

Reimbursement Levels and Claims Collection

- I. **Reimbursement Levels and Review of Food Instruments**
 - a. Maximum allowable reimbursement levels (MARL) for each WIC food item are calculated based on three standard deviations above the average cost for the food item as compared to other authorized vendors in the same peer group.
 - b. The bank receives the maximum allowable reimbursement level (MARL) for all food instruments for all peer groups and will reject all food instruments greater than three standard deviations above the average cost for the food instrument in accordance to the vendor of redemption by peer group.
- II. **Vendor Overcharge** – Intentionally or unintentionally charging the State agency more for authorized WIC food items than is permitted under the vendor agreement.
 - a. **Claims for Overcharge** – All food instruments redeemed at three standard deviations above the average cost of the food instrument in accordance to the vendor of redemption by peer group or received by the State agency for validation will be screened for overcharge (greater than three standard deviations above the average cost of the food instrument in accordance to the vendor of redemption). If the disputed amount is greater than the maximum estimated cost, the total amount will be adjusted based on the vendor's last price survey or three standard deviations above the vendor's peer group average cost. If the vendor has been paid an amount above three standard deviations plus the average peer group cost, the State Agency will evaluate the transaction and mail a letter to the vendor requesting a reimbursement for the overcharge or a justification of the cause of the overcharge if appropriate. A copy of the food instrument that overcharged the WIC Program will be enclosed with the notification. If justification cannot be established, the vendor is asked to reimburse the Utah WIC Program the difference between the amount the food instrument was cashed for and the actual price of the supplemental foods provided.
- III. **Delay of Payment or Establishment of a Claim** - When the State agency determines the vendor has committed a vendor violation that affects the payment to the vendor, the State agency may delay payment or establish a claim in the amount of the full purchase price of each check that contained the vendor overcharge or other error.
- IV. **Opportunity to justify or correct** – When payment for a check is delayed or a claim established, the State agency must provide the vendor with an

opportunity to justify or correct the vendor overcharge or other error. If satisfied with the justification or correction, the State agency must provide payment or adjust the proposed claim accordingly.

- V. **Timeframe and offset** - The State agency must deny payment or initiate claims collection action within ninety (90) days of either the date of detection of the vendor violation or the completion of the review or investigation giving rise to the claim, whichever is later. Claims collection action may include offset against current and subsequent amounts owed to the vendor.
- VI. **Checks redeemed after the specified time** – With justification and documentation, the State agency may pay vendors for checks submitted for redemption after the specified period for redemption. If the total amount submitted at one time exceeds \$500.00, the State agency must obtain the approval of the FNS Regional Office before payment.
- VII. The vendor must pay any claim assessed by the State agency. In collecting a claim, the State agency may offset the claim against current and subsequent amounts owed to the vendor. In addition to denying payment or assessing a claim, the State agency may impose State Agency violation points or sanctions on the vendor for vendor overcharges or other errors in accordance with the State Agency's Violation Points and Sanction schedule.