

IX. FOOD DELIVERY/FOOD INSTRUMENT (FI) ACCOUNTABILITY AND CONTROL

Food delivery/food instrument accountability and control involves the production, issuance, redemption, and monitoring of automated and manual food instruments through retail systems and the delivery of WIC Program foods by non-retail methods i.e., home delivery and direct distribution.

(Retail)

- A. *Food Delivery and Food Instrument Control Overview - 246.4(a)(11)(iii), (a)(14)(i), (a)(14)(vi), and (a)(14)(xii):*** describe the policies and procedures used in producing, monitoring and accounting for the production of food instruments.
- B. *Food Instrument Pick-up and Transaction - 246.4(a)(11)(iii) and (a)(14)(vi):*** describe the State agency's procedures for issuing food instruments to participants, including procedures for verification, prorating food packages, training and proxy policies.
- C. *Food Instrument Redemption and Disposition - 246.4(a)(14)(vi):*** describe the procedures used to reconcile food instruments as either issued or voided, and as either redeemed or unredeemed, and redeemed food instruments as either validly issued, lost or stolen, expired, duplicate, or not matching issuance records.
- D. *Manual Food Instruments - 246.4(a)(6), (a)(11)(iii), (a)(14)(i), (a)(14)(vi) and (a)(14)(ix):*** describe the procedures for issuing and accounting for manual food instruments, including the procedures for documentation and disposition.
- E. *Special Food Instrument Issuance Accommodations - 246.4(a)(11)(iii), (a)(14)(i), (a)(14)(vi), and (a)(21):*** describe alternatives to participant food instrument pick-up for issuance (e.g., mail or electronic issuance) and how integrity of program services and fiscal accountability are ensured.
- F. *Vendor Cost Containment System Certification – 246.12(g)(4)(vi):*** describe the competitive pricing and reimbursement methods that the State agency will implement to ensure that average payments per food instrument to above-50-percent vendors do not exceed average payments per food instrument to comparable regular vendors.

(Non-Retail)

- G. *Home Food Delivery Systems - 246.4(a)(11)(iii), (a)(14)(i), (a)(14)(vi), (a)(14)(vii) and (a)(14)(xii):*** describe how the State agency's home delivery system operates including the types of authorized home food delivery contractors, the frequency of deliveries, and the procedures for documenting deliveries.

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H. Direct Distribution Food Delivery Systems - 246.4(a)(11)(iii), (a)(14)(i), and (a)(14)(vi), (a)(14)(vii), and (a)(14)(xii): describe the methodology and procedures used in the direct distribution of supplemental foods, including types of foods distributed, warehouse and distribution centers, and the verification process.

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A. Food Delivery and Food Instrument Control Overview

1. Food Instruments/General

a. The State agency uses the following types of food instruments (check all that apply):

- | | |
|--|--|
| <input checked="" type="checkbox"/> Automated - point of certification | <input type="checkbox"/> Automated -central generation |
| <input type="checkbox"/> Manual - individual prescription | <input checked="" type="checkbox"/> EBT |
| <input type="checkbox"/> Pre-printed manual - standard prescription | <input type="checkbox"/> Other (specify): |

b. The State agency conducts food instrument inventories: (Place an S=[State agency] or L=[Local agency] under the appropriate column to designate primary responsibility):

	Automated	Manual
	Daily	Daily
L	Weekly	Weekly
	Monthly	Monthly
	Yearly	Yearly
	Other (specify):	Other (specify):

c. The automated food instrument contains/allows for the following information (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Not applicable | <input type="checkbox"/> Local agency identifier |
| <input checked="" type="checkbox"/> Participant WIC ID number | <input type="checkbox"/> Vendor endorsement |
| <input type="checkbox"/> Countersignature for participant/proxy | |

Provide a facsimile or FI in Appendix or cite Procedure Manual

d. The State agency provides a toll-free number on the food instrument for participant/vendor inquiries:

- Yes No

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

2. Food Instrument Accountability

a. Food instruments are delivered to local agencies by:

- | | |
|---|---|
| <input checked="" type="checkbox"/> State agency staff | <input type="checkbox"/> Local agency staff |
| <input type="checkbox"/> US Postal Service | <input type="checkbox"/> On-demand printing |
| <input checked="" type="checkbox"/> Contracted service (i.e., UPS, Purolator, etc.) | |
| <input type="checkbox"/> Other (specify): | |

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A. Food Delivery and FI Control Overview

b. Food instruments (blank stock and preprinted food instruments ready for issuance) are delivered to the local agency (check all that apply):

Blank

- Not applicable
- Weekly
- Twice a month
- Once a month
- Once every two months
- Other (specify):

Preprinted

- Not applicable
- Weekly
- Twice a month
- Once a month
- Once every two months
- Other (specify):

c. The State agency uses the following procedures to ensure that local agency staff are not fraudulently using unclaimed food instruments (check all that apply):

