

Welcome!

WIC Vendors Forum

December 2, 2015

The webinar will begin shortly.
Please stand by...

You must use your phone to hear the audio portion of today's webinar.

Dial 1-877-469-0778 and follow the directions given.
Conference ID is 73175826.



**Department
of Health**

WIC Vendors Forum

**December 2, 2015
1:00 – 2:00pm**

December 2, 2015

**Loretta A. Santilli, M.P.H
Director, Division of Nutrition
New York State Department of Health**

Have a comment about today's topic(s)?
Type it into the Chat Box on the lower right
side of your screen at any time.

****Send chat messages to HOST only!****

Comments?

- What do we need to be thinking about regarding:
 - Implementation challenges?
 - Unintended consequences?
 - Communication strategies?
- Conference call operator assistance for verbal comments
- WebEx chat box for written comments during the webinar
- WIC shared email box for written comments after the webinar nyswic@health.ny.gov

Objectives of today's forum:

Share and discuss:

- Proposed changes to Vendor Peer Groups and Implementation Dates
- WIC benefit updates and reminders
- WIC Electronic Benefits Transfer (eWIC)

Peer Groups

Peer Groups

- Federal regulations require that WIC vendors be organized into peer groups
 - The State Agency must authorize an appropriate number and distribution of vendors in order to ensure the lowest practicable food prices (***Code of Federal Regulations, Title 7, Section 246.12.3***)
 - All States using a retail delivery system must establish a vendor peer group system and set distinct competitive price criteria and allowable reimbursement levels for each peer group (***Code of Federal Regulations, Title 7, Section 246.12.4***)

What are vendor peer groups?

“...a classification of authorized vendors into groups based on common characteristics or criteria that affect food prices, for the purpose of applying appropriate competitive price criteria to vendors at authorization and limiting payments for food to competitive levels.”

To be effective, a peer grouping system must:

- **Group similar stores** in terms of business activities, business models, characteristics, and/or costs of doing business
- **Predict WIC food costs** and minimize the overlap of WIC food price ranges between peer groups
- **Promote fair market pricing** versus holding vendors to maximum reimbursement levels set too low for legitimate business models
- **Ensure cost containment objectives** of WIC State agency are met

What are requirements for establishing peer groups?

At least two criteria must be used to establish peer groups:

1. A measure of **geography (required)**, and
2. **Vendor characteristics** (indicators of vendor's operating costs), which may include:
 - Store type
 - Store size
 - Sales volume

Current prices cannot be used to determine peer group assignment. (USDA FNS Interim Guidance on WIC Vendor Cost Containment, 2006)



NYS WIC Current Status

- The NYS WIC vendor peer group system is not in compliance with federal WIC regulations

*(Child Nutrition and WIC Reauthorization Act of 2004, Public Law 108-265
7 CFR Part 246 WIC: Vendor Cost Containment Final Rule)*

- NYS WIC is required to reform vendor peer groups to comply with conditions for federal funding

Preliminary Steps in Establishing Vendor Peer Groups

Process:

1. Reviewed literature and USDA guidance on factors known to influence food prices
2. Compiled Peer Group criteria used in other States
3. Analyzed WIC vendor demographics in NYS

Proposed vendor peer group assignment

NYS Vendors will be assigned to peer groups based on the following criteria:

- Geography
 - Urban vs. Non-Urban
- Business Model
- Store size
 - Number of cash registers

Geography

Rationale

Operating costs and resulting food prices differ by characteristics of a vendors' location

Example

Vendors in rural areas (low population density) may need to charge higher prices per unit sold to cover operating costs

