MANUAL FOR CONTRACTED WIC VENDORS

October 2013

Kentucky Public Health

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AGENCY _____

ADDRESS _____

_____

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DEVELOPED BY:

DEPARTMENT FOR PUBLIC HEALTH

DIVISION OF MATERNAL AND CHILD HEALTH

NUTRITION SERVICES BRANCH

WIC PROGRAM

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FRANKFORT, KENTUCKY 40621

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WIC VENDOR MANUAL
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INTRODUCTION

The WIC Program is funded by the United States Department of Agriculture and administered through the Kentucky Cabinet for Health and Family Services. WIC services are coordinated through the Local Health Departments and private health facilities.

The WIC Program provides specific nutritious foods along with nutrition education at no cost to the participant. These services are provided to income eligible and nutritionally at risk pregnant, breastfeeding, and postpartum women, infants and children up to five (5) years of age. The goals of the WIC Program are: (1) to improve the outcome of high risk pregnancies by decreasing low birth-weight babies, (2) to decrease the incidence of anemia and poor growth patterns; and (3) to improve dietary habits of its recipients. Each participant must be certified by a physician, nurse or nutritionist to be at nutritional risk Once a client is certified for the program, participant receives nutrition education counseling and food instruments, which are redeemable at grocery and drug stores in Kentucky that have a WIC contract. The food items, which can be purchased with the food instruments, are limited to certain types of foods that are selected based on nutritional content. Participants generally are issued food instruments for a two (2) to three (3) month period, but redeem only one (1) month of food instruments at a time. Most participants must be recertified every six (6) months to maintain eligibility.

You, as an authorized WIC Vendor, are part of an important effort to improve the health of Kentucky citizens in your community. Proper nutrition at the beginning of life helps prevent many serious health problems that can last a lifetime. WIC gives children a chance to grow up healthy and healthy children do better in school and at leading active, productive lives.

Although everyone needs these special foods at this important time of growth, the people who you will serve as customers have been thoroughly examined by health department personnel and are medically in need of the WIC foods. The special WIC foods are chosen and prescribed as carefully as any drug, and it is very important that no substitution be allowed.

This manual is intended as a guide to help you follow correct procedures in serving WIC participants. Should you ever have any problems or questions, please contact your WIC Coordinator at the agency with which you have a contract. The agency with which you have a contract will be referred to as the Local Agency throughout this manual. The WIC Program Vendor Agreement is a contract; you are required to comply with all policies contained in this Manual and the terms of the Vendor Agreement. It is not a license or property interest and is nontransferable upon change of ownership.

RESPONSIBILITIES OF AN AUTHORIZED VENDOR

Two types of WIC food instruments will be presented to approved vendors for redemption: eWIC cards or handwritten food instruments. When a WIC food instrument is presented, the vendor and the vendor's employees must be aware of the proper redemption procedures.

Vendors must provide WIC food items to participants, parents, or caretakers of infant or child participants or proxies at any visit without requiring other purchases and provide WIC participants, parents, or caretakers or proxies the same services given to other customers, exclusive of home delivery.

A. In order to comply with Program policies, a vendor must:

1. Comply with all policies contained in this Manual and the terms of the Vendor Agreement.

2. Continue to accept WIC Program handwritten food instruments until such time as no longer used by the State Agency.

3. Accept only food instruments issued by agencies within the Commonwealth of Kentucky. A handwritten food instrument will have the KY WIC Agency stamp. See example which follows in this Manual. See the example of the WIC EBT card which follows in this Manual.

4. Dispense WIC food items to participants, parents, or caretakers of infant or child participants or proxies within the confines of the store, more specifically, within the four (4) walls of the establishment. Drive up windows and home deliveries are not allowed.

5. Allow only the purchase of approved WIC foods, as specified on the food instrument. A current WIC Approved Food List (WIC-40) should be posted at each checkout stand.

6. Understand the scanner system identifying WIC approved foods is not fail proof; the current WIC Approved Food List is the final authority and should be utilized to avoid confusion.

7. Allow WIC participants, parents or caretakers of infant or child participants or proxies to use store loyalty cards, cents off coupons, "buy one, get one" promotions, and to afford WIC participants the same discounts and benefits as offered other customers.

   a. Buy one, get one free:

      - If the cardholder has one or more units and/or a sufficient benefits balance that can be applied to the advertised food item, only the value of the purchased food item shall be deducted from the benefit balance or charged to the WIC Program.

b. Buy one, get one at a reduced price:

- If the cardholder has at least two of the food items in the benefits balance, then both units shall be deducted from the balance. State WIC Agency reimbursement shall be for the full price for the first food item and the reduced price for the second food item.

- If the cardholder has only one unit of the food items in the benefit balance, the unit shall be deducted from the balance and cash or other payment shall be used to purchase the second food item at the reduced price. State WIC Agency reimbursement shall be for the full price for the first food item. The second food item is not reported to the State WIC Agency.

8. Honor food instruments only during the valid period.

9. Verify with the Local Agency any food instruments which appear to have been altered, defaced or mutilated prior to redemption.

10. The shelf price is considered to be the correct price**.** It is the vendor's responsibility to ensure that the posted shelf prices correspond to those programmed into the check-out scanners or Point-of-Sale (POS) devices. This includes sale prices.

11. Issue only the approved food in the quantities which have been specified on the food instrument. However, a WIC participant may use their own funds for purchase in excess of the benefits. The amount charged can only be for the WIC approved food received.

12. Provide a receipt to WIC participants, parents or caretakers of infant or child participants or proxies at time of transaction.

B. **A Vendor Must Not:**

1. Solicit a WIC participant's business or that of a parent, caretaker, or a proxy on the premises of any health department or other authorized WIC Agency.

2. Provide free merchandise, including diapers, strollers, lottery tickets, etc., to WIC participants, parent, caretaker or proxies as an incentive to redeem food instruments.

3. Make any physical changes or alterations to the food instrument.

4. Honor food instruments that appear to have been altered.

5. Allow "rain checks," "IOU's," "due bills," "cash" or any type of credit.

6. Require a participant to purchase all foods, if the participant does not want them.

7. Substitute any foods or allow more than the amount of food specified on the food instrument.

8. Issue quantities or types of food other than those specified on the food instrument or types or brands of food not on the Approved Food List.

9. Allow a WIC participant, parent, caretaker, or proxy to exchange WIC foods for cash or other non-approved items. It is the vendor's responsibility to develop procedures necessary to prevent the improper exchange or refund of foods purchased with WIC food instruments. In the event that a WIC food item is defective, spoiled or has exceeded its sell by/use date, etc., an exchange may be made only for the exact brand and size of the original food item returned by the participant.

10. Charge sales tax on WIC foods.

11. Seek restitution from a participant, parent, caretaker, or proxy for food instruments not paid or fully paid by the WIC Program.

12. Require a participant, parent, caretaker, or proxy to purchase other foods at the store in order to redeem WIC food instruments benefits.

13. Charge the Program for foods not obtained by the participant, parent, caretaker, or proxy.

14. Make home deliveries to WIC participants.

15. Improperly utilize the WIC Acronym and the WIC Logo as they are service marks owned by the Department of Agriculture (U.S.D.A) and all rights belong exclusively to U.S.D.A.

16. Request the participant's confidential PIN (personal identification number) or confiscate the eWIC card at any time.

RESPONSIBILITIES OF A VENDOR FOR eWIC

An authorized retailer will:

A. Implement and maintain a Food and Nutrition Services certified automated system to accept and process WIC Program benefits in the form of an EBT magnetic strip card using either stand beside state owned eWIC/XAC device or integrated POS solution that perform online WIC EBT transactions in accordance with the published rules, policy, specifications and procedures;

B. Process all transaction types that are required by the First Party. Any purchase transaction that is sent to the host processor but for which a response is not received timely must be promptly reversed. Store and forward processing is an optional transaction that is supported by the First Party but is at the store's risk;

C. Accept liability for any redemption of WIC benefits:

   a. when an approval has not been received from the First Party; and

   b. for the incorrect redemption of benefits (e.g. providing an item not authorized by the Approved Product List (APL) or Attachment A of the WIC Program Vendor Agreement or not available in the household's EBT account).

D. Accept as payment in full for each WIC approved food item redeemed the WIC calculated not-to-exceed (NTE) price for that product within the store's peer group.

E. Apply discounts to a redemption transaction in total not the individual food item;

F. Ensure that the most current Approved Product List (APL) is installed in the store system and is being used for WIC redemption processing;

G. Provide the capability for the WIC participant to retrieve their currently available benefit balance while in the store;

H. Provide the WIC participant with a receipt that minimally shows the WIC approved food items purchased and the remaining balance of available benefits;

I. Maintain the certified automated system in a manner necessary to ensure system availability for WIC Program redemption processing during store operational hours.

J. Ensure the certified automated EBT redemption process allows the WIC participant entry of their PIN (personal identification number) in a manner that protects the security of the PIN and in which no one other than the shopper will have knowledge of the PIN.

K. Be accountable for the actions of employees in the utilization of the EBT system or provision of supplemental foods through this system;

L. Ensure all cashiers are trained in the proper acceptance and processing of WIC Program EBT redemptions and current policies, procedures and regulations;

M. Not charge the WIC Program participant any fee, either directly or indirectly, arising out of or associated with operating, maintaining, or processing electronic WIC Program transactions through the use of the EBT system

N. Provide timely transaction documentation as requested and fully cooperate in resolution of any dispute arising in relation to a WIC EBT redemption;

eWIC POS DEVICES

Implement and maintain a certified automated system to accept and process WIC Program benefits in the form of an EBT magnetic stripe card using either a state owned stand beside (eWIC/XAC) device or integrated solution that performs online eWIC transactions in accordance with the published rules, policy, specifications and procedures.