- Signatures on the documentation of food instrument receipt are compared for similarities in writing style implying one person signed for multiple participants
- Local agencies conduct an initial review of food instruments to void food instruments for participants known to have been terminated from the Program
- Local agency staff responsible for issuing/voiding food instruments do not conduct the food instrument inventory by themselves
- Other (specify):

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

3. The State agency has established food delivery procedures in cases of natural disaster and emergencies for the following (check all that apply):

- Issuing manual food instruments
- Mailing food instruments
- Direct distribution
- Issuing automated food instruments
- Home food delivery
- Other (specify):

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

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B. Food Instrument Pick-up

1. Food Instrument Pick-Up Policy and Procedures

a. Food instruments are issued by (check all that apply):

	All Locals	Most Locals	Some Locals
Local agency director	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Local agency nutritionist	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Local agency paraprofessional	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Clerical staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(specify):			

b. The State agency utilizes a participant identification card:

Yes Yes, with photo No

If yes, issuance is controlled numerically and each card is accounted for:

Yes No

c. The State agency requires the following proof of receipt when issuing automated food instruments:

- Participant/parent/caretaker/proxy signature block on food instrument register
- Carbon copy of food instrument
- Local agency staff initials
- Date of food instrument pick-up
- Stub with participant signature or initials
- Other (specify):

d. The State agency has a policy to prorate food packages for the following:

- Late food instrument pick-up
- Mid-month certification
- Certification due to expire within 30 days
- Other (specify): EBT prorates food

e. The State agency requires local agency staff to provide each new participant/parent/caretaker/proxy with training in (check all that apply):

- Authorized vendors
- FI transaction procedures
- Use of proxy
- Other (specify):
- Selecting WIC-approved foods
- Signature on FIs
- Reporting problems/requesting assistance

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B. Food Instrument Pick-up

f. The State agency requires local agency staff to provide participants with a list of authorized vendors:

Yes No

g. The State agency permits a participant to transact food instruments with any authorized vendor in the State agency:

Yes No

If “no,” the State agency will eliminate its vendor-specific system on (date):

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

2. The State agency's proxy policy includes the following:

- Limits the number of participants a single proxy may sign for, except that a proxy may pick up food instruments for all homeless WIC participants in a facility
- Limits proxy to a specified number of food instrument pick-ups
- Limits proxy to a minimum age
- Limits proxy assignment to local WIC staff
- Other (specify): written note from participant each time; ID

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

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C. Food Instrument Redemption/Disposition

1. Food Instrument Disposition Procedures

a. The State agency system assures 100% disposition of all issued food instruments

Yes No

If no, specify the circumstances that prevent 100% disposition:

b. The State agency monitors each local agency's:

- Number of manual food instruments utilized
- Number of unclaimed food instruments
- Number of voided food instruments
- Number of redeemed food instruments with no issuance record

c. Local agencies are supplied with a report on the final disposition of its food instruments:

Yes (specify period): No

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

2. Unclaimed, Voided, Prorated Food Instruments

a. The State agency requires local agencies to return "unclaimed/not picked up" food instruments:

Not applicable Daily Weekly Monthly
 Other (specify):

b. The State agency requires local agencies to return "voided" food instruments:

Not applicable Daily Weekly Monthly
 Other (specify): EBT "voided" cards returned to State agency

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation) :

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C. Food Instrument Redemption/Disposition

3. Lost/Stolen Food Instruments

a. The State agency requires local agencies to report lost/stolen food instruments to (check all that apply):

- State agency Police department
 State agency's banking institution Other (specify):

b. Replacement/duplicate food instruments are issued when food instruments are reported lost:

- No
 Depends on the circumstances
 Yes (If food instruments are reissued, it is done):
 Immediately
 Following notification of State agency/bank agency
 After _____ day waiting period (specify number of days)

c. Replacement/duplicate food instruments are issued when they are reported stolen:

- No
 Depends on the circumstances
 Yes (If food instruments are reissued, it is done):
 Immediately
 Following notification of State agency/bank agency
 After _____ day waiting period (specify # days)

d. The State agency or its banking institution takes the following action after it is notified by the local agency of lost/stolen food instruments (check all that apply):

- Stops payment on the lost/stolen food instruments
 Notifies vendor
 Other (specify): Lost/stolen food vouchers are not routinely replaced; replacement does occur in exceptional circumstances such as a home fire. EBT cards reported lost/stolen are replaced. See policy FD:07.0.

