

WIC Vendor Management Exemption Request: Shelf Price Collection Requirement

WIC State agencies (SAs) are encouraged to use this worksheet to submit an exemption request to the Food and Nutrition Service (FNS). SAs should consult their respective Regional Offices (ROs) before submission. SAs should submit requests at least 60 calendar days before the anticipated implementation date.

An approved exemption remains in effect until the SA no longer meets the conditions on which the exemption was based; until FNS revokes the exemption; or for three years, whichever occurs first, as set forth in WIC regulation 246.12(g)(4)(ii)(B).

State Agency: Date:

SA Point of Contact: Title:

Email Address: Phone Number:

Has the SA ever had a Shelf Price exemption?

Yes No

If yes, what date did FNS grant the prior exemption?

Reason for requesting this exemption (choose one option from the list below):

SECTION 1. Regulatory basis for the request.

1. Check the statements that best describe the SA's current vendor cost containment system. If either of these statements do not apply, consult your RO before proceeding.

- The SA has alternative methodology for capturing vendor prices and monitoring vendor compliance that is efficient and effective in achieving vendor cost containment.
- SA policies and procedures are not dependent on frequent collection of shelf price data.

2. Is the SA requesting this exemption due to the SA's implementation of an EBT system?

Yes No

If yes, what is the statewide EBT implementation date?

3. Does the SA authorize above-50-percent (A50) vendors?

- Yes. (Section 4 is required.)
- No. (Section 4 is NOT required.)

SECTION 2. Proposal description.

In the space below, describe the alternative cost containment methodology.

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daily basis.

A Not-to-Exceed (NTE) level is applied to each authorized item based on the average cost of redemptions by Vendor Peer Group. NTE amounts adjust for market changes through collection and analysis of actual UPC level redemption data. The pricing data from this method of collection is more current and accurate than data periodically collected from prices on store shelves since the automated eWIC system collects prices daily.

SECTION 3. Justification and supporting documentation.

Please answer the questions below. If you are using Adobe Acrobat, please attach any supporting documentation/data by clicking, "Add Attachment," at the end of this section. If you are using Adobe Reader, please mention the documents in your responses and attach them to your email submission. All supporting documentation/data should have been collected in the past 3 FYs.

1. Describe how the SA will use the alternative approach or EBT data to:

A. Establish competitive price selection criteria (CPSC).

For applicant vendors, shelf prices from new applicants are collected on the the vendor application and are compared against actual redemptions of current vendors from the new store's Vendor Peer Group. And for existing vendors, EBT redemption/presentments from vendors are paid up to the NTE level. NTE amounts adjust for market changes through collection and analysis of actual UPC level redemption data to ensure vendors remain competitive. NTE level adjustments are performed weekly on Thursdays by the Crossroads MIS.

B. Apply CPSC to select and authorize vendors with the most competitive prices, while ensuring participant access.

A new applicant's price competitiveness is determined by food basket analysis. The price survey on the vendor application collects prices to create pricing for a mixed basket of 10 common WIC food items. Prices submitted via the Vendor application price survey are compared against peer group redemption averages. For example, if the average presentment for the medium peer group's basket is \$51.66, we would allow up to \$65.56. That overage is set/established by adding 2 standard deviations to the price of the average mixed basket in that peer group.

Prior to denying a Vendor from participation in the WIC Program based off of their competitive prices, the State Agency shall consider the adequacy of participants' access to authorized WIC Vendors.

The State Agency shall determine participant access is adequate when: 1) There is at least one authorized WIC Vendor within a 0.5-mile radius of the Vendor or applicant who is being disqualified or denied authorization; and 2) The State Agency considered but did not find any geographic barriers for participants to access another authorized Vendor. Geographic barriers include, but are not limited to, rivers and highways with limited access for crossing by vehicle or by foot.

Vendors authorized for participant access are only reimbursed up to the peer group MARL and are only authorized for as long as the "access need" exists. Prices from vendors authorized for participant access are not included in the MARL calculation/recalculation.

C. Ensure that authorized vendors' prices do not increase to levels that would make them ineligible for authorization.

The NTE is calculated by averaging redemptions by UPC, per Peer Group, and then calculating up to an additional allowable threshold. Data Direct allows a variety of vendor pricing information to be reviewed, to include "expensive places to shop", "price per unit by peer group", "products generating NTE", "retailers generating NTE", and many more reporting variables. The State reviews charges higher than the NTE and follows up with the vendor if a pattern develops.

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D. Establish maximum allowable reimbursement levels (MARLs).

NTEs (or MARLs) are set in Crossroads at the Subcategory food level until a food item's specific UPC code has been redeemed at least ten (10) times at which point the item will be issued a MARL at the UPC level based on the average price of those 10 transactions plus 3 standard deviations. State can set price ceilings at the subcategory and category levels in Crossroads based on % over the average (currently set at 8%) or maximum price (varies based on food category), as well as provide manual overrides for items and/or subcategories.

E. Apply MARLs to food instruments (FIs) or food items.

NTE is calculated by averaging redemptions by UPC, per Peer Group, then calculating up to an additional threshold allowable. This calculation occurs in the Crossroads system automatically every Thursday. Each part of the calculation is set by WV WIC so, as needed, the threshold can be changed. It only recalculates when a minimum number of each UPC is redeemed.

F. Conduct a routine analysis of the alternative cost containment system every 3 years.

State utilizes extensive pricing data available on a daily basis through Data Direct. Store level pricing on each WIC authorized item purchased by WIC participants is analyzed as an integral part of the State's vendor peer group system. Current MIS systems will be evaluated every three years to ensure best practices are being utilized for cost containment, and State will convene with the other members of the HANDS consortium for best practices. State does not allow the authorization of above 50% vendors. Additionally, State intends to conduct a formal peer group study every three years to help determine if the current approach is still the most proper.

2. If the exemption request is based on EBT implementation, describe how the SA will continue to capture shelf prices during monitoring and compliance investigations or by other means in order to ensure that EBT redemption requests do not exceed shelf prices.

During regular and undercover compliance buys, shelf prices are collected and compared to the receipt and to actual redemption to ensure all prices match, i.e., the shelf price, the price charged, and the final redemption price. The State also uses a Data Direct report during monitoring with the most recent price charged in each food category. This is compared to the current shelf price and any discrepancies are investigated.

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If the SA authorizes A50 vendors, continue to Section 4 on the next page.

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Save

Print Form

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SECTION 4. Justification and supporting documentation for SAs with A50 vendors.

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1. Describe the methods the SA will use to compare A50 vendors' prices against regular vendors prices to:

A. Determine whether the A50 vendors have competitive prices.

B. Establish MARLs for A50s.

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