A. If an authorized vendor uses an integrated POS, it must be a system that is certified by the Food and Nutrition Services (FNS) to accept eWIC online.

B. If an authorized vendor needs a stand beside device (POS) to accept eWIC (EBT:

   a. Upon authorization, a limited number of state-owned eWIC stand beside devices will be provided per store, at no cost to the retailer, based on their total monthly WIC sales. The number of devices provided to each store is based on the following:

Total Monthly WIC Sales	Number of Devices Provided by State Agency at No Cost
$1 – $21,999	One (1) device
$22,000 – $32,999	Two (2) devices
$33,000 - $43,999	Three (3) devices
$44,000 – and above	Four (4) devices

C. A store with more cash register lanes than the provided number of devices can obtain additional devices for a fee. Contact integration@WICDirectSystem.com for assistance.

D. State provided stand beside devices are owned by the State of Kentucky. Normal wear and tear and device failures may occur and the devices will be serviced when these issues occur. The retailer is liable if damage to a device is caused by misuse or abuse.

E. To be responsible for any misuse, abuse or theft of the device.

F. Each device has a unique number which identifies each store.

G. The retailer must provide the necessary communications between the device and the WIC Direct System. Currently, this requires a high speed internet connection. The retailer bears the cost of the installation and monthly internet access fees.

H. The retailer also bears the cost of the electricity and paper rolls which are used to operate the device. See the WIC Direct Stand-Beside Administrator Manual, supplied with the device, for details about the paper rolls that the device uses.

I. There are no per transaction fees associated with processing transactions when using a stand beside device directly connected to the WIC EBT host system.

J. To report within ten (10) days the loss of or damage to, the eWIC/XAC POS device to the State WIC Agency. Replacement of the equipment is normally free of charge, however, if the failure or malfunction is as result of the vendor's improper use, the vendor will be charged for the equipment.

K. To alert the State WIC Agency within 72 hours of a malfunction of the eWIC/XAC device or if a new device is needed.

L. To ensure the device is used in accordance with the policies and procedures of the WIC Program.

M. To return the eWIC/XAC device to the Local Agency within seven (7) calendar days of the effective date of the termination, sanction, nonrenewal or closing of a store either on a temporary or permanent basis. Closing of the store also refers to the sale of the store to another owner. Failure to return the device within seven (7) calendar days of effective date of termination, sanction, nonrenewal, closing of a store or returning a damaged device, will result in a monetary claim for the cost of the device.

PROCEDURES FOR PERFORMING AN eWIC TRANSACTION

A. For stores with FNS certified eWIC software integrated into already existing POS system, the eWIC card must supersede any other form of payment (i.e., SNAP, credit/debit cards and/or cash). For training of integrated POS systems, contact POS software provider for the store.

B. The following are abbreviated procedures for completing an eWIC transaction for stores provided a state owned stand beside WIC/XAC device:

1. Access cashier functions by starting in the Idle Mode. To sign in, enter the 4-digit cashier password.

2. At the "Swipe Card" screen, participant's eWIC card will be swiped. The card must be swiped with the black magnetic stripe at the bottom and facing the display screen.

3. The message "Waiting for PIN" will be displayed. At this time, participant will enter their personal 4-digit pin number on the pin pad and push the green "Enter" key.

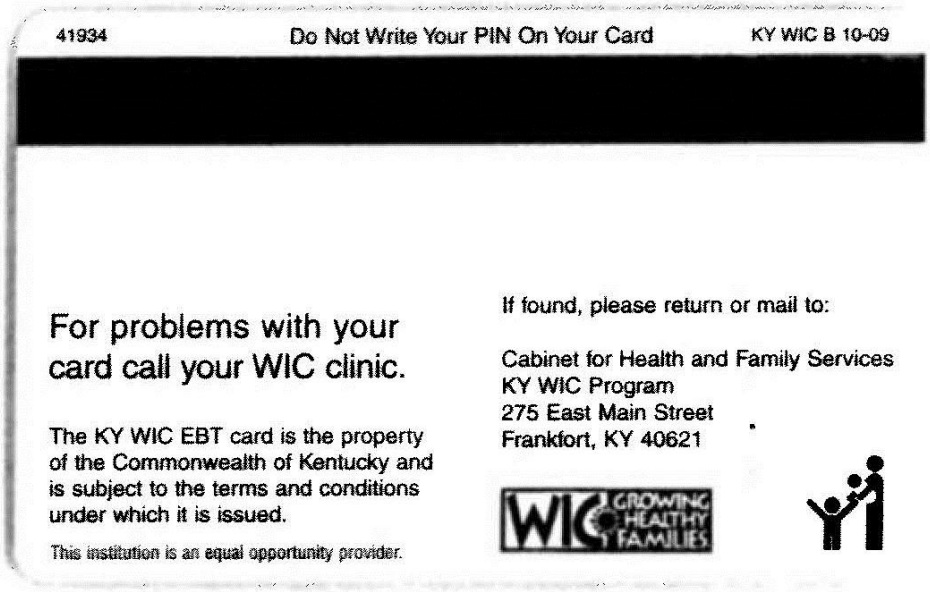
4. The message "Scan or Key Items" will be displayed and the cashier can begin scanning the bar codes of each individual food product. With each individual scanned food product, cashier will enter the price of that product and push the green "Enter" key before scanning the next item. This process is required with each scanned item, with the exception of fresh fruit and produce. To enter fresh fruit and produce (CVB items), press the blue function key below "CVB Item" menu. The cashier will manually enter the prices(s) of each CVB item. Once complete, cashier will push "Enter."

5. Once all items have been scanned, cashier will push the green "Enter" key and the discount screen will display. If no discounts are entered, push the green "Enter" key and the final purchase confirmation screen will appear. This screen will display the running total amount and "Confirm (Y/N)?" To confirm the final purchase, press the green "Enter" key.

6. The message "Processing" will be displayed, followed by the message "Printing Please Wait!" The WIC participant's purchase receipt will then print. This purchase receipt includes a list of purchased items and a list of WIC benefits remaining. The device will then display a message "Purchase Print Merchant Receipt (Y/N)?" Press the green "Enter" key to print a merchant receipt or the red "Clear" key if you do not wish to print a merchant receipt.

For more in-depth instruction on utilization of the State owned eWIC/XAC stand-beside device, please refer to the WIC Direct Stand-Beside Administrative Manual and WIC Direct Stand-Beside Cashier Manual provided with the device in the box. Training videos on the eWIC/XAC stand-beside device are also available by going to YOUTUBE and searching for WIC Direct.

EXAMPLE OF A KENTUCKY eWIC CARD



SAMPLE OF PROPERLY REDEEMED
eWIC TRANSACTION

```
        Sample WIC Purchase Receipt
1234567890123456789012345678901234567890 12
   ====================================
                CDP Grocery
            951 Industrial Rd.
            Frankfort, KY 40601
   ====================================
WIC Merchant ID: 4120 1     Term #: 234
              Trace #: 233432
            11/12/2007 12:31 PM

          Card #: ************1271

1 Gal. CDP Whole Milk (w)            $3.89
1 CDP Cinnamon Rolls                 $4.56
1 Can Good Stuff Formula (w)  2     $14.23
2 CDP Good Cereal (w)
    2 @ $3.25                        $6.25

                Total Balance Due:  $28.93
                 WIC Benefit Paid:  $24.37
                    Cash Tendered:   $4.56
                          Balance:   $0.00

           WIC Balance Remaining
  1.00 Gal.  Whole fluid milk
 24.00 Oz.   Cereal - hot and cold
  2.00 Can   Good Stuff Formula      3
  4.73 $$$   Fruit and Vegetables

     Benefits Expire at 12:00:00 am on
                11/21/2007
                                   4
           Approval Code: 452334
1234567890123456789012345678901234567890 12
```

This information will be on the eWIC receipt after a transaction is properly completed by the store. The numbers shown above correspond to the information below:

1. Vendor Identification Number;
2. Items purchased by the WIC participant, parent, caretaker or proxy;
3. Remaining WIC Benefit Balance; and
4. Expiration date of WIC participant's benefits.

NOTE: The receipt above is a sample receipt. The products depicted are not approved WIC items.

VENDOR PAYMENT PROCESS FOR AN eWIC TRANSACTION

A. In order to receive payment for a food instrument that is an eWIC transaction, a vendor must have either a Direct Connection or Third Party Payment Processor connection.

   1. A Direct Connect is a direct connection with the WIC Direct Host Processor system with no Gateways or Third Party Processors as part of that connection.

      a. No transaction fees are associated with a direct connection.
      b. All authorized vendors using the State owned stand-beside eWIC/XAC devices have a direct connection.

   2. A Third Party Processor is a contract with a nonbank or third party payment processor which will provide payment-processing services to merchants using integrated systems.

      a. Transaction fees are associated with this type of payment process.
      b. The State WIC Agency is not responsible for payment of transaction fees.

B. The State Agency provides networks and host processing for WIC EBT online real time transaction approval twenty-four (24) hours a day, seven (7) days a week.

C. The State Agency authorizes reimbursement of all approved WIC EBT redemptions that are made in accordance with applicable state and federal regulations, policies and procedures. A not-to-exceed (NTE) is applies to each transaction.