Please provide a copy/citation for State agency's policy procedures that ensure that lost/stolen food instruments cannot be redeemed.FD:07

e. The local agency documents in the participant's file that replacement food instruments were issued:

- Yes No

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C. Food Instrument Redemption/Disposition

f. The State agency monitors the level of reported lost/stolen food instruments by local agency:

Yes No

g. If it is established that lost/stolen food instruments are transacted by the participant who reported them lost/stolen, the following actions are taken:

- A claim for cash repayment is issued to participant
- Participant is disqualified
- Participant receives a warning
- Other (specify): The case is turned over the Health and Human Services Commission Office of Inspector General for investigation.

h. If lost/stolen food instruments are transacted by someone other than the participant, the following actions are taken:

- Reported to police for investigation
- State agency or local agency does an investigation
- Other (specify): If the State agency has enough information, investigators might be able to pursue further.

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

4. Food Instrument Redemption Screening (7 CFR 246.12(k)(1))

a. Describe in detail how the State agency sets maximum allowable reimbursement levels for use in screening food instruments for payment (including whether the State agency uses vendors' shelf prices to set maximum reimbursement levels and how reimbursement levels are linked to competitive price criteria). If the State agency sets maximum allowable amounts differently for above-50-percent vendors and regular vendors, please explain the different methods used.

(1) The State agency establishes maximum allowable reimbursement levels for:

- | | | |
|--|--|---|
| (a) Each peer group | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (b) Each food instrument or food category | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (c) Other (please specify) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(2) The State agency establishes maximum allowable reimbursement using:

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- (a) Standard deviations Yes No
 (b) A percentage above the average redemption amount Yes No

If yes, specify the percentage and explain how the State agency determined that this percentage is appropriate.

- (c) Other (please specify) Yes No

(3) The allowable reimbursement levels include a factor to reflect:

- | | | |
|---|--|-------------------------------|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | Wholesale price fluctuations |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | Inflation |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | Other (please specify: _____) |

b. The State agency screens food instruments through a pre-edit (before payment) or post-edit (after payment) process to detect the following:

Not Applicable	Pre-Edit Screen	Post-Edit Screen	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Purchase price exceeds price limitations
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Purchase price missing
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Altered purchase price
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Vendor identification missing
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Invalid/counterfeit vendor identification
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Transacted before specified period
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Transacted after specified period
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Redeemed after specified period
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Altered dates
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Missing signature
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Mismatched signature
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Altered signature
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other (specify):

c. When the payment amount on a food instrument exceeds the maximum allowable reimbursement amount, what action does the State agency take?

- Reimburses the vendor for amounts up to the maximum allowable amount
 Rejects the food instrument, but allow the vendor to resubmit
 Rejects the food instrument without allowing the vendor to resubmit
 Other (please specify) Recoups overcharge with offset to subsequent claim

d. Where pre-edit screens are used, the proportion of food instruments reviewed include:

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- All food instruments Percentage of food instruments (%)
 Other:

e. The edit system(s) that screens for price limitations and vendor overcharges rejects food instruments based on:

Pre-edit Post-edit

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Not To Exceed or Maximum Prices |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Percentage above average (%) |
| <input type="checkbox"/> | <input type="checkbox"/> | Amount above average (\$) |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Other (specify): The State will recoup monies from TWIC |

stores that price food items above 108% of their price region band average. The State is running numerous data runs to determine if this percentage is reasonable and if this percentage should be increased. A final determination should be made by September 2006.

The State will recoup monies from PWIC stores tht price food items above the statewide average paid to TWIC stores including the prices paid to WalMart, Super Target and Military Commissaries in accordance with federal mandate.

The State assesses a recoupment for the amount over the maximum allowable reimbursement amount and applies the recoupment against the store's subsequent month's claim.

f. The following actions are used to control against unauthorized stores redeeming food instruments:

- Recover vendor stamp when vendor is no longer authorized
- Conduct compliance buy to verify if unauthorized store redeems food instruments
- State agency or its banking institution checks vendor ID numbers on food instruments submitted for redemption against the authorized vendor list before paying vendors for food instruments submitted for redemption
- Inform all participants who might use the unauthorized store
- Other (specify):

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

5. Price Lists

a. Price list information is routinely collected from vendors:

- Yes No (Proceed to item #6)

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C. Food Instrument Redemption/Disposition

b. Price list data are collected:

- Monthly
- Quarterly
- Semiannually
- Other (specify):

c. Price data are collected by:

- State agency staff
- Local agency staff
- Reports are submitted by vendors
- Other (specify):

d. The data collected has food prices for (check all that apply):

- All brands and sizes of supplemental foods
- Highest price supplemental food items within food categories
- All authorized vendors
- A sample of authorized vendors (please describe the sampling method used)
- Other (specify):

e. The State agency/ local agency verifies price data provided by vendors:

- During routine monitoring visits
- Does not verify on a routine basis
- If the vendor is identified as a high-risk vendor
- Other (explain):

f. The State agency/ local agency analyzes price data:

- Manually on a routine or as needed basis
- On an ADP system and uses it to:
 - Generate estimated food instrument values
 - Help inform WIC staff on vendor selection decisions
 - Develop vendor peer groups
 - Flag individual food instruments that appear to be overcharges
 - Other (specify):