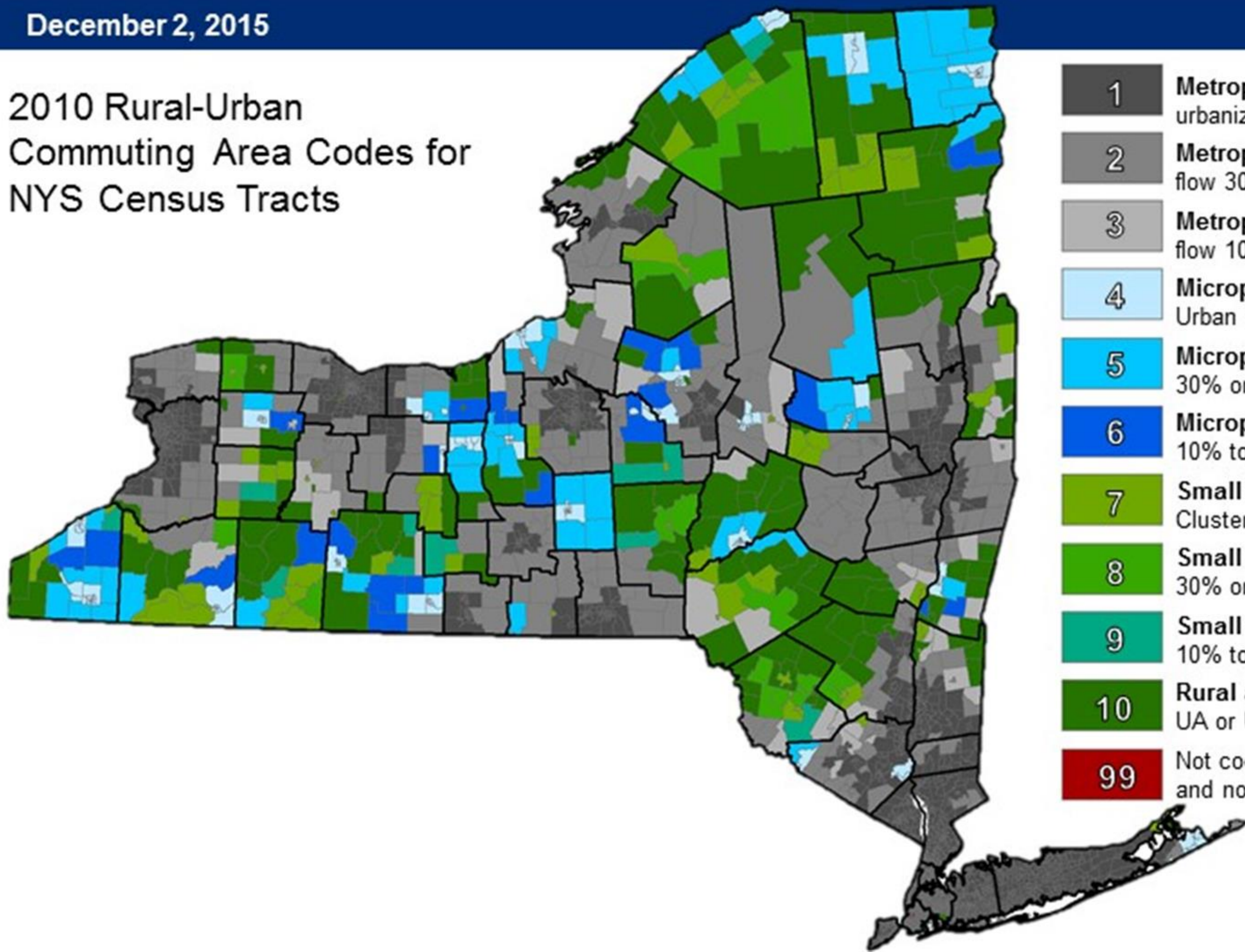
Vendors in urban and suburban areas may be able to spread operating costs over a larger customer pool allowing them to charge lower prices

Measure

Rural-Urban Commuting Areas (RUCA) by census tract



2010 Rural-Urban Commuting Area Codes for NYS Census Tracts



- | | |
|----|--|
| 1 | Metropolitan area core: primary flow within an urbanized area (UA) |
| 2 | Metropolitan area high commuting: primary flow 30% or more to a UA |
| 3 | Metropolitan area low commuting: primary flow 10% to 30% to a UA |
| 4 | Micropolitan area core: primary flow within an Urban Cluster of 10,000 to 49,999 (large UC) |
| 5 | Micropolitan high commuting: primary flow 30% or more to a large UC |
| 6 | Micropolitan low commuting: primary flow 10% to 30% to a large UC |
| 7 | Small town core: primary flow within an Urban Cluster of 2,500 to 9,999 (small UC) |
| 8 | Small town high commuting: primary flow 30% or more to a small UC |
| 9 | Small town low commuting: primary flow 10% to 30% to a small UC |
| 10 | Rural areas: primary flow to a tract outside a UA or UC |
| 99 | Not coded: Census tract has zero population and no rural-urban identifier information |

Business Model: Store type

Rationale

Store type is an indicator of store business model and other vendor characteristics that influence a vendor's operating costs (e.g. buying power, pricing structure)



Measure

Grocery
Grocery/Pharmacy (Integrated)
Pharmacy
Chain vs. Independent

Store size

Rationale

Store size is an indicator of store business model and vendor characteristics that influence operating costs

