SECTION 10. WIC VENDOR SELECTION AND AUTHORIZATION

WIC authorization of Vendors is restricted by its capacity to ensure that WIC staff can effectively monitor and review vendor performance. WIC allows participants to receive supplemental food from any authorized Vendor. Criteria have been established for Vendor selection, including qualifying criteria which limit the number of participating Vendors.

WIC Vendors are selected to meet the needs of WIC and its participants. Vendors do not automatically have the "right" to participate. If there are no authorized WIC Vendors within a ten (10) mile radius, denial based upon the selection criteria may be waived. A waiver may be considered for any of the criteria below, with the exception of criterion #1 (competitive prices), if WIC determines that an undue hardship for WIC participants would result if the Vendor were not approved.

The WIC Vendor shall comply with the selection criteria throughout the WIC Vendor Agreement period, including any changes to the criteria. WIC may reassess the Vendor for compliance to the selection criteria at any time. Failure to correct any deficiencies upon notification from WIC shall result in the termination of the Agreement. If the applicant provides false information in connection with the application, the application will be denied and/or the Agreement will be immediately terminated. Vendor Applicants whose application is denied must wait 12 months from denial to reapply.

WIC will accept and process WIC Vendor applications outside the established timeframes and during any period of closed enrollment if WIC determines there will be inadequate participant access. This includes instances in which a previously authorized Vendor sells a store under circumstances that do not permit timely notification to WIC of the change in ownership.

Consideration of applications is limited by the following:

Enrollment is open all year with the exception of July, August and September every third year when all authorizations expire. Contact the VMU at (808) 586-4776 to see if a store qualifies to apply and to request a **Retail WIC Vendor Application Form V-004**. WIC Vendors are required to maintain minimum stock and variety of all WIC foods either on its shelves or stored at its location from the date the application is submitted.

WIC VMU reviews all applications received and prioritizes applications based on an assessment of needs. If the number of applicants exceeds WIC needs, WIC Vendors will be authorized according to their relative rank. Applications will not be ranked according to the date received. The application must include all required documents as specified; incomplete applications may be denied. Vendor Applicants whose application is denied must wait 12 months from denial to reapply.

Mandatory Criteria

The following mandatory criteria are used to evaluate applications and throughout the WIC Vendor Agreement period:

1. **WIC Vendors are selected to meet the needs of WIC and its participants**. This determination is made by Hawaii WIC Services and is not subject to appeal or hearings.

2. **Supplemental Nutrition Assistance Program (SNAP) Authorization** - The Vendor Applicant shall have authorization from and operate in compliance with SNAP regulations. Applicants who are currently disqualified from SNAP or that have been assessed a SNAP civil money penalty for hardship, and the disqualification period that would otherwise have been imposed has not expired, shall not be considered to become a WIC Vendor.

3. **History of Compliance** - The Vendor Applicant shall not have been sanctioned or disqualified from participating in SNAP or WIC for a period of six (6) Federal Fiscal Years prior to the WIC application.

4. **Competitive Prices (Federal Regulation)** - The Vendor Applicant shall have shelf prices that are competitive. Prices will be compared with those of other Vendor Applicants and currently authorized Vendors assigned to the same peer group. WIC shall group Applicants/Vendors by peer groups and will calculate the competitive prices for WIC eligible foods by peer group. Vendor's prices shall not be more than a price set by WIC based on market price information. Some of the set maximum prices are a calculation of the average shelf-price by WIC check type within a peer group plus a tolerance amount to account for variation of product availability, wholesale price changes, participant selection, and shelf prices.

   Exemptions from competitive price criteria and maximum allowable reimbursement levels are only allowed for contracted pharmacies that provide only exempt infant formula or WIC-eligible medical foods to participants and for non-profit WIC Vendors (other than health or human services agencies that provide food under contract with WIC.)

   The WIC Least Expensive Brand (LEB) Declaration and Price Survey Form V-003 collects shelf prices from stores and is required as part of the initial application and upon request of WIC. This form will be requested at least twice a year from all stores.

5. **Minimum Stock Requirements (Federal Regulation)** - The Vendor Applicant shall have and maintain the minimum variety and quantity of WIC foods as required by WIC. Vendors are required to maintain minimum stock and variety of all WIC foods either on its shelves or stored at its location from the date the application is submitted.

6. **Authorized Infant Formula Sources (Federal Regulation)** - Infant formula may only be purchased from authorized sources; the WIC Authorized Infant Formula Sources list is maintained on the VMU website at: http://health.hawaii.gov/wic/files/2013/05/authorized-infant-formula-list.pdf. This listing includes instructions on inquiring about sources not listed. A pattern of purchasing infant formula from a source not listed will result in a one (1) year disqualification from WIC.

7. **Business Integrity** - The Vendor Applicant or any of the Applicant's current owners, officers, or managers shall not have been convicted of nor had a civil judgment entered

against them for any activity indicating a lack of business integrity. Activities indicating a lack of business integrity include fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and obstruction of justice.

