

## Section III: State Agency Procedure Manual

### I. State Vendor and Farmer Management

#### B. Retailer Authorization Process

##### Purpose

Ensure standard criteria is used to evaluate retailer applications for WIC Program authorization and provide adequate access for participants to redeem food benefits.

##### Policy

Retailers applying for authorization must meet specific criteria to ensure effective program management. These standards will be used to review retailer applications and renewals.

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#### 1. Minimum criteria to become a WIC authorized retailer:

- Have a Point-of-Sale (POS) system capable of conducting eWIC transactions, this system must:
  - Process Not to Exceed (NTE) price adjustments at the time of the transaction.
  - Be able to download the Approved Product List (APL), and be capable of:
    - Preventing unauthorized food item purchases.
    - Preventing the purchase of approved food items not available on card balance.
  - Provide all transaction receipts (beginning balance, purchased items, and remaining balance).
- Agree to accept payment for food prices for no more than the Not-To-Exceed (NTE) price set for each food item.
- Will not charge the WIC Program any third-party processing fees, interchange fees, or ongoing maintenance and operational costs.
- Will meet minimum lane coverage requirements.
- Will maintain compliance with operating rules, standards, and technical requirements.
- Within the last six (6) years, neither the business nor any of its owners, officers or managers has been convicted of or had a civil judgment entered against them for any activity indicating a lack of business integrity.
- Is SNAP authorized (Supplemental Nutrition Assistance Program, formerly known as Food Stamps), and has not been assessed a civil money penalty in lieu of SNAP disqualification.
- Receive, or be expected to receive no more than fifty percent (50%) of their store's total annual food sales from WIC transactions.
- An owner, officer, or partner of a retailer must not have bought or sold a store to avoid a WIC sanction.
- Formula must be purchased from the Montana WIC Program's approved Formula Wholesaler/Distributor/Retailer/Manufacturer list to ensure safety of the products.
- Always maintain the minimum food stock required by the Montana WIC Program.
- Maintain, and provide upon request, current documentation of Workers' Compensation and Liability Insurance during the term of the Vendor Agreement.

- Based on Local Agency input and regional assessment, there is a need for an authorized WIC Retailer in the requested area.
- Inform the Department of any potential or real conflict of interest between WIC staff, either state or local, and Contractor personnel. Conflicts of interest may include, but are not limited to, the following:
  - Employing a state or local WIC agency staff member or spouse, son, daughter, parent, or sibling of a local or state WIC agency staff member.
  - Giving a fee or gift to a local or state WIC program staff member in exchange for being provided WIC information, for WIC staff action that would materially benefit the contractor, or for preferentially promoting the contractor. Donations to a promotional event encouraging WIC participation are not considered to create a conflict of interest.
  - Accepting, either directly or through a relative, a substantial gift of financial assistance from a local or state WIC staff member.
  - Entering a business transaction with a local or state WIC staff member or allowing such a staff member to acquire a financial interest in the contractor.
- No barrier to service exists.
- Agree to offer WIC customers any discounts, promotions, or incentives that are available to all customers.
- May not charge a membership fee.
- May not be a 'WIC-Only' store (sell only WIC-approved foods to WIC participants).
- May not be a 'Above-50-percent' store (stores that make more than 50 percent of their annual sales from WIC purchases).
  - Montana WIC will continue to evaluate stores on the program to determine if they become an 'Above-50-percent' store and disqualify any stores who become 'Above 50%'.
- May not be a stand-alone pharmacy (medical formula is ordered at State Office).

## **2. Criteria Waiver**

- If there are no WIC authorized retailers in an area, denial based upon the selection criteria may be waived at the Program's discretion, especially in areas where participant access is considered limited.
- If a retailer applying to the program is in an area with participant access issues and does not currently have a POS capable of conducting eWIC transactions, a single-function POS terminal may be provided by the State.
- No waivers will be made for applicants that will not adhere to competitive price criteria, or the minimum requirement for stocking variety and quantity of approved supplemental foods.

### **3. Application for Retailer Authorization**

- Initial applications are accepted on an ongoing basis.
- Application may be requested from the State WIC Office vendor management staff.
  - An initial screening of the retailer will be completed to ensure the selection criteria are met; this may include:
    - Consultation with the local agency in the retailer's region.
    - Assurance that the retailer has the capability to process eWIC transactions (retailer is responsible to confirm with POS provider).
    - The MT WIC Program will provide an X9 number to the retailer for their set up with the POS and Third-Party Processor (TPP).
  - A paper or electronic application will be sent to the retailer for completion and the local agency in the area will be notified by the State office of the application status.
- Retailer will complete and submit the application which will be processed within 60 days of receipt.
- If the retailer does not meet the criteria for approval, a letter describing the ineligibility will be mailed.

### **4. Pre-authorization Visit and Inspection**

- The initial visit to the store by local agency retail coordinators (LARCS) is to verify that the required WIC food variety and quantity is in stock, and that the retailer's Point of Sale (POS) can conduct eWIC transactions, dates on foods are not expired, overall cleanliness, and to provide the retailer with interactive training on WIC policies and procedures. This visit is arranged after the WIC program receives verification from the retailer that their POS system has been successfully set up to conduct eWIC transactions.
  - If the store has not successfully completed the POS set-up with their TPP by the time of the scheduled pre-authorization visit, the visit will be postponed.
  - The retailer will not be allowed to process eWIC transactions until the pre-authorization visit is completed and the WIC program has verified their store can conduct eWIC transactions.
- The report from the pre-authorization inspection visit will be sent to the Montana WIC Program for review. If the report does not indicate that the required quantities and variety of WIC foods are in stock, the retailer will need to provide verification that the insufficiencies have been corrected before the store will be authorized.
- Approved stores will be sent a WIC Vendor Agreement which must be signed and returned. The agreement will have a maximum of 3 years; but may be shorter to align the retailer's contract period with the federal fiscal year calendar.