Example

Store size may be associated with the type of food distribution network that supplies a vendor and a vendor's resulting supply costs

Big box stores tend to be extra-large and have their own self-distribution networks. Smaller non-chain stores tend to rely on wholesalers

Measure

Number of cash registers



small



medium



large



extra-large

Revised Processes

Implementation Processes

- Vendors will be assigned to peer groups using established criteria (January/February 2016)
- Vendors will be notified of peer group criteria and assignment (March/April 2016)
- New Peer Group System will take effect (May/June 2016)

Determining the NTE

- Peer groups will be used to set reasonable price criteria and NTEs
 - Analyze average redemption values for the most commonly redeemed WIC check types by vendor peer group
 - Using average redemption values plus an allowance for competitive pricing and inflation fluctuation

Impact of New Peer Group System

- NTEs will be based on vendor peer group instead of where the check was issued
- Checks presented over the NTE will be paid at the peer group average via ACH

Vendor peer group monitoring

- Vendor peer group assignment re-assessed:
 - Within 6 months of initial authorization
 - At reauthorization
 - At any time during the term of the vendor agreement
- Factors used to determine peer group placement may be modified periodically to achieve a more accurate grouping
- USDA requires vendor peer group system to be reviewed at least every three years

Not to Exceed Amount monitoring

- Not to Exceed amounts will be monitored relative to redemptions amounts on an ongoing basis
- Shelf price data will be collected throughout 2016 and used to validate NTEs

Other WIC Benefit Updates & Reminders

Not-to-Exceed (NTE) Adjustments

- NYS WIC reviews redemption information on a regular basis
- Several products were identified and adjusted in October 2015
- A significant decrease in the number of rejected checks has been observed in the last 6 months
 - In May 2015, 1.24% of WIC checks rejected for exceeding the NTE
 - In November 2015, this number has decreased to 0.65%

WIC Vegetables and Fruits Checks

(Cash Value Vouchers - CVV)

Reminders:

- Effective October 10, 2015, CVVs increased for some participants
- Some CVV checks also have the \$4.00 New York State (NYS) enhanced benefit

WIC Vegetable and Fruit Checks (Cash Value Vouchers - CVV)

STATE OF NEW YORKDEPARTMENT OF HEALTH
WIC PROGRAM

PARTICIPANT

AGENCY

301 - Test Agency 301

NOT GOOD
BEFORENOT GOOD
AFTER

11/08/2015

12/07/2015

FOR THESE ITEMS ONLY - REFER TO WIC ACCEPTABLE FOOD CARD

1 \$4.00 Fresh / Frozen / Canned NYS Enhanced Veg/Fruit Benefit

1 \$11.00 Fresh / Frozen / Canned Vegetables and /or fruits

Participant may pay the difference if sale exceeds check amount.

No change allowed if sale is less than the check amount.

"Pay Exactly" amount cannot be more than the check amount.

PAY TO:

VOIDCHECK NOT VALID UNLESS STAMPED
ABOVE BY NYS AUTHORIZED WIC
VENDOR AND DEPOSITED BY 01/07/2016301525885⁸

PAY EXACTLY

\$

.

KeyBank, Albany, NY

29-70
213

15316

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK.

DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK.

IMPROPER USE OF THIS CHECK IS SUBJECT TO STATE AND FEDERAL PROSECUTION.

X

SIGNATURE OF PARTICIPANT AT REDEMPTION MUST MATCH SIGNATURE ON WIC I.D. CARD.
NOT NEGOTIABLE UNLESS SIGNED AND DATED.

DATE:

/ /

Department
of Health

Reminder: CVV Change/Cash Back Policy


- Under normal circumstances, participants are not given change/cash back when shopping with WIC checks.
- **For Cash Value Vouchers (CVVs) only:** A participant is allowed to purchase over the dollar amount of the CVV, pay the difference and receive cash back, if warranted.
 - These messages are also printed on the WIC CVV check

Problem: Cash Value Vouchers

Approximately 10.5% of checks rejected for exceeding the NTE are Cash Value Vouchers