D. Vendors can expect redemption benefits to be deposited directly into their account within forty-eight (48) hours of said transaction(s). This applies to both Direct Connect and Third Party Processors.

APPROVED PRODUCT LIST (APL) AND UNIVERSAL PRODUCT CODES (UPCs)

A. The Kentucky Approved Product List (APL) contains food items which meet the nutrition criteria to be a Kentucky WIC approved food. The APL will not allow an unapproved UPC to be processed during an eWIC transaction.

B. The APL is downloaded for access by an authorized vendor every twenty-four (24) hours. The WIC Direct Stand-Beside Administrators Manual provides instructions to download the APL. The vendor using and integrated POS system will download the APL according to this system's procedures.

C. A store may receive a product from a wholesaler or have a product on the shelf which may meet the criteria. If so, the following are the process to submit a request to add a food product.

   1. Mail or fax to the State WIC Agency a completed Kentucky WIC Program UPC Approval Form. See the form which follows in this manual.

   2. Submit the product label with the Kentucky WIC Program UPC Approval Form. The product label must include the product name, size, manufacturer, UPC barcode and nutritional facts.

   3. If the request is mailed, the entire actual product label must be included. Copies are not accepted.

   4. Food products without a UPC code denoted on the container will not be added to the APL. Fruits and vegetables (CVB items) are excluded.

   5. The State WIC Agency will review the food item and determine if the product will be added to the APL.

   6. UPCs are not approved by the Kentucky WIC Program until they are added to the APL.

KENTUCKY WIC PROGRAM UPC APPROVAL FORM

To add a product to the WIC Program's APL, vendors, manufacturers and wholesale suppliers must:

1. Complete this form for each product requested to be added to the APL database.
2. Mail or fax along with the product label to the UPC Gatekeeper. The product label must include the product name, size, manufacturer, nutritional facts and UPC barcode. If mailed, the original product label must be sent.

REQUEST TO ADD FOOD PRODUCT TO APPROVED PRODUCT LIST

Type of Product: ☐ FOOD ☐ FORMULA

Product name: _____

Name of Person Making the Request: _____

Company or Store Affiliation: _____

Mailing Address: _____

_____

_____

Signature: _____ Date: _____

Printed Name: _____

PLEASE PRINT LEGIBLY

Send to: UPC Gatekeeper
Food Delivery Section
275 East Main Street HS2W-D
Frankfort, Kentucky 40621
Fax number – (502) 696-3811

If you have any questions, call the Kentucky APL Gatekeeper at (502) 564-3827 ext 4335.

For State WIC Agency Use Only

☐ Approved ☐ Denied (reason for denial) _____

_____ _____

Signature of Clinical Nutritionist Date

VENDOR STAMP

Upon authorization as a contracted WIC vendor, a WIC Vendor Stamp will be issued. This stamp has a unique number that identifies each store. The stamp is utilized for handwritten food instruments. Responsibilities for the stamp are as follows:

A. To use the stamp on all properly completed handwritten food instruments redeemed by each store. Ensure the stamp imprint is readable. A space has been provided on the front of the handwritten food instrument for the WIC vendor stamp imprint.

B. To ensure the stamp is used in accordance with the policies and procedures of the WIC Program.

C. To be responsible for any misuse of the stamp which results in a loss to the WIC Program.

D. To return the stamp immediately to the Local Agency upon termination, application of a sanction or nonrenewal of the current Vendor Agreement. Termination of the agreement also refers to the sale or lease of the store to another owner.

E. To immediately report the loss of, or damage to, the stamp to the Local Agency. The WIC vendor is responsible for all food instruments that may be stamped with the lost or misplaced stamp, until the stamp loss is reported.

F. To alert the Local Agency when the stamp is becoming worn or if a new vendor stamp is needed.

G. To not reproduce the vendor stamp.

H. To utilize the stamp only for the food instruments redeemed in the store for which the stamp was issued.

I. To return the stamp after having a hearing and the Hearing Officer has rendered a decision in favor of the State Agency. A vendor who has had a hearing and the Hearing Officer has upheld the adverse action taken by the State Agency will be notified by either the Local or State Agency as to the date to return the Authorized WIC Vendor Stamp.

HOW TO REDEEM A HANDWRITTEN FOOD INSTRUMENT

The majority of transactions are through the eWIC card. However, the Local Agencies still issue handwritten food instruments in certain situations.

A. In order to comply with Program policies, a vendor must:

1. Comply with Responsibilities of an Authorized Vendor. See the topic in this Manual.

2. Accept only food instruments that have the "KY WIC Agency" stamp imprint.

3. Issue only the approved food in the quantities which have been specified on the food instrument. A participant cannot receive more food than is specified. The amount charged can only be for WIC approved foods received. However, the WIC participant may use their own funds for purchases in excess of the benefits for a cash value benefit (fruit and vegetable) food instrument.

4. Enter the "pay exactly" amount on the face of the food instrument. This amount must be entered in ink. The amount must be entered prior to having the participant sign the food instrument.

5. Record the "date redeemed" on the face of the food instrument at the time of purchase and prior to the participant, parent, caretaker, or proxy signing the food instrument.

6. Have the participant, parent, caretaker, or proxy sign the food instrument.

7. Verify with the Local Agency any food instruments which appear to have been altered, defaced, or mutilated prior to redemption.

8. Imprint the Vendor Stamp in the space provided on the front side of the food instrument prior to submission to the bank. Ensure the vendor stamp can be clearly read.

9. Submit the food instrument for payment within the proper time frames, no later than sixty (60) days from the "first day to use."

B. A vendor must not:

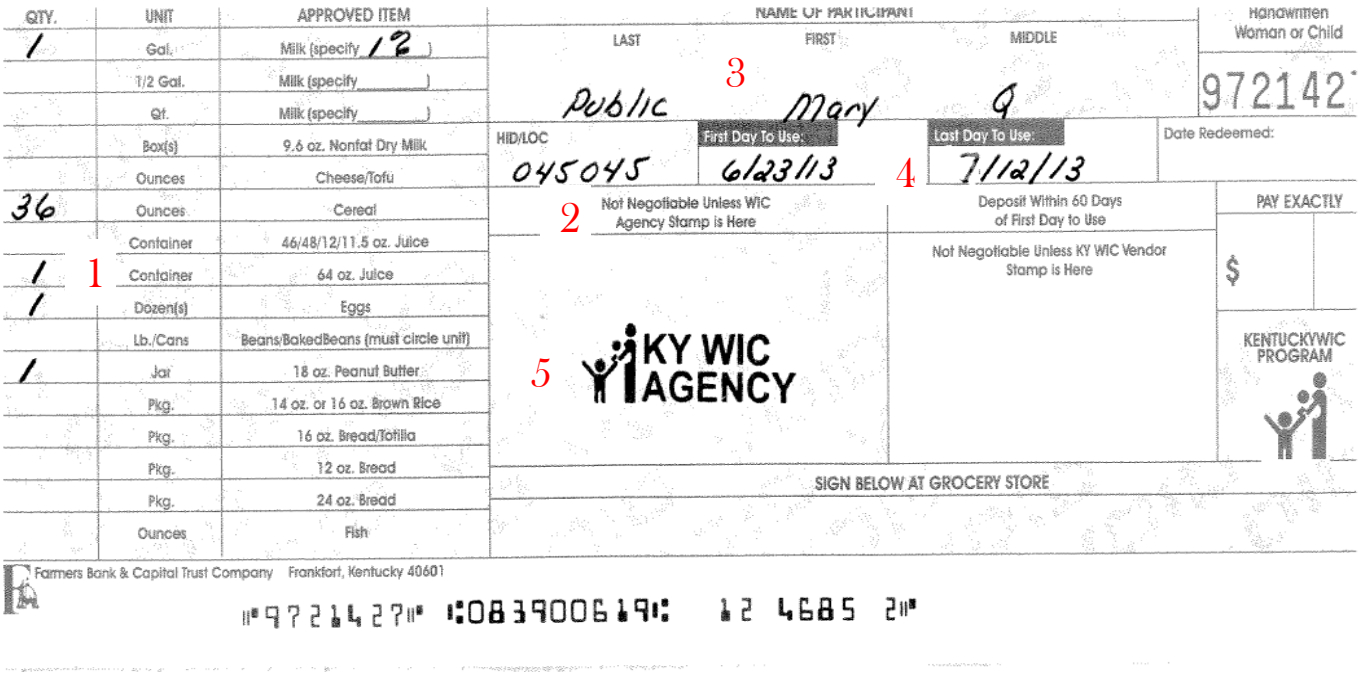
1. Make any physical changes or alterations to the food instrument.

2. Accept food instruments not signed in the presence of the cashier.

3. Cash food instruments before the "first day to use" date or after the "last day to use" date.

4. Require a participant, parent, caretaker, or proxy to sign the food instruments prior to your entering the “date redeemed” or the “pay exactly” amount on the face of the food instrument.