6. System to Detect Suspected Overcharges

a. Does the State agency screen for suspected overcharges:

- Yes, vendor claims are issued for overcharges.
- No, the State agency makes price adjustments to food instruments submitted for redemption at amounts above edit limits

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C. Food Instrument Redemption/Disposition

- No
- Other (specify):

b. The following best describes how the vendor is billed for overcharges:

- Based on the vendor's reported prices
- Based on redemption values of other vendors in the vendor's peer group
- Based on redemption values of all vendors
- Other (specify):

PWIC stores are assessed a recoupment for amounts exceeding the statewide average of TWIC stores.

c. To receive payment or appeal a claim for a vendor overcharge, the vendor must:

- Provide an updated price list
- Provide written justification for the higher prices
- Provide receipts
- Other (specify): There is no appeal for an overcharge

d. The following actions are taken when a vendor has chronic overcharging problems:

- Routine monitoring or remedial vendor training is conducted
- Vendor is designated as high-risk and scheduled for compliance investigation
- Vendor is provided with a written warning of potential sanction for overcharging
- Vendor is terminated for cause
- Vendor is sanctioned
- Other (specify):

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

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D. Manual Food Instruments

DOES NOT APPLY (PROCEED TO NEXT SECTION)

1. Manual Food Instrument Policy

a. Manual food instruments are utilized for the following reasons:

- New participants
- Automated food instruments not available
- Mutilated automated food instruments
- Wrong food package on automated food instrument
- Provide for the special needs of the homeless
- Food package tailoring
- Routine monitoring visits (i.e., educational buys) of vendors
- Compliance buys of vendors
- Special conditions, e.g., disasters
- Other (specify):

b. The State agency requires the following for completing the manual food instrument register:

- Participant/proxy signature Local agency staff initials
- Date of food instrument pick-up other (specify):

c. Manual food instruments have a "Not to Exceed Value" of:

- Same dollar amount for all manual food instruments \$
- Variable dollar amount depending on type of prescription on manual FI
- No limit
- Other (specify):

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

2. Manual Food Instrument Documentation and Disposition

a. A report containing the serial numbers of manual food instruments issued by local agencies is sent to the State agency:

- Not applicable Weekly Monthly
- Other (specify):

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D. Manual Food Instruments

b. Local agencies are required to provide documentation to substantiate a valid or invalid certification record for manual food instruments issued and redeemed but for which no participant record currently exists by utilizing:

- Turnaround documents to establish valid certification records
- Telephone calls to the State/local agency on irregularities
- Other (specify):

c. If the manual food instrument inventories do not achieve 100% reconciliation of all issued and unissued food instruments, the local agency (check all that apply):

- Reports the food instrument serial numbers to the State agency
- Provides the food instrument serial numbers to local vendors
- Other (specify):

(Provide a copy/citation of the State agency's prescribed procedures if the manual food instrument inventory cannot be reconciled).

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

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E. Special Food Instrument Issuance Accommodations

1. Alternative Food Instrument Issuance

a. The State agency has implemented the following food instrument issuance policy (check all that apply):

- All participants are required to pick up food instruments at the clinic or local agency, except in unusual circumstances
- Participants/proxies are required to show identification at food instrument pick up
- Food instruments are routinely mailed to participants except (1) when the participant is scheduled for nutrition education or a certification appointment and (2) in areas where Food Stamps are not mailed, as these areas are known to have experienced high mail issuance losses
- Benefits are provided electronically to a location such as a grocery store under certain conditions; thus participants may not always pick up food instruments at the clinic
- Other (specify):

2. Mailing Policy/Procedures

a. When food instruments are mailed to participants, State agency provides local agencies with guidelines/procedures for mailing food instruments to individual participants:

- Yes No

b. Policy requires participants to pick up food instruments whenever certification appointment is due or nutrition education is scheduled:

- Yes No

c. The State agency has implemented the following policy regarding mailing food instruments (check all that apply):

- Food instruments are sent first class mail *(first class is considered *regular* mail)
- Food instruments are sent registered mail
- Food instruments are sent certified mail
- Food instruments are sent restricted mail
- Return receipt is requested on food instruments sent certified mail
- Envelope specifies, "Do not forward, return to sender" or "Do not forward, address correction requested"
- Other (specify):

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E. Special Food Instrument Issuance Accommodations

d. The State agency approves mailing food instruments under the following conditions (check all that apply):

	State- Wide	LA with SA Approval	Case by Case
Participant hardship	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel-related issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Better clinic management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participant safety	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participant convenience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost effectiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(if other, specify): Local agency can decide based on state agency allowable reasons that include: automation system failure; client illness; imminent childbirth; family with special health care needs; inclement weather; client unable to keep appointment at satellite clinic open only at certain times; quarantine; communicable disease; immune system disorder. No mailing in EBT.

e. When mailing food instruments, documentation of food instrument issuance is:

- Signed by the participant at the following food instrument pick-up/visit
- Noted "mailed" and initialed/dated by local agency staff
- Signed and dated by local agency staff after return receipt is received
- Other (specify):

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

3. Participants who receive food instruments by mail are sent:

- One month of food instruments
- Two months of food instruments
- Three months of food instruments
- Other (specify):

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

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F. Vendor Cost Containment Certification

If the State agency has authorized or plans to authorize any above-50% vendors, FNS must certify the vendor cost containment system. A State agency that has not yet received FNS certification must submit a request for certification that contains the following information.