Reminder: Handling Cash Value Vouchers

Problem: Approximately 10.5% of rejected checks are Cash Value Vouchers

Scenario:	Vendor Action Required:
The transaction amount equals the WIC CVV amount	<ul style="list-style-type: none">• Vendor writes the <u>exact</u> transaction amount in the "Pay Exactly" box• No change is due
The transaction amount is less than the WIC CVV amount	<ul style="list-style-type: none">• Vendor writes the <u>exact</u> transaction amount in the "Pay Exactly" box• No change is due
The transaction amount is more than the WIC CVV amount	 <ul style="list-style-type: none">• Vendor writes <u>up to the maximum CVV amount</u> listed on the WIC check• Vendor allows the <u>participant to pay the difference</u> with SNAP-EBT (Electronic Benefit Transfer), Cash, Credit or Debit cards

Reminder: Change in Gerber Baby Food Fruits and Vegetables

- Effective September 30, 2015, Gerber is no longer producing individual 4 oz. glass jars of baby food fruits and vegetables
- Glass jars are being replaced with 2-pack plastic containers
- The 2-pack of 4 oz. plastic containers is WIC Acceptable
- Each 2-pack counts as two containers

Reminder: Change in Gerber Baby Food Fruits and Vegetables

- Many WIC checks list an odd number of 4 oz. containers
- Single jars are necessary for participants to purchase all items on their WIC checks
- Vendors should have single containers in stock

Reminder: Bananas

- “One count banana” means ONE single banana
- Example below shows 4 counts fresh banana = 4 bananas

STATE OF NEW YORK DEPARTMENT OF HEALTH WIC PROGRAM		PARTICIPANT	NOT GOOD BEFORE	NOT GOOD AFTER
		AGENCY	06/03/2015	07/02/2015
FOR THESE ITEMS ONLY - REFER TO WIC ACCEPTABLE FOOD CARD		301 - Test Agency 301	301510228 ⁵	
31 2.5-Ounces Containers WIC Baby Food Meats		PAY TO: VOID	PAY EXACTLY	
28 4-Ounces Containers WIC Baby Food Veg. &/or Fruits			\$.	
3 8-Ounces Gerber Cereal for Baby				
4 Counts Fresh Banana				
KeyBank, Albany, NY		CHECK NOT VALID UNLESS STAMPED ABOVE BY NYS AUTHORIZED WIC VENDOR AND DEPOSITED BY 08/02/2015		
THE BACK OF THIS CHECK CONTAINS A SECURITY MARK. DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK. IMPROPER USE OF THIS CHECK IS SUBJECT TO STATE AND FEDERAL PROSECUTION.		X SIGNATURE OF PARTICIPANT AT REDEMPTION MUST MATCH SIGNATURE ON WIC I.D. CARD. NOT NEGOTIABLE UNLESS SIGNED AND DATED.		DATE: / /

Reminders: Participant Signature/Date

- **Missing Signature or Date on WIC Checks**

- Checks will not be paid
- Do NOT deposit the check or send to the PO Box

- **Error Signing or Dating WIC Checks**

Participant should cross out the error, initial the mistake and re-sign or re-date the check at the time of the transaction

- Vendor should accept and deposit the check
- Do NOT send the check to the PO Box (unless the corrections cause the participant to accidentally write in the “Pay Exactly” box)

Reminders: Banking Support

- Vendors are only allowed to use the WIC PO Box when checks have an altered “Pay Exactly” amount
- This occurs when:
 - A cashier accidentally writes an incorrect “Pay Exactly” amount
 - A participant signs or dates the check with large handwriting and accidentally writes in the “Pay Exactly” box
- Submitting checks to the PO Box must be accompanied with the **Electronic Reimbursement Form**
- Checks submitted to the PO Box for any other reason will not be processed

WIC EBT (eWIC) Implementation

Electronic WIC (eWIC)

- By 2020, the NYS WIC Program will be converting to an online electronic benefits transfer (EBT) system

ACTIVITY	SCHEDULE
Design and Development	April 2016 – April 2017
Testing	June 2017 – June 2018
Training	June 2018 – August 2018
Pilot & Evaluation	September – December 2018
Statewide Implementation	By September 2019

eWIC Vendor Assistance

- NYS WIC Program is researching all components of Electronic Benefits Transfer
- Details on hardware and software requirements, costs and training needs will be provided to authorized vendors as they become available to the NYS WIC Program
- Vendor participation will be requested as NYWIC workgroups are established

Save the dates!

2016 WIC Vendor Webinar Schedule:

DATE:	TIME:
March 15, 2016	12:30 – 2:00p
June 21, 2016	11:00a – 12:30p
September 20, 2016	11:00a – 12:30p
November 30, 2016	1:00 – 2:30p

Comments

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**Thank you for
joining us!**