SAMPLE OF A HANDWRITTEN FOOD INSTRUMENT
PROPERLY COMPLETED BY A LOCAL AGENCY



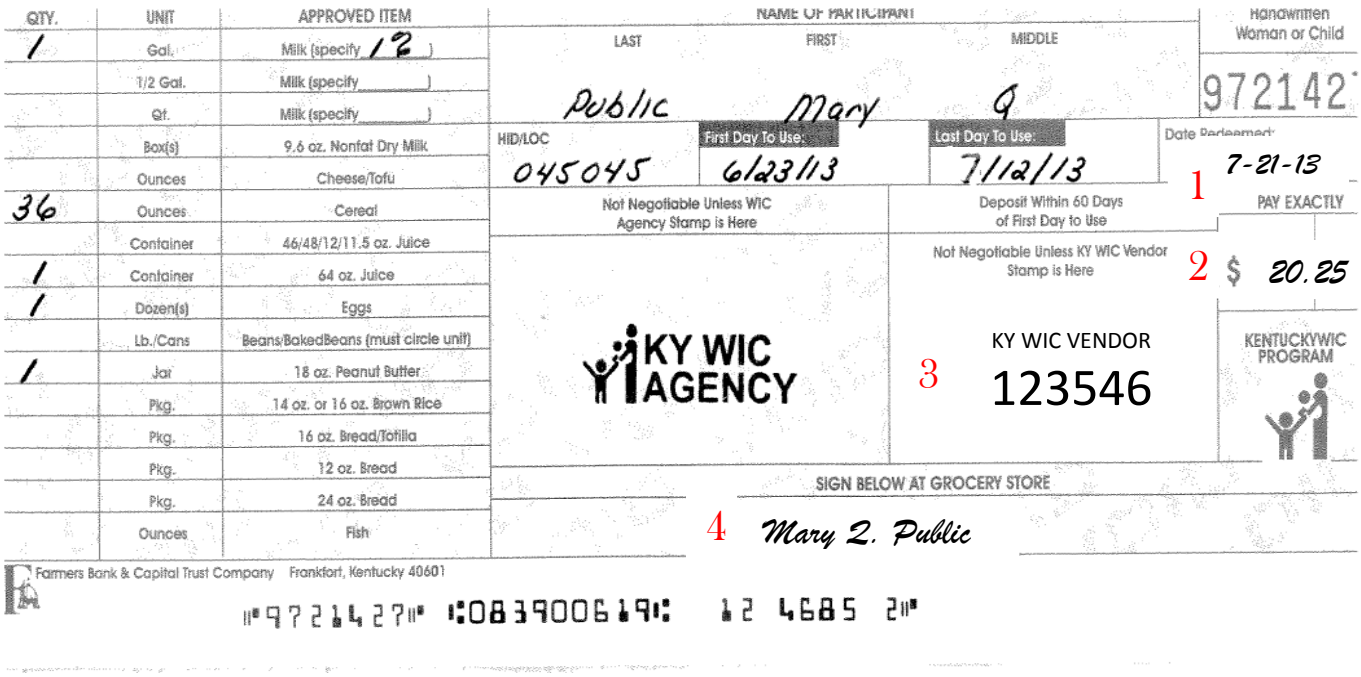
QTY.	UNIT	APPROVED ITEM
1	Gal.	Milk (specify 1%)
	1/2 Gal.	Milk (specify_____)
	Qt.	Milk (specify_____)
	Box(s)	9.6 oz. Nonfat Dry Milk
	Ounces	Cheese/Tofu
36	Ounces	Cereal
	Container	46/48/12/11.5 oz. Juice
1 1	Container	64 oz. Juice
1	Dozen(s)	Eggs
	Lb./Cans	Beans/BakedBeans (must circle unit)
1	Jar	18 oz. Peanut Butter
	Pkg.	14 oz. or 16 oz. Brown Rice
	Pkg.	16 oz. Bread/Tortilla
	Pkg.	12 oz. Bread
	Pkg.	24 oz. Bread
	Ounces	Fish

NAME OF PARTICIPANT
LAST: Public FIRST: Mary MIDDLE: Q 3
Handwritten Woman or Child: 972142
HID/LOC: 045045
First Day To Use: 6/23/13 4
Last Day To Use: 7/12/13
Date Redeemed:
2 Not Negotiable Unless WIC Agency Stamp is Here
Deposit Within 60 Days of First Day to Use
Not Negotiable Unless KY WIC Vendor Stamp is Here
PAY EXACTLY $
5 KY WIC AGENCY
KENTUCKYWIC PROGRAM
SIGN BELOW AT GROCERY STORE
Farmers Bank & Capital Trust Company Frankfort, Kentucky 40601
⑈972142⑈ ⑆083900619⑆ 12 4685 2⑈

This information will be on the food instrument after it is properly completed at the Local Agency. The numbers shown with the food instrument above correspond to the information below:

1. Quantity and type of food items to be selected by the participant, parent, caretaker, or proxy.
2. The issuing Agency/Site number.
3. Name of Participant.
4. Valid Dates- Do not cash before the "first date to use" or after the "last day to use."
5. WIC Agency imprint.

SAMPLE OF A HANDWRITTEN FOOD INSTRUMENT
PROPERLY REDEEMED BY A VENDOR



QTY.	UNIT	APPROVED ITEM
1	Gal.	Milk (specify 1%)
	1/2 Gal.	Milk (specify)
	Qt.	Milk (specify)
	Box(s)	9.6 oz. Nonfat Dry Milk
	Ounces	Cheese/Tofu
36	Ounces	Cereal
	Container	46/48/12/11.5 oz. Juice
1	Container	64 oz. Juice
1	Dozen(s)	Eggs
	Lb./Cans	Beans/BakedBeans (must circle unit)
1	Jar	18 oz. Peanut Butter
	Pkg.	14 oz. or 16 oz. Brown Rice
	Pkg.	16 oz. Bread/Tortilla
	Pkg.	12 oz. Bread
	Pkg.	24 oz. Bread
	Ounces	Fish

NAME OF PARTICIPANT
LAST: Public
FIRST: Mary
MIDDLE: Q

Handwritten Woman or Child: 972142

HID/LOC: 045045
First Day To Use: 6/23/13
Last Day To Use: 7/12/13
Date Redeemed: 7-21-13 (1)

Not Negotiable Unless WIC Agency Stamp is Here
Deposit Within 60 Days of First Day to Use
PAY EXACTLY
Not Negotiable Unless KY WIC Vendor Stamp is Here
(2) $ 20.25

KY WIC AGENCY
(3) KY WIC VENDOR 123546
KENTUCKYWIC PROGRAM

SIGN BELOW AT GROCERY STORE
(4) Mary Q. Public

Farmers Bank & Capital Trust Company Frankfort, Kentucky 40601

⑈9721427⑈ ⑆083900619⑆ 12 4685 2⑈

This information will be on the food instrument after it is properly completed by the store. The numbers shown with the food instrument above correspond to the information below:

1. Date redeemed.
2. Total cost of WIC approved foods selected by the WIC participant, parent, caretaker, or proxy.
3. The WIC vendor stamp imprint. The stamp imprint can be made after the transaction is completed.
4. Signature of participant, parent, caretaker, or proxy at the store.

VENDOR PAYMENT PROCESS FOR HANDWRITTEN FOOD INSTRUMENTS

The following is the payment process:

A. Ensure the information on the food instrument has been properly completed as indicated in the section "How to Redeem a Handwritten Food Instrument." If a mistake has been made on the food instrument, refer to the Procedures for Revalidation, for help in correcting the mistake.

B. Stamp the food instrument with the WIC Vendor Stamp in the block specified on the front of the food instrument benefit. Be sure that the stamp imprint can be clearly read.

C. Prepare the food instrument for deposit.

D. Take the food instrument to the bank of deposit. To be accepted for payment, food instruments must reach the State Agency contracted bank within 60 days from the "first day to use." The Kentucky WIC Program encourages vendors to deposit food instruments on a daily basis. Do not attach cash register receipts to food instruments being deposited.

E. Review the Procedures for Revalidation, if the food instrument is rejected by the bank, follow the outlined procedures.

PROCEDURES FOR eWIC BENEFIT DISPUTES

If a store believes it is not properly paid for an eWIC transaction, a store may request review of a payment of a transaction.

A. The following cannot be disputed:

   1. Not-to-exceed (NTE) adjustments; and

   2. Claims due to cashier errors.

B. The vendor must:

   1. Submit a written dispute request providing evidence that clearly demonstrates the transaction(s) involved in the redemptions was a valid WIC transaction(s) at the store;

   2. Provide evidence from the transaction log and/or electronic receipt copies that show proof of the card being presented;

   3. Submit a written request providing an explanation of the event that caused the error and a copy of the eWIC receipt pertaining to that specific transaction. The written request and copy of receipt must be submitted within ten (10) days of date of transaction to the State Agency WIC Program.

C. The State WIC Agency will:

   1. Review each dispute submitted under this policy;

   2. Assess the merit and circumstances related to the dispute;

   3. Render a decision on the dispute within thirty (30) calendar days of receipt of the vendor's dispute request.

   4. This timeframe is only an administrative requirement for the State WIC Agency and does not provide a basis for overturning the dispute if a decision is not made within the specified time. This thirty (30) day period commences on the date of the receipt of the dispute request.

D. If a vendor fails to provide complete documentation, the State WIC Agency will only consider any additional information within the thirty (30) day period.

E. The State WIC Agency is the sole arbiter of disputes submitted under this policy. There is no guarantee that the dispute will be resolved in the favor of the vendor. The State WIC Agency's assessment and decisions on the resolution of the dispute are final and not subject to further appeal.