DOES NOT APPLY (PROCEED TO SECTION G)

1. Calculation of new competitive price levels

Describe how the State agency derived or will derive new competitive price levels for regular vendors, which exclude the prices of above-50-percent vendors. Refer to approved policy WV:10.0 effective date June 1, 2006

2. Allowable reimbursement levels for regular vendors and above-50-percent vendors

a. Explain how the State agency will ensure that average payments to above-50-percent vendors do not exceed average payments to comparable regular vendors.

Refer to approved policy WV:10.0 effective date June 1, 2006

b. The State agency plans to exempt above-50-percent vendors from the competitive price criteria and allowable reimbursement levels.

Yes No

If yes, how many vendors will be exempted?

Are these vendors needed to ensure participant access to supplemental foods?

Yes No

c. The State agency applies peer-group-specific maximum allowable reimbursement levels to food instruments during the food instrument redemption process.

Yes No

If yes, describe the procedure or process used: Refer to approved policy WV:10.0 effective date June 1, 2006

3. Describe the State agency’s methodology for grouping above-50-percent vendors in its peer group system (i.e., separately or in peer groups with regular vendors) and the criteria the State agency uses to identify comparable vendors for each group of above-50-percent vendors. Refer to approved policy WV:10.0 effective date June 1, 2006

4. The State agency plans to exempt *non-profit* above-50-percent vendors from competitive price criteria and allowable reimbursement levels.

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F. Vendor Cost Containment Certification

Yes No

If yes, provide the following information **in detail**:

- a. **The reason the State agency has decided to exempt such vendors (i.e., the benefits to the program) and the number of non-profit vendors to be exempted;**
 - b. **The reason the non-profit above-50-percent vendors are needed to ensure participant access to supplemental foods;**
 - c. **How the prices of the non-profit vendors compare to those of other vendors in their geographic area that are subject to competitive price criteria and allowable reimbursement levels; and**
 - d. **How the State agency will establish the level of reimbursement for the non-profit above-50-percent vendors that it has exempted.**
- 5. The State agency has fully implemented the competitive price criteria and allowable reimbursement methodologies described in items 1 and 2 above.**

Yes No

If the State agency has not fully implemented the revised competitive price and allowable reimbursement methodologies, describe the current status of this effort and include the timetable for achieving full implementation. Commencing with July 2006 WIC claims received (Process Month July), Texas will compare the prices charged by Predominantly WIC vendors against the prices charged by Traditional WIC vendors. Texas will ensure that the prices ultimately paid (after recoupments) to Predominantly WIC vendors do not exceed the statewide average paid for foods to all Traditional WIC vendors. Both Traditional WIC vendors and Predominantly WIC vendors will be held to a Maximum Allowable Reimbursement price derived from the prices paid to Traditional WIC stores. However, the Traditional WIC vendors will be held to 108% of the average price charged, by food type, for their respective Price Region (geographic parameter) and WIC sales volume band contrasted to Predominantly WIC stores who will be held to the Statewide Average paid to Traditional WIC stores without regard to peer grouping.

In mid August, after the last claim for the July process month is placed onto a payrun, an end-of-month computer analysis will be initiated that will compute the average payment amounts to implement the Maximum Allowable Reimbursement component of the system.

Traditional WIC vendors in the Paper Voucher System:

Prices for every food instrument and line item type of food will be individually evaluated for exceeding the Maximum Allowable Reimbursement and the corresponding individual line item recoupment adjustments calculated. The State Agency may reassign a TWIC

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F. Vendor Cost Containment Certification

vendor to an alternative comparison group when the TWIC vendor is a national discount superstore, a specialty pharmacy, a vendor that has elected to provide only exempt infant formula, a military commissary, or a vendor that is not, in the state's judgment, characteristic of other TWIC vendors in the band. The State agency may also reassign a TWIC vendor to an alternative comparison group if the vendor is the only store in a price region sales volume band.

