

Reimbursement Levels and Claims Collection

I. Reimbursement Levels and Review of Food Instruments

- a. WIC Cost Containment regulations and policies are not intended to restrict prices on WIC items or to artificially keep prices low for the WIC program, but rather these policies required by the WIC federal regulations ensure that prices for WIC items remain competitive among the vendors within the peer group. WIC does not restrict the prices that vendors can charge for items, but rather sets the limit that WIC is able to pay for the item within a WIC transaction. In nearly all cases, the WIC NTE allows for a reasonable profit margin for the vendor.
- b. Not To Exceed (NTE) levels for each WIC food item are calculated at 120% of the average price of the food item at all authorized vendors in the same peer group.
- c. Average prices for each specific food item at the UPC level are calculated by the EBT Processor weekly based on the prices charged for items sold.
 - i. Prices charged that are over 50% above or more than 50% below the current average price in the peer group are considered outliers and are not included in the calculation of the average price.
 - ii. Prices charged for items sold within the last 60 days are considered in the calculation.
- d. The EBT Processor calculates the NTE for all food items for all peer groups and will make payment to the vendor for the prices charged by the vendor up to the NTE price.
 - i. NTE price levels are calculated weekly.
 - ii. NTE pricing is restricted to increases and decreases of no more than 25% of the previous week's NTE.
- e. Authorized WIC Vendors must accept the price that is charged at the time of the WIC transaction up to the maximum of the WIC Not To Exceed price as payment in full for food items. The WIC Program cannot pay vendors any amount above the NTE.
- f. The state agency, in its discretion, may temporarily override an NTE price for specific items when circumstances that affect multiple vendors justify raising the NTE price above that which was calculated by the normal redemption analysis.
 - i. Vendors are encouraged to contact the state agency when they become aware of situations causing significant price increases that may justify a review of the NTE.

- g. The state will consider disputes of NTE reductions from vendors for specific items. In order to be considered for a credit adjustment, the vendor must show that the WIC NTE for the food item is lower than the wholesale cost to the vendor including freight.
- II. **Vendor Overcharge** – Intentionally or unintentionally charging the State agency more for authorized WIC food items than is permitted under the vendor agreement.
- III. **Delay of Payment or Establishment of a Claim** - When the State agency determines the vendor has committed a vendor violation that affects the payment to the vendor, the State agency may delay payment or establish a claim in the amount of the full purchase price
- IV. **Opportunity to justify or correct** – When payment is delayed or a claim established, the State agency must provide the vendor with an opportunity to justify or correct the vendor overcharge or other error. If satisfied with the justification or correction, the State agency must provide payment or adjust the proposed claim accordingly.
- V. **Timeframe and offset** - The State agency must deny payment or initiate claims collection action within ninety (90) days of either the date of detection of the vendor violation or the completion of the review or investigation giving rise to the claim, whichever is later. Claims collection action may include offset against current and subsequent amounts owed to the vendor.
- VI. The vendor must pay any claim assessed by the State agency. In collecting a claim, the State agency may offset the claim against current and subsequent amounts owed to the vendor. In addition to denying payment or assessing a claim, the State agency may impose State Agency violation points or sanctions on the vendor for vendor overcharges or other errors in accordance with the State Agency's Violation Points and Sanction schedule.