F. The store will be notified of the findings and reimbursement will be made when deemed necessary.

POLICIES FOR HANDWRITTEN FOOD INSTRUMENT REVALIDATION

A handwritten food instrument is edited at the State Agency contracted bank for accuracy and is rejected if it does not meet the Program requirements. Reasons for rejection include Agency or vendor stamp missing, stale check, date redeemed invalid or missing, and signature missing. The handwritten food instruments will be returned through the Federal Reserve system using banking codes. A vendor may notice errors prior to submission to the local bank. Limited provisions have been made for revalidating some of the handwritten food instrument that are not properly completed. Revalidation for a handwritten food instrument with errors may be done only by the Local Agency, either prior to submission for payment, or after it has been rejected by the bank. It is recommended that handwritten food instruments with errors be submitted to the Local Agency for revalidation prior to being deposited in the bank.

A. A revalidation may be done only for the conditions outlined in the Conditions and Limitations for Revalidation and must not exceed the frequency specified.

B. Any handwritten food instruments presented after 60 days from the "first day to use" must be revalidated before the contract bank will accept the handwritten food instruments for payment. A handwritten food instrument presented for payment or revalidation after ninety (90) days from the "first day to use" is not eligible for revalidation without prior approval from the State Agency.

C. Justification and documentation must be made to the State Agency through the Local Agency if extenuating circumstances exist which prevent a vendor from submitting a handwritten food instrument for payment or revalidation within the specified time frame. Negligence in the timely submission of the handwritten food instrument is not an extenuating circumstance. The State Agency will consider approving payment. If the total of handwritten food instruments exceeds five hundred dollars ($500), prior approval must be obtained from the FNS Regional Office.

D. Limits have been set for the number of times that a vendor may receive revalidations for specific reasons and some revalidations are on a one time only basis. A one time only basis is defined as one time only for a specific problem for the contract year. Also, one time only pertains to one time only submissions of handwritten food instruments, not just one handwritten food instrument. For example, if three (3) handwritten food instruments are sent at the same time for a "date redeemed invalid," all three (3) will be revalidated on a one time only basis. No more revalidations for this specific reason could be given during the remainder of the contract year.

E. The Local Agency will notify a vendor, in writing, when a one-time only revalidation has been given. A copy of the letter will be retained in the file at the Local Agency.

F. Once a handwritten food instrument has cleared (been paid by) the State Agency contracted bank, revalidations cannot be given for any reason.

CONDITIONS AND LIMITATIONS FOR REVALIDATION OF A HANDWRITTEN FOOD INSTRUMENT

The following instructions have been provided to all Local Agencies regarding revalidations. Do not request the Local Agencies change these policies. The following are conditions for revalidation:

A. Stale Check/Exception reason "G" – Stale Dated

The bank rejects handwritten food instruments submitted after sixty (60) days from the "first day to use." The Local Agency will revalidate this type of handwritten food instrument if it is within ninety (90) days from the "first day to use." The following procedures apply to stale checks, provided the handwritten food instruments are properly completed:

1. If the State Agency contracted bank has rejected the handwritten food instrument due to it reaching the bank more than sixty (60) days, but less than ninety (90) days, a revalidation stamp from the Local Agency is necessary for payment to be made.

2. If the vendor has failed to submit the handwritten food instruments within sixty (60) days**,** but it will reach the State Agency contracted bank in less than ninety (90) days, a revalidation stamp is necessary for payment.

3. There is no limit to this type of revalidation; however, a handwritten food instrument should be submitted in a timely manner in order to avoid delays or denial of payment.

4. If the handwritten food instruments are over ninety (90) days from the "first day to use," it cannot be revalidated without State Agency approval.

B. Agency Stamp Missing/Exception reason "S" – Refer to Maker

1. If the handwritten food instruments have not been to the bank**,** return the handwritten food instruments to the Local Agency for revalidation.

2. If the bank has rejected the handwritten food instrument**,** return the handwritten food instrument to the Local Agency for revalidation.

C. Vendor Stamp Missing/Exception reason "S" – Refer to Maker

1. Place your vendor stamp in the appropriate block.

2. If the handwritten food instrument will reach the State Agency contracted bank in less than sixty (60) days from the "first day to use," no revalidation stamp is required. If the handwritten food instrument will not reach this bank in less than ninety (90) days from the "first day to use," return it to the Local Agency for revalidation.

D. Date Redeemed Invalid/Exception reason "G" – Stale Dated or "H" – Post Dated.

1. If the "date redeemed" is not within the valid dates**,** the Local Agency must always revalidate the handwritten food instrument before payment can be made. Revalidation is on a one time only basis per contract year.

2. If the "date redeemed" is missing and the bank has rejected the handwritten food instrument**,** present documentation to the Local Agency to substantiate a valid date of redemption. Sufficient documentation is one (1) machine dated cash register receipt or machine dated cash register validation showing the date on the handwritten food instrument or a deposit date**.** The Local Agency must place a revalidation stamp on the handwritten food instrument before it can be redeposited. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.

3. If the "date redeemed" is altered, the bank will review the back of the handwritten food instrument to see if there is a machine dated cash register validation. If yes, and the validation matches the date entered on the face of the handwritten food instrument the handwritten food instrument will be paid.

4. If the "date redeemed" is altered and there is no machine dated cash register validation on the back of the handwritten food instrument, documentation must be presented to the Local Agency to substantiate a valid date redeemed. Sufficient documentation is one (1) machine dated cash register receipt. The Local Agency must place a revalidation stamp on the handwritten food instrument before it can be redeposited. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.

E. Pay Exactly Altered/Exception reason "W" – Cannot Determine Amount

1. If the handwritten food instrument is missing the "pay exactly" amount and the bank has rejected the handwritten food instrument, documentation must be provided to the Local Agency to substantiate the amount of purchase. A machine dated cash register validation on the handwritten food instrument or a machine dated cash register receipt is considered documentation. The Local Agency must place a revalidation stamp on the handwritten food instrument/ Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.

2. If the "pay exactly" amount is altered, the bank will review the back of the handwritten food instrument to see if there is a machine dated cash register validation. If yes and the validation matches the "pay exactly" amount entered on the face of the handwritten food instrument, the handwritten food instrument will be paid.

3. If the “pay exactly” amount is altered and there is no machine dated cash register validation on the back of the handwritten food instrument, documentation must be presented to the Local Agency to substantiate the “pay exactly” amount. A second cash register receipt or cash register validation will be accepted only in those instances where an item was omitted from the original total. In this instance, the cash register receipt or cash register validation must be the next transaction on the same cash register. The Local Agency must place a revalidation stamp on the handwritten food instrument before payment can be made. Revalidation for this condition is one time only per contract year without proof. With sufficient documentation, revalidation is unlimited.

F. Signature Missing/Exception reason “K” – Signature Missing

If the handwritten food instrument has been rejected by the bank for a missing signature, the handwritten food instrument must have a revalidation stamp before payment can be made. Revalidation is one time only per year contract.

G. PRICE ADJUSTMENTS

The Local Agency may make a price adjustment to any handwritten food instrument submitted for revalidation. For example, if the cash register receipt indicates that unapproved food was allowed, the Local Agency will adjust the “pay exactly” amount by deducting the price of the unapproved food and entering the correct total for only WIC approved food. The Local Agency must place a revalidation stamp on the handwritten food instrument before payment can be made. Revalidation for this condition is unlimited.

PROCEDURES FOR REVALIDATION OF A HANDWRITTEN FOOD INSTRUMENT

If an error is made on the handwritten food instrument during the redemption process, it is easy to correct some of the errors if the procedures in this Manual are followed. In order to have a handwritten food instrument revalidated by the Local Agency, a vendor must:

A. Take or mail the handwritten food instrument or the returned bank copy to be revalidated to the Local Agency with which there is a signed Vendor Agreement. The Local Agency will establish the specific procedures on where to take or mail the handwritten food instrument which needs revalidation. A handwritten food instrument should be revalidated prior to submission to the bank.

B. Submit the handwritten food instrument or the returned bank copy to the Local Agency with the necessary information which supports the revalidation request (See Conditions and Limitations for Revalidation). Do not send documentation to the bank of deposit.

C. Submit the handwritten food instrument or the returned bank copy to the Local Agency within sixty (60) days of the "first day to use."

D. Return the handwritten food instrument or the returned bank copy to your bank within sixty (60) days of the "first day to use," if revalidated, unless otherwise directed. The food instrument or the returned bank copy must clear the State Agency contracted bank within ninety (90) days of the "first day to use." If it does not clear the bank in the specified time frames, the State Agency will apply a claim (request money back) for the improperly redeemed food instrument that has been revalidated.

It is a violation of the Vendor Agreement if a participant's identity, address, social security number or telephone number is obtained in order to ask a participant, parent, caretaker, or proxy to pay for a food instrument which has an error, has been denied revalidation, or for which the State Agency has applied a claim.

CRITERIA TO BE A WIC VENDOR

A. Provide all information, including pricing and sales volume, requested by the State Agency.

B. Abide by the conditions of the Vendor Agreement.

C. Each retailer and drug store/pharmacy must meet the following authorization criteria:

1. Have a single fixed location. The redemption of food instruments and provision of WIC foods must be within the confines (four walls) of the store. The use of drive-up windows is not allowed.

2. Be able to accept WIC benefits through the use of electronic benefits transfer (EBT). A store must have the use of an internet cable or use a system that is currently certified by Food and Nutrition Services to accept WIC EBT online.

3. Stock the minimum inventory of WIC approved foods in accordance with the "Quantified Minimum Inventory Requirements", which follows in this manual. The inventory must be in the store or in the store's stockroom. Expired foods do not count towards minimum inventory.

4. Display the prices of WIC approved food items on each item, on the shelf, or display case where the items are located. A cost plus 10% store, must post the final price (WIC price) on the shelf or on signage in aisle.