TWIC vendors that have one or more food types that exceed 108% of the Average Price for their price region and sales volume band will have a recoupment adjustment identified that will be applied against a subsequent month's claim (August). The WIC sales volume bands that are used for TWIC vendors within each of the State's price regions are:

Band 1 = \$0.01 to \$1,999.99 WIC sales per month

Band 2 = \$2,000 to \$5,999.99 WIC sales per month

Band 3 = \$6,000 to \$19,999.99 WIC sales per month

Band 4 = \$20,000 or greater WIC sales per month

Predominantly WIC Vendors in the Paper Voucher System:

The end-of-process month computer analysis described above will also be used for determining the Maximum Allowable Reimbursement for Predominantly WIC vendors. Predominantly WIC vendors' prices paid for food items will be compared to the Statewide average price paid, by food item, to Traditional WIC vendors. Amounts paid to a Predominantly WIC vendor for food types above the Statewide Average Price threshold will have a recoupment adjustment identified that will be applied against a subsequent month's claims.

Neither Price Regions nor WIC Sales Volume Bands will be used in computing or applying the Maximum Allowable Reimbursement pricing for PWIC stores. All food items will be used in the Maximum Allowable Reimbursement calculation process. The statewide average for TWIC stores used to set the Maximum Allowable Reimbursement prices, by food type, for PWIC stores will include the prices paid to WalMart, Super Target, and Military Commissaries, and any other TWIC vendor the State Agency has reassigned to its own price region/band as uncharacteristic of other TWIC vendors.

As required by USDA, prices will be evaluated and recoupment adjustments made for every food instrument, and line item type of food, on its own merits. Specifically, every food instrument and line item food type will be individually evaluated for exceeding the maximum allowable pricing. Pharmacies that elect to sell only exempt infant formulas/medical foods will be classified appropriately as TWIC or PWIC but are exempted from the cost containment maximum allowable reimbursements.

Traditional WIC Vendors in EBT:

In EBT, the food instrument is a smart card with an integrated circuit chip containing the recipient's benefits embedded, by category and subcategory of foods, recorded in quantities by varying units based on the type of food benefit. Unlike paper food instruments, in EBT the WIC client can redeem any portion of the benefit they wish

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during each trip to a store typically taking 6 -8 trips to the store to deplete a month's entitlement.

In the EBT system, it is not possible to implement USDA's mandate that prices are evaluated and recoupment adjustments made for individual food instruments. Rather, the evaluation and recoupment must occur at the category/subcategory level. Maximum Allowable Reimbursement pricing for Cost Containment is implemented by dividing the total price paid for a month for a food category/subcategory by the total number of units redeemed. Based on the end-of-process-month analysis described above, Traditional WIC EBT-enabled vendors' prices will be held to 108% of the vendors' price region and sales volume band average prices. Price computations will include only prices paid via the EBT system to TWIC EBT-enabled vendors.

TWIC EBT enabled vendors that have one or more food type transactions that exceed 120% of the Average Price for their price region/sales volume band will have a recoupment adjustment identified that will be applied against a subsequent month's claim (August).

Predominantly WIC EBT-enabled Vendors:

The end-of-process-month computer analysis described above will also be used for determining the Maximum Allowable Reimbursement for Predominantly WIC EBT-enabled vendors. PWIC EBT-enabled vendors' prices paid for food items will be compared to the Statewide average price (defined for EBT as Statewide for all vendors paid in EBT but does not include those paid in the Paper Voucher system), by food category/subcategory, to Traditional WIC EBT-enabled vendors. Amounts paid to a PWIC vendor for food categories/subcategories above the EBT Statewide Average Price threshold will have a recoupment adjustment identified that will be applied against a subsequent month's claims (August).

The statewide average for TWIC EBT-enabled stores used to set the Maximum Allowable Reimbursement prices, by food type, for PWIC EBT-enabled stores will include the prices paid to WalMart, Super Target, and Military Commissaries.

For the process months of July, August, and September 2006, the State will recoup monies from TWIC stores that price food items above 108% of the price region band average. The State is running numerous data runs to determine if this percentage is reasonable and if this percentage should be increased. A final determination should be made by September 2006.

6. The State agency plans to exempt *pharmacy* vendors from competitive price criteria and allowable reimbursement levels.

Yes No

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If yes, the State agency has confirmed that these pharmacies provide **only** exempt infant formula and/or WIC-eligible medical foods to program participants.

Yes

No

- 7.** Complete the three tables on the following pages to demonstrate that the State agency's methodologies for establishing and implementing competitive price criteria and allowable reimbursement levels will ensure that average payments per food instrument or food item to above-50% vendors will not exceed average payments to regular vendors.
- 8.** Attach a copy of the report(s) that the State agency will use to monitor average payments per food instrument to above-50% vendors and regular vendors. If the State agency does not have such a report, describe the State agency's plans to develop and implement a report(s) for monitoring purposes, including the report contents or fields.

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Table 1. Data for WIC Vendor Cost Containment Certification – Overview

Please provide the following information on the regular vendors and the above-50-percent vendors authorized by the State agency as of June 30th. If data are not available through June 30th, the State agency should enter data for the period for which data are available, replacing “June” with the month to which the data are applicable.

