

### 301. Authorization Overview

A supermarket, grocery store, commissary, or pharmacy may apply for authorization as a DC WIC vendor at any time. DC WIC vendors are authorized in three-year cycles. If a vendor becomes authorized during the middle of this cycle, they will be re-authorized with the other vendors at the end of the respective cycle. For example, the current vendor authorization cycle runs from October 1, 2019 to September 30, 2022. A vendor authorized in September 2020 will sign a Vendor Agreement stating the date of their initial authorization, with an end date of September 30, 2022.

The DC WIC State Agency will work with authorized vendors to fulfill reauthorization requirements between July and September prior to the new authorization cycle.

### 302. Application Process

To be considered for authorization as a WIC vendor in the District, a supermarket, grocery store, commissary, or pharmacy must comply with the following steps:

1. **Request an Application Package:** Contact the State Agency at [info.vendor@dc.gov](mailto:info.vendor@dc.gov) to request an application package, which contains the following blank documents:
  - a. **Vendor Onboarding Checklist** – Provides assistance tracking the application process
  - b. **Vendor Application** - Ensure that prices for indicated food items are included
  - c. **Store Information Sheet** – Ensure that all information is complete
  - d. **Pharmacy Price List** – for pharmacies only, to submit pricing for WIC-approved items
2. **Return the Application Package:** Submit all completed materials together to the State Agency via email at [info.vendor@dc.gov](mailto:info.vendor@dc.gov).
3. **Sign and Return the Vendor Agreement and Food Price List\*:** Once the application package has been reviewed and approved by the State Agency, they will send the applicant:

For All Vendor Applicants:

- a. **Vendor Agreement** – indicates applicant's assigned vendor peer group and related operation expectations, states beginning and ends date of the authorization period. (Not considered final until after the pre-authorization visit, see below)

For Grocery (non-pharmacy) Applicants:

- b. **Minimum Stocking Requirement (MSR) checklist** – indicates the stocking levels which the applicant must meet before DC WIC will provide the final trainings and materials needed for the applicant to begin processing WIC checks.
- c. **Food Price List** – collects prices for all WIC food items, which must be entered into the management information system before the applicant can process WIC checks.

The applicant must complete and return all forms listed above within five (5) business days and select a time for the State Agency to perform manager and cashier training, as well as the pre-authorization visit (options will be provided in the State Agency's email).

4. **Pre-Authorization Training:** The State Agency will provide training for the applicant's managers and staff (cashiers). Training will vary on a case-by-case basis and may be provided virtually and/or in-person. In all cases, the vendor's initial training will be "interactive." All staff must receive training prior to, or on the same day as, the pre-authorization visit so that WIC information is fresh when staff begin to process WIC checks.

5. **Pre-Authorization Visit:** The State Agency will schedule a time with the store manager to perform an on-site visit to verify pricing information submitted and ensure that MSR are met. At this visit, the State Agency will provide shelf tags, WIC poster, cashier reference folders, and the vendor's stamp. DC WIC will sign the Vendor Agreement and the vendor may begin processing WIC checks the next business day.

Note: A pharmacy and grocer located on the same premises are authorized as one store. Applicants shall indicate on their application whether an on-site pharmacy needs authorization. The store will need to submit *both* Food and Pharmacy price lists. While the grocer may accept CVC and WIC checks, the pharmacy may only accept WIC checks for DC WIC-approved special formulas and medical foods. In other cases, the grocer and the pharmacy may be authorized independently.

\*Chain stores have one WIC Vendor Agreement that covers each of their WIC-authorized stores. Additional stores within the chain are added to the existing Vendor Agreement as they are approved. Therefore, submission of duplicate Agreements and Price Lists for chain stores is not required. See section 312: Current Vendor Adding New Store for more information.

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### 303. Vendor Selection Criteria

The applicant must meet the following selection criteria to be considered for WIC Authorization:

