

## 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 EBT Processor receives the maximum allowable reimbursement level (MARL) for all food items for all peer groups and will make payment to the vendor for the prices charged up the MARL.
- II. **Vendor Overcharge** – Intentionally or unintentionally charging the State agency more for authorized WIC food items than is permitted under the vendor agreement.
- 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
- IV. **Opportunity to justify or correct** – When payment 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. 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.