1. How many authorized regular vendors did the State agency have as of June 30 th ?	1. 2425
2. For all of these regular vendors combined, what was the total amount of WIC redemptions paid in June 30?	2. \$44,375,450.15
3. How many above-50-percent vendors did the State agency have as of June 30 th ?	3. 213
a. Non-pharmacy above-50-percent vendors <ul style="list-style-type: none"> ▪ Number of <i>WIC-only</i> stores ▪ Number of other types of above-50-percent vendors (excluding pharmacies) b. Above-50-percent pharmacy vendors c. Total above-50-percent vendors (sum of a and b)	a. 208 <ul style="list-style-type: none"> ▪ 132 ▪ 76 b. 4 c. 212
4. What was the total amount of redemptions paid to these above-50-percent vendors in June? <ul style="list-style-type: none"> a. Non-pharmacy above-50-percent vendors b. Above-50-percent pharmacy vendors c. Total above-50-percent vendors 	4. <ul style="list-style-type: none"> a. \$7,071,451.73 b. \$11,611.08 c. \$7,083,062.81
5. How many peer groups of above-50-percent vendors (either separate peer groups or groups with regular vendors) has the State agency identified?	5. 1
6. How many above-50-percent vendors and regular vendors has the State agency authorized that do not meet competitive price criteria, but are needed to ensure participant access to supplemental foods?	6. above 50% _____ regular vendors 13__

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(Note: If the State agency has completed the peer group table in the Vendor Management section of this Guidance, skip the following table.)

Table 2: Data for WIC Vendor Cost Containment Certification – Peer Group Structure

Please describe all vendor peer groups and identify the regular vendors that are comparable to each group of above-50-percent vendors. The information provided should refer to the peer group system as structured to comply with the new vendor cost containment requirements.

Peer Group					Comparable Vendors Peer Group Number (6)
No. (1)	Description (e.g., supermarkets, chain stores, pharmacies) (2)	Number of Vendors in Peer Group			
		Regular Vendors (3)	Above-50% Vendors (4)	Total (5)	
1	Data not available until September 2006				
2					
3					
4					

Instructions:

Column 1 – Assign a sequential number to each peer group.

Column 2 – Describe the vendors in the peer group.

Column 3 – Insert the number of authorized vendors that are regular vendors.

Column 4 – Insert the number of above-50-percent vendors currently authorized.

Column 5 – Insert the total number of authorized vendors. This number should be the sum of columns 3 and 4, since the State agency must identify each vendor as being either a regular vendor or an above-50-percent vendor.

Column 6 – For each peer group that contains above-50-percent vendors, insert the number of the peer group that contains comparable regular vendors. The comparable vendor peer group is the peer group that the State agency uses to derive the competitive price criteria and maximum reimbursement levels that it applies to the above-50-percent vendors. If above-50-percent vendors are placed in a peer group with regular vendors, then the number in column 1 should be the same as that in column 6. If above-50-percent vendors are in separate peer groups, then the number in column 1 will be different from that in column 6.

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Table 3: Data for WIC Vendor Cost Containment Certification – Average Payments to Vendors

Using the format below, provide the latest available redemption data for the ten (10) most frequently redeemed food instrument types. Then indicate how these amounts have changed or will change with the implementation of the revised competitive price criteria and allowable reimbursement amounts. Prepare a separate table for each group of above-50-percent vendors identified in Table 2.

Chart for: Above-50-Percent Vendors in Peer Group No.

Food Instrument Type/Number and Description (1)	Number of Food Instruments Redeemed (2)	Average Redemption Price and Standard Deviation Per Food Instrument for (Insert Month & Year)				Difference in Average Redemption Prices Between Above-50% Vendors and Comparable Regular Vendors (5)	Average Redemption Price Per Food Instrument for (Insert Month & Year)	
		Above-50% Vendors (3)		Comparable Regular Vendors (4)			Above-50% Vendors (6)	Comparable Regular Vendors (7)
		Price	Std. Dev.	Price	Std. Dev.			
	Not available until September 2006							

Instructions:

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Begin by identifying the above-50-percent vendors to which the data in the chart refer. Insert the peer group number for the above-50-percent vendors and write it on the line at the top of the chart. All data in the chart should pertain only to the above-50-percent vendors in the peer group and the comparable regular vendors. Complete a separate table for each group of above-50-percent vendors and comparable regular vendors identified in the table 2.

