

### 2.0 Vendor Contracting

Effective Date: 04-01-2025

#### 2.01 Vendor Applications & Authorization

**PURPOSE:** To outline the processes by which Vendor applicants may submit an application and pursue authorization or reauthorization as a WIC Vendor.

#### **DEFINITIONS:**

*Chain contract* means an owning entity with at least three (3) outlet locations authorized on the same WIC Vendor Contract.

*Change of ownership* means a change in taxpayer identification number and/or employer identification number (EIN).

*Direct distribution* means a system in which WIC participants or proxies pick up authorized supplemental foods from storage facilities operated by the Department or its local agencies.

*Home delivery* means a system in which WIC participants or proxies are shipped authorized supplemental foods directly to their home address on file.

*Open Application Period* means the time each year when the Department accepts and reviews applications from all currently authorized and waitlisted Vendors in a given contract region.

*Participant access* means the ability for WIC participants to easily access WIC-authorized Vendors. In Michigan, this is defined by Vendor location relative to other WIC-authorized Vendors (1-mile radius in urban areas and 5-mile radius in rural areas), the number, location and specific needs of participants, and geographic barriers limiting participant access to other Vendors.

*Vendor* means a retail food store or pharmacy with a single, fixed location that is authorized or is applying for authorization by the Department to provide approved supplemental WIC foods to participants. A Vendor's authorization is tied to its owning entity (i.e., sole proprietorship, partnership, cooperative association, corporation, or other business entity).

*Vendor authorization* means the process by which the Department assesses, selects, and enters into a signed agreement or contract with retail food stores or pharmacies that apply or subsequently reapply to be authorized as WIC Vendors.

*Vendor openings* means the number of Vendors able to be authorized in a given zip code area based on a pre-defined Vendor/participant ratio.

*Vendor waitlist* means the list the Department keeps of all Vendor applicants that applied for authorization outside of the open application period but were not authorized due to insufficient Vendor openings.

*WIC benefits* means electronic benefits that can be used to purchase WIC-approved food items from

authorized WIC Vendors using a WIC electronic benefits transfer (EBT) card.

## **A. POLICY:**

1. The Department is responsible for authorization of each Vendor. Retailers may not transact WIC benefits without a current WIC Vendor Contract that has been executed by the Department. (See Vendor Policy 2.05 Application Determination & Contract Execution.)
2. A Vendor must operate from a fixed location, i.e., a single physical store location as defined on their WIC Vendor Contract. The Department will not authorize the following types of stores and/or distribution systems:
  - a. "Home food delivery systems;" or
  - b. "Direct food distribution systems," except under specific circumstances when deemed appropriate by the Department. (See MI-WIC Policy 8.10 Local Agency Formula Distribution.)
  - c. "Mobile stores," which are stores that do not have a single fixed location; or
  - d. "WIC only" stores, or retailers that would have 50% or more of total food sales for any annual period from WIC. (See Vendor Policy 2.02 Vendor Selection Criteria.)
3. Application Process. There are two types of application processes, one for applications received during the Open Application Period (OAP) and one for applications received at any time outside of the OAP.
  - a. Open Application Period
    - i. The Department uses a staggered contract cycle, one for the central region, one for the southeastern region, and the other for the northern region of the state. The open application period (OAP) for each region is October 1 through mid-December, on alternating years, and generally takes place every three years. Refer to Exhibit 2.01A Map of Vendor Contract Cycles for a list of the counties found in each region.
    - ii. At the beginning of the OAP, currently authorized Vendors and retail food stores and pharmacies on the Vendor Waitlist in each region will be emailed an application. (See Exhibit 2.01B WIC Vendor Application and 2.01C WIC Pharmacy Vendor Application.)
    - iii. A notice of the OAP will be published in the WIC Vendor Newsletters and on the WIC Vendor website, where interested parties may download an application as well.
  - b. Applications Received Outside of the OAP