- Be located in a fixed, permanent retail establishment
- Be open for business a minimum of six days **or** 48 hours per week
- Have a valid business license
- Be **SNAP authorized**, with a valid SNAP identification number (*Pharmacies exempt*)
- Have a valid Public Health permit and maintain the store in a clean and sanitary condition
- Ensure that mechanical refrigerated areas are maintained at a temperature at or below 40 degrees Fahrenheit. Mechanical refrigeration is required.
- Meet all local, state and federal requirements, including sanitation and building code regulations, and remain in good standing in their jurisdiction
- **Pharmacies:** stock (or be able to retrieve) all special infant formulas on the DC WIC Formulary
  - Pharmacies are expected to be able to provide a participant with special formula within 48-hours of their request
- **Grocers:** stock all categories of WIC-Approved foods and standard contract infant formulas
  - Grocers are expected to fulfill the MSR for DC-WIC Approved food items prior to their WIC authorization
  - Grocers are expected to be able to obtain standard contract infant formula within 24-hours, if out of stock
- Purchase infant formulas from a manufacturer, distributor, wholesaler and/or retail store who is approved by the DC WIC State Agency to sell formula
- Provide competitive prices for WIC foods and formulas, as determined by the State Agency
- Display no conflict of interest between the State and Local agencies and the vendor
- Hold no outstanding fines or penalties to the State Agency
- Comply with all required corrective and financial actions identified from previous WIC authorization from any USDA FNS program
- Not have a conviction or civil judgement entered against them or any current owners, officers, or managers for fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and/or obstruction of justice
- Not be disqualified from participation in any other FNS Program, or paying a monetary penalty for abuse of such a program

- Ensure that employees whose responsibility will include WIC checks do not have a history of WIC and/or SNAP Program violations
- Must not have been terminated from the DC WIC Program within the last three (3) months for any of the “Minor Abuses” (Program violations) listed in the State Agency’s Sanction Schedule.
- Must not have been terminated from the DC WIC Program within the last six (6) months for any of the “Major Abuses” (Program violations) listed in the State Agency’s Sanction Schedule.

Once authorized, vendors must maintain compliance with the above criteria at all times. Authorized vendors must also meet the following additional operating criteria while on the Program:

- Meet the competitive price criteria within the same peer group based on WIC redemptions
- Meet the annual sales requirement indicated by their vendor peer group placement
- Not derive more than 50% of their annual revenue from the sale of WIC food items
- Have authorized representatives attend all mandatory training sessions, as scheduled by the State Agency
- Participate in the WIC Program’s automated clearing house (ACH) process for the handling reimbursements for CVCs and WIC Checks

Comply with the terms of the Vendor Agreement, State and Federal WIC Program rules, regulations, policies, and applicable laws governing the Program, including any changes made during the agreement period

**304. Time Frame for Approval**

The State Agency will approve or deny a vendor’s application **within 60 days** of receipt. After completing the authorization review, the State Agency will notify applicants in writing regarding the outcome of their request for participation.

- **Denial:** If the request for authorization is denied, the State Agency will provide:
  - The reasons for denial
  - Information on the vendor’s right to a fair hearing
- **Approval:** If the request for authorization is approved, the State Agency will provide:
  - A copy of the Vendor Agreement, to be signed by the vendor applicant and returned to the State Agency; the State Agency will sign the Vendor Agreement at the pre-authorization walk through when providing vendor materials
  - A selection of dates prior to the authorization date on which to schedule mandatory training(s) for store managers and cashiers/staff
  - A selection of dates prior to the authorization date on which to schedule the pre-authorization walk through, at which time the MSR must be met
  - Notification of the date the vendor can begin to accept CVCs and WIC checks, pending training and walk-through are successful

**Note:** Once approved, the following vendor information will be provided by the State Agency in response to public inquiries or requests for vendor information:

Vendor’s name	Authorization status and store type	Address, phone number, website
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### 305. Follow-Up Authorization Training

For a newly authorized vendor, the State Agency may conduct follow-up training every six (6) months during the first year of operations. Trainings will address any problems that have been identified or areas in which a new vendor desires further instruction, technical assistance, or clarification.

See section 1100 - Vendor Training for more detailed information on vendor training expectations.

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### 306. Annual Updating of Vendor Files

While authorized as a DC WIC vendor, the vendor is required to submit the following information **annually** so the State Agency may update their file:

- ✓ List of current store managers and contact information (including email addresses)
- ✓ Current store hours
- ✓ Health and sanitation update indicating any violations

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### 307. Removal of Stores for Reasons Other than Disqualification

Authorized vendors may be removed from participation in the DC WIC Program when the volume of WIC transactions falls below the annual sales expectation set for their vendor peer group. Participant access will be considered prior to the removal of low-volume stores.

Vendors set to be terminated from the DC WIC Program will receive a minimum of 15 days' notice and a written explanation regarding their termination.

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### 308. Change in Ownership of WIC Vendors

A change in ownership of a WIC vendor nullifies the vendor's WIC contract, unless the vendor provides verifiable evidence of continuity of the business, management, and personnel at the store. A change of ownership report must be submitted to the State Agency no later than 30 days after the change of ownership. The State Agency will evaluate each reported "change of ownership" to determine if there is a continuity of the business, management, and personnel at the store.