### **5. Preauthorization Interactive Training Requirements**

The Montana WIC Program will provide a training in an interactive format before or at the time of a new vendor's initial authorization. This training will cover all topics required in annual training for authorized vendors and will provide vendors the opportunity to ask questions and receive immediate answers.

- Interactive training will be provided in person and on-site as the first priority.

- If on-site interactive training is not available alternative means will be provided to ensure that the required topics are covered, and the retailer is afforded the opportunity to ask questions and receive immediate answers. Alternative means include, but are not limited to, over the phone training, or a web-based platform. Over the phone training is considered the training of last resort.
- Vendors will be provided with at least one alternative date on which to attend an interactive training.
- In all cases interactive trainings will be documented to verify the time and date the training was provided, the format provided, and the required topics covered, as well as retailer questions and responses. Both the retailer and the trainer will sign and date the documentation form and this will be included in the retailer's file at the WIC state office. A copy of the signed documentation form will be provided to the retailer as well.
- Completion of this training will be documented on the Vendor Preauthorization Monitoring Form.
- This training will be provided by the Local Agency Retail Coordinator (LARC) for the local WIC agency supporting the retailer.
- WIC state agency staff will provide backup support as needed.

## **6. Initial Retailer Authorization Process**

- Authorized retailers will be assigned to a Peer Group based on criteria established by the program to ensure competitive pricing and reimbursement.
  - Peer group placement will be re-evaluated and assigned at reauthorization and as needed when criteria or circumstances change.
  - Peer group placement will determine the allowable reimbursement for WIC approved items based on average prices and an automatic range determined by the Program.
- Upon authorization the retailer will receive an acceptance letter notifying them they are an authorized WIC retailer and what Peer Group they are placed in. The retailer will also receive the following items:
  - "We Accept WIC Benefits" signs (to be posted in a visible location near all entrances of the business).
  - Additional copies of the "WIC Approved Food List" (in sufficient quantities to place one at each check stand).
  - A copy of the Montana WIC Program Retailer Reference Manual.
  - A set of WIC shelf tags.
- Once the retailer is authorized to process eWIC transactions, they are responsible for training their staff on eWIC procedures.
- In the case where agreements are signed at the corporate headquarters, a copy of the signed agreement may be sent to the store's manager for their records.
- The State will notify the local agency that the retailer has been authorized to participate in the WIC Program and the local agency will notify their participants that they may redeem benefits at this retailer.

- The State will add this retailer to their list of authorized WIC retailers.
- The new retailer will be reassessed six months after authorization to determine if they are an 'above-50-percent' retailer.
  - Once the assessment is completed a letter will be sent to the retailer notifying them of their status. Copies of this letter are retained at the State WIC Office and a copy is sent to the Local Agency in the retailer's area.

## **7. Process for Authorization Renewals**

- The WIC State Vendor staff will review retailer files due to expire, annually, and will send out renewal notices for all retailers with agreements expiring that fiscal year at least six months prior to their agreement expiring.
- Renewal notices are mailed annually inviting retailers to renew.
  - If the retailer chooses to renew their agreement the renewal application must be returned to the WIC State office at least sixty (60) days before their agreement expires to allow enough time to route the renewal agreement for signature .
- In addition to maintaining the standards for the initial application, an applicant must also meet the following standards to apply for renewal of their WIC authorization:
  - Has attended all required WIC trainings.
  - Has successfully resolved all problems brought to their attention by the WIC Program within a sixty (60) day period.
  - Has not been disqualified from SNAP or been charged for embezzlement by SNAP.
- Retailers applying for renewal authorization must apply within the required timeline. This ensures that they maintain their current authorization.
  - If the authorization lapses, an initial application must be submitted.
- A retailer is not obligated to apply for renewed WIC authorization. A retailer may withdraw from the WIC Program at any time by contacting State WIC staff.
- The Montana WIC Program is not obligated to offer a retailer a renewed vendor agreement.

## **6. Change of Ownership**

- The authority to participate in the Montana WIC Program is non-transferable. The Montana WIC Program must be notified in writing of any change of ownership. A change of ownership may be, but is not limited to:
  - A partial change of ownership (i.e., one partner buying out another).
  - A complete change of ownership (i.e., an outside interest purchases the business).
  - A change in corporate structure (i.e., going from 'sole proprietor' to 'corporation').
- Whenever the Federal Employer Identification Number (FEIN) changes, the retailer must re-apply for WIC authorization as an initial applicant. Failure to do so will result in loss of WIC authorization. If it is determined that a business was sold to circumvent a WIC sanction after authorization is approved, the authorization (WIC Agreement) will be terminated.

## **8. Change of Location**

- A change of location may affect WIC authorization. The Montana WIC Program must be notified in writing of any change of location. Authorization will not be affected if:
  - The ownership remains the same.

- The old location is being closed, and the new location is considered a 'replacement' location.
- The new location is within a short distance of the old location.
- Failure to notify the Montana WIC Program of a change in location may result in loss of WIC authorization.

**9. Change of SNAP Authorization**

- If a WIC authorized retailer's SNAP authorization changes at any time during the WIC agreement, the Montana WIC Program must be notified either verbally or in writing and provided with an updated FNS number.