- i. Vendors may apply for authorization at any time outside of their region's OAP.
  - ii. New applications received outside of the OAP and any applications on the Vendor Waitlist will be considered for authorization outside of the OAP only in the event of an opening for a WIC Vendor in the respective zip code during the course of the three-year contract period. (See Vendor Policy 2.04 Vendor Limitation Policy.)
4. Chain Contract Applications. A single owning entity may apply for the WIC authorization of multiple outlet locations, i.e., Vendors, under a single WIC Vendor Application.
  - a. Outlets on a single application must all be located in the same contract cycle region, as described above in Section 3(a)(i).
  - b. The Department's decision to authorize any one Vendor on a chain contract application will be made independently from the authorization status of the other outlet locations on the same application.
5. Vendor Authorization Process. Once an application is received, it will be reviewed by the Department prior to authorization.
  - a. Initial Authorization for New Vendors
    - i. The application process for Vendors who have never participated in the WIC Program, or who have not participated for the past three years will include:
      1. A needs assessment based on geographical area by zip code. (See Vendor Policy 2.04 Vendor Limitation Policy.)
      2. A review and analysis of the WIC Vendor Application and, if applicable, a Quality Exception Review. (See Exhibit 2.04C Quality Exception Review and Vendor Policy 2.04 Vendor Limitation Policy). Incomplete applications may not be considered or processed and may be returned to the Vendor.
      3. A scheduled on-site pre-authorization visit conducted by the Department.
        - a. The Vendor will be authorized after successful verification of eligibility and participation in an on-site training, subject to management approval. (See Exhibit 2.01D Pre-authorization Report, 2.01E Quality Exception Pre-authorization Report, and 2.01F Pharmacy Pre-authorization Report.)

- b. The Vendor will not be authorized if the Department cannot reasonably verify the information on the application, or the Vendor fails to participate in the scheduled pre-authorization training session.
    - i. In this case, the Department will rescind approval of the Vendor's application for authorization and no further action will be taken.
    - ii. New Vendor applicants that fail the initial pre-authorization site visit may re-apply for authorization ninety (90) calendar days from the date of their denial.
  - ii. In the case of a change of ownership, the vendor is treated like a new vendor applicant and must reapply for WIC authorization. When changes in ownership affect participant access, the Department will attempt to minimize disruptions in service by proactively reviewing the new owner's application and allowing routine monitoring visits made up to one year prior to the transaction to meet the pre-authorization visit requirement. (See Policy 5.03 In-store Monitoring Visits.)
- b. Reauthorization for Currently Authorized Vendors
- i. WIC Vendor Contracts last a maximum of three years and expire on June 30<sup>th</sup> of the corresponding region-specific contract cycle year. Upon expiration, there is no obligation on the part of the Vendor or the Department for reauthorization. (See Vendor Policy 2.06 Contract Expiration & Termination, Exhibit 2.05A WIC Vendor Contract and 2.05B WIC Pharmacy Vendor Contract.)
  - ii. The WIC Vendor Contract does not constitute a license or a property interest. If the Vendor wishes to continue to be authorized beyond the period of its current contract, the Vendor must re-apply for authorization.
  - iii. In all cases, the Vendor's new application will be subject to the Department's Vendor Selection Criteria and Vendor Limitation Policy in effect at the time of re-application. (See Vendor Policy 2.02 Vendor Selection Criteria and 2.04 Vendor Limitation Policy.)
  - iv. Vendors with a history of participation in the WIC Program at any business location during the previous three years, will be subject to a review which includes:
    - 1. An analysis of a newly completed WIC Vendor Application.
    - 2. An evaluation of the Vendor's history to determine the Vendor's past

performance at all business locations, including the following areas:

- a. Compliance with the WIC Vendor Contract and other policies, rules and regulations;
  - b. Ability and willingness to cooperate with the Department in carrying out program requirements;
  - c. Responsiveness to warnings and sanctions given; and
  - d. Responsiveness to complaints by participants or other sources.
- v. In the case of stores owned jointly or by corporations, the Department may evaluate past performance as described above at other locations with one or more of the same partners, shareholders, directors, or officers as the applicant.

References:

7 CFR Part 246.2  
7 CFR Part 246.12 (a) (b) (e) (f) (g) (h) (n) (o) (r)  
MI-WIC Policy 8.10 Local Agency Formula Distribution

Cross-References:

2.02 Vendor Selection Criteria  
2.04 Vendor Limitation Policy  
2.05 Application Determination & Contract Execution  
2.06 Contract Expiration & Termination  
5.03 In-store Monitoring Visits

Exhibits:

2.01A Map of Vendor Contract Cycles  
2.01B WIC Vendor Application  
2.01C WIC Pharmacy Vendor Application  
2.01D Pre-authorization Report  
2.01E Quality Exception Pre-authorization Report  
2.01F Pharmacy Pre-authorization Report  
2.04C Quality Exception Review  
2.05A WIC Vendor Contract  
2.05B WIC Pharmacy Vendor Contract