For the purpose of this policy, "continuity of the business" is defined as:

- A. Change of a single proprietorship to a partnership or corporation where the original sole proprietor remains a partner or shareholder with at least a 33% interest in the new partnership or corporation
- B. Change in a partnership by adding partners where the original partners still maintain at least a 33% interest in the new partnership
- C. Change in a partnership by loss of one or more partners, to include the conversion of a partnership to sole proprietorship
- D. Incorporation of an existing partnership where the original partners still maintain at least a 33% interest in the corporation
- E. Corporate mergers or buy-outs where the original corporation is merged with another or becomes a subsidiary

In review of letters describing situations D and E above, the State Agency may deny a determination of "continuity of the business" even though it meets all other criteria identified in this policy, if the

State Agency determines in its sole discretion that the change in the business structure business was for an inappropriate reason.

In reviewing the reason(s) the business structure was changed, the State Agency may further investigate the following circumstances regarding the transaction:

- a. Undercapitalization
- b. Failure to adhere to corporate formalities
- c. Use of the corporate form to perpetrate fraud
- d. Other circumstances relevant to the determination of the appropriateness of the transaction

The vendor requesting the determination of a "continuity of the business" shall provide to the State Agency all requested information as necessary for the proper review of the transaction. All information provided by the vendor at the request of the State Agency will be kept confidential.

**Continuity of management and personnel** - When the majority of management and personnel in the store *who* interact with WIC participants *is projected to remain the same*, policies and transactions will continue to be employed in the same positions under the new ownership structure.

**Change of Ownership** – In instances where there is no “continuity of the business”, the WIC vendor agreement will be considered null and void. If the "change of ownership" results in store closure, the State Agency will determine if closure will adversely affect continuation of services to WIC participants and will take appropriate steps to minimize participant hardship.

**Modification of Ownership** – When there is a “continuity of the business” *with continuity of management and personnel*, this change of status will be processed as follows:

- The new business entity will be permitted to continue to transact CVCs and WIC checks uninterrupted
- No additional review or training of the "new" business entity will be required
- The appropriate signatory authority of the "new" business entity will be required to sign a new agreement signifying continued intent to conform to WIC Policies and Procedures
- The vendor number will not change and the modification of ownership will be transparent to WIC participants and Local Agency employees

**Modification of Ownership, Management and Personnel** - When there is “continuity of business” *without* continuity of management and personnel, a “modification of ownership, management and personnel” will be considered. This change of status will be processed as follows:

- a. The new business entity must apply for authorization as a WIC vendor
- b. New management and staff must undergo authorization training before being able to transact CVCs and WIC checks

**310. Vendor Peer Groups**

Federal regulations require that DC WIC assign all vendors to a vendor peer group (VPG) based on common characteristics. The purpose of this system is to:

- Compare vendors that are similar
- Offer fair reimbursement
- Apply competitive price criteria to contain costs
- Maximize participant enrollment

DC WIC will review an applicant’s reported store size, business model, and total annual sales (if deemed necessary) when assigning a vendor to their initial VPG. Stores on the same vendor agreement are subject to the same VPG. To remain in a VPG, the vendor must meet certain requirements unique to their peer group. Current VPGs and assignment criteria are outlined here:

	Peer Groups			
	Small	Medium	Large	Pharmacy
<b>Initial Placement Criteria</b>				
Business Model	Independent store, Corner / Convenience store	Independent or Chain store; With or without pharmacy	Independent or Chain store; With or without pharmacy	Stand-Alone Pharmacy
Store Size* (square footage)	<10,000 sq ft	10,000 – 20,000 sq ft	>20,000 sq ft	N/A
Competitive Price Selection Criteria	See below for information on Competitive Price Criteria.			N/A
<b>Operating Criteria</b>				
Annual WIC Sales	At least \$5,000	At least \$20,000	At least \$100,000	At Least \$1,000
Competitive Price Limitation Criteria	See below for information on Competitive Price Limitation Criteria.			N/A
Minimum Stocking Requirements	Those set for Small Vendors.	Those set for Medium and Large Vendors.		N/A
	See Section 600 for more information on stocking standards.			
May Sell Standard Formula to WIC Customers ‡	Yes	Yes	Yes	No**

**\*Store size** will be considered, but shall not dictate the store’s assignment. For example, a store measuring 11,000 sq ft but transacting \$120,000 in annual WIC Sales will be placed in the large VPG.

**\*\*Note:** Pharmacies agree not to provide standard contract infant formulas, unless requested to do so by DC WIC. Such requests will be temporary and on an as-needed basis. Pharmacies that provide only exempt infant formula and WIC-eligible nutritionals are exempt from competitive price criteria / peer group pricing.