8. **Business Type** - The Vendor Applicant shall be located at a fixed permanent location, and shall furnish WIC foods to WIC customers only at the site of the authorized location.

   The Vendor shall be a grocery store with meat, produce, bread, cereals, and dairy goods.

   The vendor must be primarily a retailer of groceries with fifty (50) percent or more of its sales from groceries and not from any combination of alcohol, tobacco products, hot or cold prepared foods, or gas. Hawaii WIC does not authorize convenience stores (primarily engaged in retailing a limited line of goods that generally includes staple groceries such as milk, bread, soda, and snacks, non-foods, and ready-to-heat and ready-to-eat foods.) Convenience stores are usually between 500 to 5,000+ retail square feet, with 500 to 1,500 Stock Keeping Units (SKUs), with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products and services. Convenience stores generally have 2 or less cash registers. Convenience stores usually carry a limited selection of grocery items and are not primarily serving families seeking a full-line of groceries. In addition to not providing all the food needed by a family, convenience stores typically do not provide shopping carts and have limited parking. Convenience stores may be authorized only if a participant need has been determined, they meet all of the criteria and there are no full line grocery stores within a ten (10) mile radius.

   "Super" (big-box) stores may be authorized only if they meet all of the criteria.

   The WIC Vendor may not derive, or be expected to derive, more than fifty (50) percent of their total annual food sales revenue from the sale of supplemental foods that are obtained with WIC checks. WIC requires the total annual food sales data in order to determine, as required by law, whether a Vendor derives more than fifty (50) percent of their total annual food sales revenue from WIC checks. Some WIC vendors may incur costs to compile this data.

   Cash register receipts are an essential component for WIC to document compliance with Federal Regulations governing WIC. Stores are required to meet the following requirements for initial and continued authorization:

   - Able to provide a receipt that includes a reference to the item purchased. Adding machine tape and written receipts are not acceptable;
   - Able to provide receipts that document that only WIC foods were paid for with the WIC check;
   - Able to issue a separate corresponding receipt for each WIC check to WIC participant;
   - Receipts must document that the value of any discount coupon or other amount that was deducted from the total sales price of the WIC foods purchased with the WIC check.

9. **Volume of WIC Business** – Vendor Applicants that participated as WIC Vendors during the previous contract year that had an average of 90 or fewer WIC checks redeemed for the most recent fiscal quarter, may be considered to have too low a volume of WIC transactions, and may be evaluated as demonstrating a lack of demand for the Vendor Applicant in the area. The number of WIC checks transacted at new vendors will be evaluated after six (6) months, and Vendors with 90 or fewer WIC checks for their second three (3) months may be terminated within 15 days due to a lack of demand.

10. **Accessibility to WIC Customers**- The Vendor Applicant shall be open for business at least 10 (ten) hours per day, six (6) days a week.

11. **Sanitation** - The Vendor Applicant shall be in compliance with all State and local sanitation standards. The Applicant must have a current Food Establishment Permit posted in the store.

12. **Conflict of Interest** - There shall be no conflict of interest between the Vendor Applicant and WIC staff or contracted agencies.

13. **Registration with the Hawaii State Department of Commerce and Consumer Affairs (DCCA)** – The corporation or business entity applying for WIC authorization must be registered with the Hawaii State DCCA.

14. **Proof of Insurance** - WIC Vendor Applicants must submit and maintain a Certificate of Insurance in accordance with the "Certificate of Insurance Checklist" of the WIC Vendor Manual.

15. **Americans with Disabilities Act (ADA)** – Vendor Applicants must comply with the applicable provision of the ADA of 1990. This includes an accessible parking space, accessible entrance, accessible doors, accessible shelves and maneuvering space, and accessible sales and service counters. Contact the Disability and Communication Access Board, 919 Ala Moana Boulevard, Room 101, Honolulu, Hawaii 96814 (808) 586-8121 (V/TTY) http://hawaii.gov/health/dcab/home/index.htm for further information about the ADA.

16. **Maintenance of Records**
    WIC Vendors are required to maintain for inspection and audit by WIC, the State of Hawaii, the USDA Food and Nutrition Service, and the Comptroller General of the United States, inventory records used for tax reporting purposes, all books, receipts, accounts, reports, files, purchase invoices and other records relating to the performance of the WIC Vendor Agreement for four (4) years after expiration. Failure to maintain or provide these purchase records for infant formula and other WIC foods will result in a one (1) year disqualification.

17. **EBT Capable**
    All applicants for authorization must be EBT capable as defined in 7 CFR 246.12(aa)(4)(ii). Applicants must obtain their own WIC EBT capable register system to qualify for WIC authorization. A retail vendor applicant demonstrate it is WIC `EBT capable' prior to WIC authorizing the vendor to participate in WIC.