reflecting WIC direct deposit credits
- WIC ACH statement detailing the direct deposit credit transaction under consideration
- Copy of the receipt verifying that the correct items in the correct amounts were sold

WIC Check Appeal Procedures

A vendor may appeal the State Agency’s decision to pay a WIC check in instances in which the original WIC check was rejected due to:

- WIC Bank Error
- WIC program error
- Circumstances beyond the vendor’s control

Send the following to the State Agency:

- WIC check Appeal Request** form
- WIC check** Legal WIC check copy
- Receipt** Copy of the original receipt or journal transaction report verifying the correct WIC transaction procedures

Banking Fees Many financial institutions charge their customers for items that are returned and charged back to the accounts. If a bank assesses a charge for this, it is between the vendor and the bank. The WIC Vendor Agreement states that vendors will assure that each WIC check:

1. Is signed.

2. Is redeemed in the proper timeframe.
3. Does not exceed the “MAXIMUM PURCHASE PRICE” printed on the check.

The Maine CDC, WIC Nutrition Program is not responsible for any bank charges, returned checks or other fees charged to the vendor that result from the non-payment or partial payment of WIC checks. Vendors may not recover any bank charges from the WIC program, or from WIC participants or their proxies.

9.11 The Maine CDC, WIC Nutrition Program cannot pay for WIC checks from other states. The Maine CDC, WIC Nutrition Program has the right to modify payment, to assess a claim, or to charge a fine for WIC checks transacted for unauthorized foods, other items, or for sales tax charged.

9.12 The Maine CDC, WIC Nutrition Program may deny payment to the Vendor for improperly redeemed checks or may require refunds for payments already made on improperly redeemed checks.

9.13 It is the responsibility of each vendor to regularly clean and ink the vendor stamps to ensure they are imprinting a clear and easily readable vendor number.