5. Retailers with a pharmacy located in the within the store's confines (four walls) must provide exempt formula or medical foods within forty-eight (48) hours of verbal request.

6. Purchase infant formula only from wholesalers, distributors, and retailers licensed in Kentucky, or formula manufactures registered with the Food and Drug Administration. An approved list is available from the State WIC Office or online at http://chfs.ky.gov/dph/mch/ns/wic.htm.

7. (Drug stores only) A Drug Store or Pharmacy is authorized only to provide exempt formula or medical foods. No other foods or formulas may be redeemed by a drug store/pharmacy. A drug store must be able to supply exempt formula or medical foods within forty-eight (48) hours of verbal request. Have a recognized pharmacy section in a stationary location that is a separate and distinct area. Direct distribution outlets and wholesale food establishments are not eligible.

8. Be in compliance with the Kentucky Food Code and have a valid Retail Food Establishment or Retail Food Store Permit in the current owner's name.

9. Be an authorized SNAP retailer. This does not apply to a drug store/pharmacy.

10. Have prices competitive with other authorized vendors. A vendor's prices for food items cannot be above the current not-to-exceed (NTE) prices of authorized WIC vendors within the same peer group for the region or the state. See Competitive Pricing which follows in this Manual.

11. The retailer or drug store must be in compliance with other Food and Nutrition Programs or the Medicaid Program. This includes:

    a. Not being disqualified or withdrawn by the United States Department of Agriculture (USDA) from participation in another Food and Nutrition Services (FNS) Program;
    b. Not being disqualified or withdrawn from the Medicaid Program; and
    c. Not being denied application to participate in Supplemental Nutrition Assistance Program (SNAP) or Medicaid.

12. Not be currently paying a Civil Money Penalty to SNAP or Medicaid or not having been assessed a Civil Money Penalty from SNAP or Medicaid and the disqualification period that would otherwise have been imposed has not expired.

13. Be a business whose primary purpose is to be a retail grocery. Direct distribution outlets and wholesale food establishments are not eligible. A vendor whose primary business is something other than a retail grocery is not normally eligible for the WIC Program. This includes dairies, gas stations, specialty stores, liquor stores, home delivery groceries, bait shops, etc., the applying store must have a recognized grocery department in a stationary location that is a separate and distinct area which stocks staple food items in addition to WIC approved foods. Staple food items are defined as meat, poultry, fish, bread and bread items, cereals, vegetables, fruit, fruit and vegetables juices, dairy products, and the like. Food items such as coffee, tea, cocoa, carbonated and noncarbonated drinks, condiments, and spices are not considered to be staple foods. A retail grocery should have:

    a. A separate area as defined above;

    b. A stock of food other than staple food items as defined above;
    c. Fifteen percent (15%) of their gross sales must be in non-taxable food sales excluding specialty products. (Bakery goods for bakery produce

for fruit and vegetable stands.) Dairies and home delivery groceries will not be approved if they operate solely as mobile operations.

14. (Does not apply to drug stores) A vendor who derives more than 50% of their annual food sales revenue from the sale of food items purchased with WIC food instruments is not eligible to be an authorized WIC vendor.

15. Be a corporation or partnership that is registered with the Secretary of State and be in good standing.

16. Be open for business year round, on a full time basis, at least eight hours per day and six days per week.

17. Not be an applying retailer or drug store who, during the last six (6) years, the vendor applicant's current owner(s), officers or managers have been convicted of or had a civil judgment for:

    a. Fraud;

    b. Antitrust violations;

    c. Embezzlement, theft, or forgery;

    d. Bribery;

    e. Falsification or destruction of records;

    f. Making false statements or claims;

    g. Receiving stolen property;

    h. Obstruction of justice;

    i. Other evidence reflecting on the business integrity and reputation of the applicant; or

    j. Official records of removal from other federal, state or local programs.

18. Not be a business that has attempted to circumvent a period or disqualification from the program. This includes a store that has undergone a sale or change of operation if the transaction involves the following parties:
    a. The seller or transferor is an owner, operator, or manager who is currently suspended, sanctioned, or disqualified from WIC, SNAP or Medicaid; and

b. The buyer or transferee is related to the seller by marriage or consanguinity within the forth degree, or was a manager or employee of the seller at the time of the sanction, suspension or disqualification was issued, or the violation occurred.

19. Not be a business where a conflict of interest, real or apparent, will occur. Contracts will not be entered into with local health department employees or with governing local board of health members.

20. Be accessible to monitoring by State and Federal officials without prior notice.

21. The State Agency will terminate a vendor contract if it determines the vendor or vendor's employees provided false information in connection with the vendor application.

D. Expiration of a contract or a contract not renewed is not subject to appeal.

E. Failure to meet the criteria to be a WIC Vendor (authorization criteria) will result in a non-renewal or disqualification in accordance with 902 KAR 18:061.

VENDOR TRAINING

Training of vendors is provided to prevent Program errors, Program abuse and to improve Program service. A representative from each store's location must attend training session. The owner of the store is responsible to send appropriate employees (such as a manager or head cashier) to training and to keep appropriate employees informed of current policies, procedures and regulations of the Program.

Training will be provided:

A. Upon request for technical assistance from the vendor for items such as: training of new employees, review of approved foods, review of redemption procedures, review of state-owned stand-beside POS device etc.

B. At the State Agency's request.

C. At Vendor Agreement renewal time:

1. The Local Agency will notify the vendor of the time, place, and date of the training session.

2. Attendance is required

3. If the owner or appropriate employee does not attend the scheduled training, they will be referred to a second training. If neither session is attended, the contract will not be renewed. The vendor will need to return the WIC Vendor Stamp and stand-beside POS device, if applicable, at the end of the contract period. All systems transacting Kentucky eWIC benefits will be disconnected by the State WIC Agency.

4. The owner or designated representative of each store is responsible for ensuring all employees are properly trained. It is recommended that all new store staff be required to review this Manual, the current WIC Approved Food List (WIC-40), and be trained in proper usage of the vendor eWIC transaction system.

5. A vendor cannot reapply for sixty (60) days in accordance with 902 KAR 18:061.

D. If a vendor has exhibited a pattern of overcharging, based upon routine monitoring visits, which have resulted in two (2) overcharge letters being sent to the vendor, the State Agency shall require training for that vendor.

SELLING, CLOSING, RELOCATING OR LEASING

The WIC Program Vendor Agreement is a contract, which is nontransferable and becomes null and void upon change in ownership. The contract does not constitute a license or property interest. If the vendor owner sells the business, ceases operation, relocates, or leases the operation of the business, follow the following procedures:

A. Notify the contracting agency, in writing, at least ten (10) days of any change.

B. Change in ownership applies to, but is not limited to, the following circumstances:

   1. The owner (individual or corporation) of an authorized WIC vendor sells the business to another person (individual or corporation).

   2. The owner (individual or corporation) of an authorized WIC vendor sells the business to a relative living in the same household.

   3. The owner (individual or corporation) of an authorized WIC vendor leases the store to another person. The lessee becomes the obligating authority.

   4. The sole owner of an authorized WIC vendor dies.

G. The following procedures shall be followed for changes in ownership:

   1. The WIC vendor stamp and stand-beside POS device must be surrendered to the Local Agency. All systems transacting Kentucky eWIC benefits are disconnected by the State WIC Agency.

   2. WIC business must cease at the time of the sale, lease, or death of the owner.

   3. If the new owner continues to do business using the vendor stamp, stand-beside device, or integrated point of sale system, the State Agency will assess a monetary claim.

H. If the store is being closed:

   1. The WIC vendor stamp and stand-beside POS device must be surrendered to the Local Agency. All systems transacting Kentucky eWIC benefits are disconnected by the State WIC Agency.

   2. WIC business must cease at the time of the sale, lease, or death of the owner.

   3. If the new owner continues to do business using the vendor stamp, stand-beside device, or integrated point of sale system, the State Agency will assess a monetary claim.

I. If the co-owner of an authorized WIC vendor sells the business to the other co-owner(s) that is listed on the Application:

1. The vendor may continue to do business as usual.

2. The owner(s) will sign new Vendor Agreements, if the signature is not already on the Agreement.

J. If the owner (individual or corporation) of an authorized WIC vendor relocates the store to another site, the following procedures shall be followed:

1. Circumstances surrounding the relocation will determine whether the WIC vendor stamp and stand-beside device are returned and WIC business ceases; i.e., vendor is relocating outside the contracting agency service area.

2. The agency will have the owner(s) sign a new Vendor Agreement reflecting the change in address.

K. If the name of the store has changed, but the owner(s) has not sold the business:

1. The vendor may continue to do WIC business as usual.

2. The agency will have the owner(s) sign new Vendor Agreements which indicate the name change.

COMPETITIVE PRICING

In order to ensure that the WIC Program can serve the greatest number of participants for the amount of food dollars that are allocated each year, the State Agency reviews the prices charged for WIC foods and assigns a not-to-exceed (NTE) to each food item. Each eWIC transaction is reviewed against this NTE.

A. Not to exceed price (NTE) is the maximum amount the Kentucky WIC Program will pay for a specific food item, redeemed at a store in a specific peer group. Each food item is identified by its own UPC code. Kentucky classifies its stores into twelve (12) peer groups based on sales volume and region.

B. The NTE is calculated from the prices by food item by Universal Product Code (UPC) that are submitted through EBT transactions by each authorized retailer.

C. An average redemption price is calculated for each peer group and for each UPC using the previous three (3) months of data redemption. This calculation is performed on a weekly basis. A standard deviation is also calculated. The NTE for the peer group for each UPC is the average value plus two (2) standard deviations.

