

### 2.0 Vendor Contracting

Effective Date: 02-01-2024

### 2.06 Contract Expiration & Termination

**PURPOSE:** To provide the reasons that a WIC Vendor Contract may expire or be terminated.

#### DEFINITIONS:

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

*Contract expiration* means when a WIC Vendor Contract automatically becomes null and void at the end of the contract period specified on the contract at the time of execution.

*Contract termination* means the premature discontinuation of a WIC Vendor Contract by the Department prior to the set date of contract expiration.

*Disqualification* means imposed ineligibility of a WIC Vendor as a result of certain violations of the WIC Vendor Contract.

*Voluntary withdrawal* means an authorized WIC Vendor chooses to terminate their contract with the WIC Program.

#### A. POLICY:

1. All WIC Vendor Contracts expire on June 30<sup>th</sup> at the end of the three-year region-specific contract cycle and are not automatically renewed.
  - a. Once a contract expires, a Vendor must submit a new application and be reauthorized in order to continue transacting WIC food instruments under a new contract. (See Policy 2.01 Vendor Applications & Authorization.)
  - b. The Department will provide a Vendor with written notice of the expiration of a WIC Vendor Contract not less than fifteen (15) days advance of contract expiration.
  - c. Expiration of a Vendor Contract will not be subject to administrative review. (See Policy 7.02 Adverse Actions Subject to Appeal.)
2. A WIC Vendor Contract may be terminated at any time throughout the contract period by either the Vendor or the Department via the following means.
  - a. Voluntary Withdrawal
    - i. The Vendor may terminate the contract by voluntarily withdrawing from the WIC Program for any reason.

- ii. The Department shall not accept voluntary withdrawal of the Vendor from the WIC Program as a way to circumvent a sanction.
- iii. The Vendor must provide written notice to the Department in advance of the effective date of withdrawal. (See Exhibit 2.05A WIC Vendor Contract, 2.05B WIC Pharmacy Vendor Contract.)
- iv. The Department shall notify the Vendor of the contract termination and the date the Vendor's ability to process WIC EBT transactions will be disabled.

**b. Termination, or Termination and Disqualification**

- i. The Department may terminate and/or disqualify a Vendor for contract violations pursuant to Exhibit 6.01A WIC Vendor Sanction Schedule.
  - ii. If a Vendor relocates, changes ownership, or goes out of business, the contract is immediately terminated.
    - 1. The Vendor must provide written notice to the Department in advance of the effective date of the change in location or ownership.
    - 2. The Vendor must cease all WIC transactions at that time and the Department is entitled to reimbursement of the full sum of any payments received by the Vendor after termination through the issuance of a monetary claim.
  - iii. The Department will complete a Notice of Termination or Notice of Termination and Disqualification and send it to the Vendor. This notice will indicate the reason for termination, or termination and disqualification, and the period and effective date of the termination, or termination and disqualification.
    - 1. The notice will also advise the Vendor of appeal rights, if applicable, and the last date for receipt of food instruments for payment. (See Policy 7.02 Adverse Actions Subject to Appeal.)
    - 2. If the Vendor submits a timely appeal, no adverse action and/or change in WIC Vendor Contract status will be taken until the appeal outcome is reached.
  - iv. During a WIC disqualification period, the Department will not consider any new application for WIC authorization from the disqualified Vendor.
3. For chain contracts, if one or more individual outlet location(s) is to be terminated (i.e., removed from the WIC Vendor Contract) by the owning entity or the Department, a

Contract Amendment must be executed. The Department may terminate, or terminate and disqualify, one or more of the store outlets listed in the contract, if appropriate. (Exhibit 2.05C Contract Amendment.)

4. The Department will conduct a WIC Participant Access Determination prior to terminating and/or disqualifying a Vendor using the following criteria:
  - a. In urban areas, whether there is another WIC-authorized Vendor within a 1-mile radius of the violative Vendor.
  - b. In rural areas, whether there is another WIC-authorized Vendor within a 5-mile radius of the violative Vendor.
  - c. Number, location, and specific needs (including cultural) of participants within the vicinity of the store.
  - d. Geographic barriers limiting participant access to other Vendor locations.

References:

- 7 CFR Part 246.12 (g) (h) (l) (u)
- 7 CFR Part 246.18 (a-f)

Cross-References:

- 2.01 Vendor Applications & Authorization
- 7.02 Adverse Actions Subject to Appeal

Exhibits:

- 2.05A WIC Vendor Contract
- 2.05B WIC Pharmacy Vendor Contract
- 2.05C Contract Amendment
- 6.01A WIC Vendor Sanction Schedule