**‡ Note:** all sales of standard contract formula are subject to the “Not to Exceed” amount for the vendor’s respective peer group (see more on “Not to Exceed” below).

**Competitive Price Criteria:**

DC WIC will pay a “fair and competitive” price for WIC-approved food items, meaning prices are within a reasonable range of prices charged by similar retailers for the same or similar items.

Competitive Price Selection Criteria (CPSC)

The State Agency will collect the prices of 10 standard WIC food items on the vendor’s application to create a WIC “mixed basket” price. The State Agency will review that the prices submitted on the application create a mixed basket price that falls within the appropriate range of prices within the vendor applicant’s prospective VPG assignment. If the prices submitted exceed the fair and competitive prices established by the prospective VPG, the State Agency may offer the vendor applicant an opportunity to submit revised CPSC prices so as to be competitive within the prospective peer group.

Competitive Price Limitations

The State Agency calculates the average of prices charged by vendors in a peer group for each WIC food item and assigns a standard deviation, designated per VPG, to the average price to create a “not to exceed (NTE)” amount per food item. The standard deviation allows for small fluctuations in product prices within a VPG. NTE amounts are used to assess a WIC check’s maximum reimbursable price (see below).

**Maximum Reimbursement to Vendors**

The NTE amounts set per VPG establish a Maximum Allowable Reimbursement Level (MARL) per type of WIC check. The MARL for a specific WIC check will depend on the food items listed on the check. The State Agency shall determine every quarter the NTE amount for each food item based on prices submitted on the Quarterly Food Price List.

Stores whose prices are too high compared to their VPG’s prices will experience a large number of rejected checks, which will be paid at the MARL. Chronic pricing above the NTE and checks indicated as above the MARL may result in high-risk determination, and could eventually result in the loss of WIC authorization.

**Commissaries**

Commissaries will be authorized with the standard vendor agreement, however there is an existing Memorandum of Agreement (MOA) between the USDA and the Department of Defense that WIC must allow the Commissary to charge their regular prices, and exempts Commissaries from competitive price criteria, including NTE levels.

The State Agency shall provide the Commissary a list of approved WIC supplemental foods. The State Agency may not direct the commissary to carry a specific brand of merchandise, if that product does not fall within the items authorized for sale in commissaries or if the Commissary carries an equivalent product from the approved list of WIC foods.

The Commissary will be placed in the medium VPG until their WIC sales have been assessed. The Commissary is subject to all other selection and operating criteria, such as meeting MSR.

**311. Use of WIC Acronym and Logo:**

WIC vendors are permitted to:

- Create and use vendor-made labels, channel strips, or shelf talkers after approval from the State Agency on both the design and use of such items
- Use **signs provided by the State Agency** stating that they are WIC authorized

WIC vendors are **not permitted** to:

- Use the WIC acronym or logo, or close facsimiles (i.e. copies), in the name of the vendor
- Use the WIC logo on vendor signs that are placed on storefronts stating that they are WIC authorized
- Use the WIC acronym or logo in advertisements and other promotional materials
- Apply stickers, tags, or labels that have the WIC logo or acronym on WIC-approved products

**312. Current Vendor Adding a New Store**

When a currently authorized DC WIC vendor would like to add a new store to their vendor agreement, they must first call or email the State Agency to request the “Current Vendor, New Store Onboarding Checklist” and the “Store Information Sheet”. The Vendor should submit all required documents at least six (6) weeks prior to the new store opening.

The State Agency will process the paperwork and schedule the pre-authorization training and on-site visit 1-2 weeks before the new store’s opening date. The State Agency will provide all vendor materials at this visit. The State Agency will provide training and technical assistance, as needed, and will schedule the six-month follow-up training with 2-3 weeks’ advanced notice.

**313. WIC / SNAP Information Sharing:****Can the State agency share information with staff in the SNAP?**

Yes. The State agency may disclose confidential vendor information to persons directly connected with the administration or enforcement of SNAP. The State Agency will share any information necessary with persons investigating or prosecuting SNAP violations.

**Does the State agency share information with SNAP on a regular basis?**

Yes. A list of authorized WIC vendors is sent to the Mid-Atlantic Regional office (MARO) of USDA, no later than February 1<sup>st</sup> of every calendar year. The report contains the:

- Vendor name
- Store address
- WIC vendor identification number
- Annual redemption activity
- Compliance investigation activity
- Name of the county the store is located in
- Store owner’s name

**Does the State agency assist in SNAP investigations?**

Normally, WIC investigations and SNAP investigations are separate. Upon request, the State agency will coordinate investigative efforts with SNAP.