D. NTE's are applied to each food item when a transaction is presented for approval and the price being requested for each item is compared to the Peer Group NTE.

E. If the price exceeds the NTE, it is reduced to the NTE value in the settlement file. The approved transaction returned to the store indicates if a price was reduced on one or more items and the amount the store will actually receive as reimbursement for that redemption transaction.

F. The twelve peer groups are designated by:

    1. Region based upon the region of the store's physical address: West – Type 1, Central – Type 2, East – Type 3; and

    2. Classification which is based upon the non-taxable food sales submitted on the Vendor Sales Form. The Classes are: Class I, Class II, Class III, Class IV, and Class V.

SALES	REGION		
Class I – Less than $200k	West	Central	East
Class II - $200k to $1.5 Million	West	Central	East
Class III - $1.5 Million to $8 Million	West	Central	East
Class IV – Greater than $8 Million	West	Central	East
Class V - Pharmacies	West	Central	East

G. Some food items such as special formulas and exempt medical foods do not have enough redemptions in a three (3) month period to calculate an NTE. The State

Agency will set NTEs for these items based upon research of suggested retail prices, Price Lists (WIC-24b) and other relevant information.

H. Monitoring of Competitive Pricing Throughout the Year:

1. In order to prevent vendors from increasing prices to artificially increase the NTE:

   a. The State Agency will review a report which provides information of transactions that are 90% and above the NTE.

   b. A vendor that is charging 90% and above the NTE is subject to Hi Risk points. See Administrative Regulation 902 KAR 18:090.

   c. The vendor, if the prices being submitted for transactions are above the shelf price, is subject to sanctions. See Administrative Regulation 902 KAR 18:061.

I. See the WIC Approved Price List (WIC-24 and 24b) instructions which follow, if the State WIC Agency requests the completion of these forms.

VENDOR MONITORING

In order to ensure compliance with the requirements of the Kentucky WIC Vendor Agreement and State and Federal WIC Regulations, the WIC Program conducts four (4) types of vendor monitoring: on-site monitoring, eWIC transaction reviews, compliance investigations and inventory audits.

A. On-site monitoring of a store will be conducted by the State Agency and will include, but not be limited to:

1. Compliance with the terms of the WIC Vendor Agreement and the criteria for renewal of Vendor Agreements. (See the Renewal of the WIC Program Vendor Agreement.)

   a. Ensuring sufficient quantities of the approved food items are stocked as specified in Attachments A and C to the Kentucky WIC Vendor Agreement. The stock must be either in the store or the store's stockroom. Expired foods do not count toward inventory. This type of monitoring does not apply to drug stores.

   b. Ensuring the prices of WIC foods are displayed on each item or on the display case or shelf where those items are located. Note: If the scanned price is higher than the shelf price and the WIC Program is charged the higher price, this will be considered an overcharge.

   c. Ensuring that store has a valid Retail Food Establishment or Retail Food Store Number in the current owner's name, and permit fee is paid.

2. Inspecting the store premises and records.

3. Providing an opportunity for the vendor to receive training, discuss problems and ask questions.

4. Providing an opportunity to discuss any participant or vendor complaints.

5. Providing documented results of visit on the Monitoring Form.

6. Reviewing redemptions of food instrument transactions to ensure they are in accordance with terms of the Kentucky WIC Vendor Agreement and WIC policies and procedures.

7. Requesting reimbursement for any overcharges in accordance with the Vendor Agreement and Administrative Regulation 902 KAR 18:061.

8. If a problem is discovered regarding inventory or the pricing of food items, the problem will be documented on the Monitoring Form, a copy of which is left with or sent to the vendor by the State Agency Monitor. If the monitor notes other problems during the on-site visit, the problems will be referred to the vendor in writing.

9. If the problems are not corrected within the time frames given, the Vendor Agreement will be terminated or not renewed. If the Agreement is

terminated or not renewed for lack of inventory or for not pricing food items, the period of disqualification will be for a period of sixty (60) days from the date the WIC Vendor Stamp and the XAC device is received by the Local Agency. The ability to accept Kentucky eWIC transactions will be turned off by the State WIC Agency or its designee. The vendor must reapply for the Program. If at any time the vendor receives a second termination for lack of inventory or neglecting to price items, the vendor will be disqualified according to 902 KAR 18:061.

10. Vendors are responsible for reporting any price increases to the State Agency within fourteen (14) days of a monitoring visit. At which time, a review of food instruments will be conducted. Any unreported prices increases during the fourteen (14) day time period could result in an overcharge.

B. The State Agency retains a copy of every food instrument transaction. These can be identified to each vendor. The food instruments will be reviewed to determine if they are properly redeemed and if the price charged is in keeping with the vendor's shelf prices. If problems with redemption of food instruments are detected, the vendor will receive a claim letter to reimburse the State WIC Agency for the determined amount in accordance with the Vendor Agreement. Failure to pay this claim will result in a disqualification from the WIC Program in accordance with 902 KAR 18:061.

1. If a vendor disputes the claim letter, the vendor must:

   a. Submit a written request providing evidence that clearly demonstrates the prices charged were the shelf prices on the day of the transaction. The only accepted documentation will be copies of the invoices, a scanner report or system report with prices of WIC approved foods which pertain to the period of time during which the food instruments were redeemed.

   b. These documents must be submitted by the due date of the claim.

2. The State Agency will:

   a. Determine the validity of the submitted documents.

   b. After review, notify the vendor in writing of the determination.

3. Please be aware that if the scanned price is higher than the shelf price and the WIC Program is charged the higher price, this will be considered an overcharge. Documented overcharges will result in further monitoring.

C. Systematic Reviews: The State WIC Agency or its representative reviews electronic WIC transactions to monitor systematic abuses at POS terminals such as, but not limited to, inconsistent redemption data, debits for a complete

allotment and multiple manual transactions at the same time. The State WIC Agency will issue a claim for improper redemptions. Should it be determined that a pattern of abuse exists, the vendor will be notified in writing of the violation(s), the pattern of incidence and length of disqualification and the right to appeal in accordance with Administrative Regulation 902 KAR 18:061.

D. Compliance Buy Investigations: The State WIC Agency or its representative is required to conduct undercover investigations of WIC vendors to determine adherence to WIC regulations, policies and procedures. Referrals are based on High Risk Criteria outlined in 902 KAR 18:090, monitoring visits, systematic reviews and complaints received by the State Agency. The Supplemental Nutrition Assistance Program (SNAP) and Office of Inspector General cooperate with the State WIC Agency in these investigations. If problems are discovered, the vendor will be notified in writing of the sanctions to be imposed in accordance with Administrative Regulation 902 KAR 18:061, which notes the type of violation, the sanction for that violation and outlines the appeal procedure.

E. Inventory Audits: The State WIC Agency or its representative performs audits of a vendor's stock of WIC approved foods. This includes reviewing stock on-site, the invoices of WIC approved foods purchased from wholesalers and reviewing these records against EBT benefits redeemed by the vendor. If discrepancies are discovered, the vendor will be sanctioned in accordance with Administrative Regulation 902 KAR 18:061.

INSTRUCTIONS FOR COMPLETING WIC APPROVED ITEMS PRICE LIST (WIC-24)

1. **Date** – Enter the numerical month, day and year on which you are completing the Price List. For example, May 1, 2013 would be written as 05/01/2013.

2. **Vendor Number** – An applying store will leave the area blank.

INSTRUCTIONS FOR COMPLETING WIC APPROVED ITEMS PRICE LIST FOR DRUG STORES (WIC 24b)

1. **NAME OF STORE –** Print the name of your store.

2. **DATE COMPLETED –** Enter the numerical month, day and year on which you are completing the Price List. For example, April 6, 2013 = 040613

3. **VENDOR NUMBER –** Enter your authorized WIC Vendor Number as it appears on your Vendor Stamp. (If you are applying to be a WIC Vendor, leave the area blank.)

4. **SPECIAL FORMULA AND EXEMPT MEDICAL FOODS –** Prices are to be entered for the special formulas and exempt medical foods that are in stock or that can be ordered upon request from the WIC Program. Use the suggested retail price per unit for items that are special ordered.

5. **SIGNATURE OF STORE CONTACT –** Signature of person providing information.

6. **TITLE OF STORE CONTACT –** Title of person providing information.

7. **SIGNATURE OF STATE/LOCAL REPRESENTATIVE –** State/Local Agency use only.

8. **DATE –** Enter date signed.

WIC VENDOR SALES INFORMATION (WIC-16)

The WIC Vendor Sales Information Form (WIC-16) serves to document whether a vendor's nontaxable food sales continue to be fifteen percent (15%) of the gross sales, which is a criterion to continue to be a WIC Vendor. It also serves to classify each store as a Class I, Class II, Class III, Class IV, or Class V store for use in the State Agency's calculation of NTEs. See Competitive Pricing for explanation of classes.

1. Complete this form upon the request of the State Agency.

2. Attach proof (Sales and Use Tax forms) of reported sales figures.

3. If the form is not completed and returned to the State Agency within the proper time frames, the contract will be terminated or not renewed.

4. If the contract is terminated or not renewed for not returning the Vendor Sales Information, a vendor cannot reapply for sixty (60) days from the day that the WIC Vendor Stamp is returned to the Local Agency. Additional occurrences of not submitting the form result in additional disqualification periods. See Administrative Regulation 902 KAR 18:061.