- Column 1** – Insert the food instrument (FI) type or number and list the foods included on the FI. Include no more than two infant formula food instrument types, but complete the chart using the next most frequently redeemed food instrument types.
- Column 2** – For each type of FI identified in column 1, insert the number of food instruments redeemed (paid) in June (the calendar month). If the State agency implemented competitive price criteria and allowable reimbursement levels that comply with the new vendor cost containment requirements before June, then select the calendar month before the State agency applied the new competitive price criteria and allowable reimbursement levels.
- Columns 3 & 4** – Insert the average food instrument redemption amount and the standard deviation for the above-50-percent vendors and for the regular vendors that the State agency has identified in Table 2 as comparable vendors. As an alternative to providing average payments to comparable regular vendors, the State agency may enter average payments to all regular vendors. If the State agency provides data for all regular vendors rather than average payment to comparable vendors, indicate this on the table or in the accompanying narrative.
- Column 5** – Subtract the amount in column 4 from the amount in column 3 and enter the difference here. If the amount in column 3 is less than that in column 4, enter the difference as a negative dollar amount.
- Column 6** – Insert the average food instrument redemption amount for above-50-percent vendors *after* the State agency has applied the revised competitive price criteria and allowable reimbursement levels. If the State agency has implemented new competitive price criteria and allowable reimbursement levels before submitting its request for certification to FNS, then the data in column 6 should be actual redemption data for the above-50-percent vendors and comparable regular vendors. Insert the calendar month(s) to which the data pertain. If the State agency does not have actual redemption data, then the State agency must estimate the new average redemption amounts.
- Column 7** – Insert the average redemption amounts for the corresponding group of comparable vendors. If the State agency has not yet implemented its revised methodologies, insert the target date to which the estimated average redemption amounts would apply. In the narrative that accompanies this data, discuss in detail the rationale for the State agency's estimated average redemption amounts in columns 6 and 7. The average redemption amount for above-50-percent vendors may not exceed the average redemption amount for comparable vendors.

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

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G. Home Food Delivery Systems

DOES NOT APPLY (PROCEED TO NEXT SECTION)

1. Home Food Delivery Systems Overview

a. Home delivery vendors include (check all that apply):

- Dairies
- Private delivery service doing WIC business only
- Private delivery service
- Other (specify):

b. Participants who receive home food delivery:

- Are notified in writing of the types and quantities of foods
- Are issued food instruments that they sign and provide to the vendor when the food is delivered
- Indicate by authorized signature on a FI, receipt or signature document, the supplemental foods received
- Other (specify):

c. Supplemental foods may be delivered:

- Only to the participant of record
- To the participant of record or proxy of record
- To any adult at home during time of delivery
- To anyone at home at the time of delivery
- Other (specify):

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

2. Documentation

a. The forms verifying delivery are reconciled against vendor invoices:

- Weekly
- Monthly reconciliation of the signed FI or other signed receipts or signature documents from participant or proxies.
- Other (specify):

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G. Home Food Delivery Systems

- b. Signatures of participants, who sign the food receipt document/food instruments, are compared to the signature on file.**

No

Yes, sample

Yes, 100%

**ADDITIONAL DETAIL: Food Delivery Appendix
and/or Procedure Manual (citation):**

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H. Direct Distribution Food Delivery Systems

DOES NOT APPLY (PROCEED TO NEXT SECTION)

1. Direct Distribution Food Delivery - General

a. The State agency uses a direct distribution food delivery system to:

- Distribute all of its WIC Program foods
- Distribute only exempt infant formula and/or medical foods
- Distribute (specify):

b. The State agency uses:

- Warehouse not used
- One central warehouse, deliveries directly to local agencies
- One central warehouse from which foods are sent to one or more subsidiary warehouses before delivery to local agencies
- Other (specify):

c. Warehouses are operated by:

- State agency
- Local agency
- Other state or public agency
- Under contract with a private business
- Other (specify):

d. Warehouses used for storage of WIC foods are also used to store other FNS program commodities:

- Yes
- No

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

2. Food Distribution

a. Foods are distributed to participants:

- Grocery store fashion
- Pre-packaged
- Other (specify):

b. Participants receiving food are required to sign:

- A register once for all foods received
- A register/form for each food item received
- Other (specify):

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H. Direct Distribution Food Delivery Systems

c. Foods are distributed to participants:

- Monthly
- Other (specify):

d. Participants with limited access to facilities used for distribution have available to them:

Services provided by:

	Local Agency	Other Sources
Home delivery	<input type="checkbox"/>	<input type="checkbox"/>
Cost-free transportation	<input type="checkbox"/>	<input type="checkbox"/>
Other (if other, specify):	<input type="checkbox"/>	<input type="checkbox"/>

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):

3. Warehouse Insurance and Inspectors

a. Insurance for the warehouse covers (check all that apply):

- Theft Fire Infestation Spoilage
- Other (specify):

b. Warehouses are inspected by a public authority responsible for enforcing:

- Fire safety laws and regulations (specify date and grade of last inspection):
- Sanitation laws and regulations (specify date and grade of last inspection):
- Other (specify):

ADDITIONAL DETAIL: Food Delivery Appendix and/or Procedure Manual (citation):