

Section 11

Selection and Authorization Criteria

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The Hawaii WIC Program authorizes a limited number (150) of Vendors to ensure that WIC Program staff can effectively monitor and review vendor performance. Hawaii WIC Program allows participants to receive supplemental food from any authorized Vendor. Criteria have been established for Vendor selection, including qualifying criteria which limit the number of participating Vendors.

Vendors are selected to meet the needs of the WIC Program and its participants. Vendors do not automatically have the “right” to participate. If there are no WIC authorized vendors, within a ten (10) mile radius, denial based upon the selection criteria may be waived. A waiver may be considered for any of the below criteria, with the exception of criterion #1 (competitive prices) and criterion #2 (stock requirements), if WIC determines that an undue hardship for WIC participants would result if the Vendor were not approved as a Hawaii WIC food Vendor.

The Vendor shall comply with the selection criteria throughout the Agreement period, including any changes to the criteria. The WIC Program may reassess the Vendor for compliance to the selection criteria at any time. Failure to correct any deficiencies upon notification from the WIC Program shall result in the termination of the Vendor’s Agreement. If the applicant provides false information in connection with the application, the application will be denied and/or the Vendor’s Memorandum of Agreement will be immediately terminated.

Hawaii WIC Program will accept and process Vendor applications outside the established timeframes and during any period of closed enrollment if the State Agency determines there will be inadequate participant access to the WIC Program. This includes instances in which a previously authorized Vendor sells a store under circumstances that do not permit timely notification to the State Agency of the change in ownership.

Consideration of applications is limited by the following:

Enrollment is open all year with the exception of July, August and September every third year when all authorizations expire. Application forms are on-line at: hawaii.gov/health/family-child-health/wic/vendor/forms/ven-appl.pdf.

The WIC State Agency will review all applications received and will prioritize applications based on needs assessment. If the number of applicants exceeds the needs of the WIC Program, Vendors will be authorized according to their relative rank. Applications will not be ranked according to the date received. Only vendors submitting a complete application within 30-days of notice from WIC will be considered. The application must include all the documents required as specified in the package. Incomplete applications may be denied.

Geographic regions are one method used to assess the need for Vendors (geographic regions are marked on Hawaii WIC Vendor maps on-line at www.hawaii.gov/health/family-child-health/wic/vendor/ven_maps.html#ven_maps). Applicants will be advised, prior to investing the time and resources in training and stocking of WIC items, if the Participant/Vendor Ratio for the geographical area does not indicate a sufficient number of participants to support the applicant’s location. The following calculations are used in this assessment:

Rural	(4 or less authorized vendors)	shall be greater than 50:1.
Suburban	(5 to 10 authorized vendors)	shall be greater than 200:1.
Urban	(11 or more authorized vendors)	shall be greater than 300:1.

The following mandatory criteria will be used when evaluating applications and throughout the Agreement period:

1. **Competitive Prices** - The applicant shall have shelf prices that are competitive. Vendor applicants' prices will be compared with those of other vendor applicants and currently authorized Vendors who are to be assigned to the same peer group. The WIC Program shall group applicants/Vendors by peer groups and will calculate the average price for the most frequently redeemed food packages by Vendor peer group. Vendor's prices shall not be more than a price set by WIC based on market price information. Some of the set prices are a calculation of the average redemption amount by WIC check type within a peer group plus a tolerance amount to account for variation of product availability, wholesale price changes, participant selection, and shelf prices.

Exemptions from competitive price criteria and maximum allowable reimbursement levels are only allowed for pharmacies that provide only exempt infant formula or WIC-eligible medical foods to participants and for non-profit WIC Vendors (other than health or human services agencies that provide food under contract with the State Agency.)

Shelf prices are manually recorded by the State Agency at an on-site preauthorization visit for initial applications, when change in ownership, and during Routine Monitoring visits.

2. **Stock Requirements** - The applicant shall have and maintain the minimum variety and quantity of WIC foods as required by the Hawaii WIC Program. Infant formula may only be purchased from sources listed on Hawaii WIC Authorized Infant Formula Sources. This listing includes instructions on inquiring about sources not listed. Purchasing from a source not listed may result in a one (1) year disqualification from WIC. The Hawaii WIC Authorized Infant Formula Sources list is maintained on the Vendor Management website at: <http://hawaii.gov/health/family-child-health/wic/vendor/index.html>.