5. The next page is the instructions for completing the form.

INSTRUCTIONS FOR COMPLETING THE
WIC VENDOR SALES INFORMATION FORM

A. This form serves to document whether a contracted vendor or vendor applicant meets the criteria for non-taxable food sales and primary business is a retail grocer or drug store.

B. Instructions for completing the form:

1. Store name - enter store name.

2. WIC vendor number - enter the authorized WIC vendor number as it appears on your vendor stamp. If an applying vendor, leave the area blank.

3. Address of the store.

4. Food sales - supply amount of all non-taxable food sales, including WIC sales, if applicable, for the time period beginning October 1, 2011, and ending September 30, 2012. Indicate the dollar amount of sales. If an applying vendor, estimate anticipated sales.

5. Gross sales - supply amount of total sales for store for the time period beginning October 1, 2011, and ending September 30, 2012. Gross sales include both the taxable and non-taxable sales done by the store, including gas, pharmacy, bait, deli, video rental, etc. However, sales from lottery, money orders, any service offered as commission services (e.g., ticket master), or fishing/hunting licenses are not to be reported as gross sales. Indicate the dollar amount of sales. If an applying vendor, estimate anticipated sales.

6. From/To – Provide the beginning and ending dates of the month and year of the reported sales.

7. Attach supporting documentation - vendors are required to provide copies of supporting documentation showing gross sales and total non-taxable food sales, per federal guidelines. The acceptable proof is the Kentucky Sales and Use Tax returns for the reported period.

8. Name of authorized person supplying information - self- explanatory.

9. Date - month, day, and year the form is completed.

10. Signature - signature of authorized person supplying information.

11. Title - title of person supplying information.

Please ensure all supporting documentation is legible and mail the form to: State WIC Office

APPLICATION UPDATE INSTRUCTIONS

The following are the instructions for the Application Update:

1. An authorized vendor must complete an Application Update on an annual basis.

2. Review the instructions on the form.

3. The State WIC Agency will provide a deadline for returning the form to the Program.

4. If a vendor does not return the form within the required time frame, the vendor's contract will be terminated or not renewed in accordance with Administrative Regulation 902 KAR 18:061.

VENDOR ABUSE

It is the intent of the Kentucky WIC Program to prevent vendor abuse. A vendor who enters into a WIC Vendor Agreement attests that he is "knowledgeable and aware that a vendor who commits fraud or abuse of the Program is liable to prosecution under the applicable Federal, State or Local laws." Any action concerning abuse and the imposition of sanctions will be brought by the State Agency, based upon sufficient documentation. Notices of sanctions will be sent by certified mail or hand delivered to the last known mailing address. A vendor will be sanctioned based upon the types of abuse as stated in the Administrative Regulation 902 KAR 18:061. Any vendor who is terminated (sanctioned) from the Program, or is denied participation, will be informed of his right to appeal. However, the disqualification of a vendor from the WIC Program which is a result of a disqualification from SNAP cannot be appealed. The Administrative Regulation 902 KAR 18:061 give the appeal procedures.

If the State Agency has determined that a vendor cannot be disqualified from the Program due to inadequate participant access as defined by the State Agency, the agency will impose a civil money penalty (CMP). The civil money penalty will be calculated as follows:

1. Determine the vendor's average monthly WIC redemptions for the six (6) month period ending with the month immediately preceding the month during which the store was charged with violations (date of sanction letter).

2. Multiply the average monthly redemptions figure by 10 percent (10%);

3. Multiply the product from Step 2 by the number of months for which the store would have been disqualified. This is the amount of CMP. The amount of the CMP may not exceed $11,000 for each violation. Following is an example of how a CMP is calculated for one (1) violation using this methodology:

Monthly WIC Redemptions

Jan. - $10, 000	Apr.- $9,000
Feb.- $8,500	May- $7,000
Mar.- $12,300	Jun.- $5,000

Average Monthly Redemptions	$8,633.00
Multiply by 10 percent……	X .10
	$ 863.00
Proposed Disqualification Period=3 years or 36 months	X 36

Calculated Civil Money Penalty……...$31,068.00
Actual Civil Money Penalty for one (1) violation……$11,000.00

4. If one vendor violation would result in a permanent disqualification, the amount of the CMP shall be $11,000.

5. If an investigation results in more than one vendor violation as listed in 902 KAR 4:040, a CMP will be imposed for each violation.

6. The total amount of a CMP for an investigation, which may include several violations, cannot exceed $44,000.

The Kentucky 1979 Extraordinary Session of the General Assembly enacted an Assistance Program Fraud Law in an effort to prevent abuse of assistance programs.

The WIC Program, as well as SNAP, is covered by this Law.

The Law outlines prohibited activities which apply to recipients and vendors, as well as Local Agency and Departmental personnel. Penalties may be imposed against persons determined to have committed intentional fraud against an assistance program. Penalties range from a Class A misdemeanor to a Class D felony.

A copy of the amended Law, effective July 15, 1998, appears on the following pages.

ASSISTANCE PROGRAM FRAUD

194A.500 Definitions for KRS 194A.505

As used in KRS 194A.505:

(1) "Assistance program" means any program administered by the cabinet;

(2) "Benefit" means receipt of money, goods, or anything of pecuniary value from an assistance program;

(3) "False statement or misrepresentation" means a statement or representation knowingly made by a person to be false; and

(4) "Provider" means an individual, corporation, association, facility, or institution that is providing or has been approved to provide medical assistance to recipients under the Medical Assistance Program.

Effective: July 15, 1998

History: Created 1998 Ky. Acts ch. 426, sec. 23, effective July 15, 1998.

194A.505 Prohibited activities-Commencement of proceedings for enforcement.

(1) No person shall, with intent to defraud, knowingly make a false statement or misrepresentation or by other means fail to disclose a material fact used in determining the person's qualification to receive benefits under any assistance program.

(2) No person shall, with intent to defraud, fail to report a change in the factors affecting the person's eligibility for benefits.

(3) No person shall, with intent to defraud, knowingly use, attempt to use, acquire, transfer, forge, alter, traffic, counterfeit, or possess a medical identification card or unique electronic authorization codes or numbers or electronic personal identification numbers in any manner not authorized by law.

(4) No person having responsibility for the administration of an assistance program shall, having knowledge that it is in violation of the law, knowingly aid or abet any person in obtaining benefits to which the person is not legally entitled, or in obtaining a benefit amount greater than that to which the person is fully entitled.

(5) No person shall misappropriate or attempt to misappropriate a Medicaid identification card or misappropriate other benefits from any program with which the person has been assigned responsibility, nor shall the person knowingly fail to report any of these activities when it is clearly in violation of the law.

(6) No person shall, with intent to defraud or deceive, devise a scheme or plan a scheme or artifice to obtain benefits from any assistance program by means of false or fraudulent representations or intentionally engage in conduct that advances the scheme or artifice.

(7) No person shall aid and abet another individual in acts prohibited in subsections (1) to (6) of this section knowing it to be in violation of the law.

(8) The Attorney General on behalf of the Commonwealth of Kentucky may commence proceedings to enforce this section, and the Attorney General shall in

undertaking these proceedings exercise all powers and perform all duties that a prosecuting attorney would otherwise perform or exercise.

Effective: July 15, 1998
History: Created 1998 Ky. Acts ch. 426, sec. 24, effective July 15, 1998.

194A.510 Defense in prosecution

In any prosecution for the violation of KRS 194A.505, it shall be a defense if the person relied on the advice of an employee or agent of the cabinet.

Effective: July 15, 1998
History: Created 1998 Ky. Acts ch. 426, sec. 25, effective July 15, 1998.

194A.515 Access to criminal records by cabinet's agents.

For the purpose of enforcing the provisions of KRS 194A.505 and KRS 205.8451 to 205.8483 and of investigating any assistance program administered by the cabinet, the designated agents of the cabinet shall have the same access as peace officers to records maintained under KRS 17.150.

Effective: July 15, 1998
History: Created 1998 Ky. Acts ch. 426, sec. 26, effective July 15, 1998.

194A.990 Penalties

(1) Any person who violates the provisions of KRS 194A.505(1), (2), or (7) shall be guilty of a Class A misdemeanor, unless the sum total of benefits received in excess of that to which the person was entitled at the time of the offense was committed is valued at or over one hundred dollars ($100), in which case it is a Class D felony.
(2) Any person who violates KRS 194A.505(3) shall be guilty of a Class D felony.
(3) Any person who violates the provisions of KRS 194A.505(4) or (5) shall be guilty of a Class C felony.
(4) Any person who violates the provisions of KRS 194A.505(6) shall be guilty of a Class D felony, unless the purpose of the violation is to obtain ten thousand dollars ($10,000) or more, in which case it shall be a Class C felony.

(5) Any person who violates KRS 194A.505(1) to (6) shall, in addition to any other penalties provided by law, forfeit and pay a civil penalty of payment to the cabinet in the amount of all benefits and payments to which the person was not entitled
6) Any provider who violates KRS 194A.505(1) to (6) shall, in addition to any other penalties provided by law, including the penalty set forth in subsection (5) of this section, forfeit and pay civil penalties of:

(a) Payment to the State Treasury's general revenue fund in an amount equal to three (3) times the amount of the benefits and payments to which the person was not entitled; and

(b) Payment to the State Treasury's general revenue fund of all reasonable expenses that the court determines have been necessarily incurred by the state in the enforcement of this section.

Effective: July 15, 1998
History: Created 1998 Ky. Acts ch. 426, sec. 28, effective July 15, 1998.