Vendors are required to maintain for inspection and audit by the WIC Program, the State of Hawaii, the USDA Food and Nutrition Service, and the Comptroller General of the United States, inventory records used for tax reporting purposes, all books, receipts, accounts, reports, files, purchase invoices and other records relating to the performance of this Agreement for four (4) years after the expiration of this Agreement. Failure to maintain or provide these purchase records for infant formula and other WIC foods will result in a one (1) year disqualification.

3. **Business Integrity** - The applicant or any of the applicant's current owners, officers, or managers shall not have been convicted of or had a civil judgment entered against them for any activity indicating a lack of business integrity. Activities indicating a lack of business integrity include fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and obstruction of justice.
4. **History of Compliance** - The applicant shall not have been sanctioned or disqualified from participating in any Food Stamp Program/Supplemental Nutrition Assistance Program (SNAP) or WIC Program for a period of six (6) Federal Fiscal Years prior to the application to participate in the Hawaii WIC Program.
5. **Food Stamp/SNAP Authorization** - The applicant shall have authorization from and operate in compliance with Food Stamp Program/SNAP regulations. Applicants who are currently disqualified from the Food Stamp Program/SNAP or that have been assessed a Food Stamp Program/SNAP civil money penalty for hardship, and the disqualification period that would

otherwise have been imposed has not expired, shall not be considered to become a WIC Vendor.

6. **Business Type** - The Vendor shall be located at a fixed permanent location, and shall furnish WIC foods to participants only at the site of the authorized Vendor location. The Vendor shall be a full-line/service grocery store, supermarket, or military store with a fresh meat, produce, dairy and canned goods section. The Vendor shall have a well-stocked line of grocery items featuring three (3) or more brands to choose among for most food lines. The Vendor shall be primarily a retailer of groceries with fifty (50) percent or more of its sales from groceries and not from any combination of alcohol, tobacco products, hot or cold prepared foods, or gas. Convenience stores may be authorized only if a participant need has been determined, they meet all of the criteria and there are no full line grocery stores within a ten (10) mile radius. "Super" stores may be authorized only if they meet all of the criteria and the grocery area is separated from the rest of the store's goods and services.

Hawaii WIC does not authorize convenience stores (primarily engaged in retailing a limited line of goods that generally includes staple groceries such as milk, bread, soda, and snacks, non-foods, and ready-to-heat and ready-to-eat foods.) Convenience stores are between 500 and 3,000+ square feet and 500 and 1,500 Stock Keeping Units (SKUs), with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products and services. Convenience stores usually carry a limited selection of grocery items and are not primarily serving families seeking a full-line of groceries. In addition to not providing all the food needed by a family, convenience stores typically do not provide shopping carts and have limited parking.

The Vendor may not derive, or be expected to derive, more than fifty (50) percent of their total annual food sales revenue from the sale of supplemental foods that are obtained with WIC checks. Hawaii WIC requires the total annual food sales data in order to determine, as required by law, whether a Vendor derives more than fifty (50) percent of their total annual food sales revenue from WIC checks. Some WIC vendors may incur costs to compile this data.

7. **Volume of WIC Business** - Applicants that participated as WIC Vendors during the previous contract year that had an average of 90 or fewer WIC checks redeemed for the most recent fiscal quarter, may be considered to have too low a volume of WIC transactions, and may be evaluated as demonstrating a lack of demand for the Vendor Applicant in the area. The number of WIC checks transacted at new vendors will be evaluated after six (6) months, and Vendors with 90 or fewer WIC checks for their second three (3) months may be terminated within 15 days due to a lack of demand.
8. **Accessibility to WIC participants** - The applicant shall be open for business at least 10 (ten) hours per day, six (6) days a week.
9. **Sanitation** - The applicant shall be in compliance with all state and local sanitation standards. The applicant must have a current Food Establishment Permit posted in the store.
10. **Conflict of Interest** - There shall be no conflict of interest between the Vendor and the Hawaii WIC Program or its clinics.
11. **Registered with the Hawaii State Department of Commerce and Consumer Affairs** – The corporation or business entity applying for WIC authorization must be registered with the Hawaii State Department of Commerce and Consumer Affairs.
12. **Americans with Disabilities Act** – Vendor must comply with the applicable provision of the Americans with Disabilities Act of 1990. This includes an accessible parking space,

accessible entrance, accessible doors, accessible shelves and maneuvering space, and accessible sales and service counters. For further information about the Americans with Disabilities Act, contact the Disability and Communication Access Board, 919 Ala Moana Boulevard, Room 101, Honolulu, Hawaii 96814 (808) 586-8121 (V/TTY) Web site: <http://hawaii.gov/health/dcab/home/index.htm>.