

IX. FOOD DELIVERY
F. Vendor Cost Containment Certification

If the State agency has authorized or plans to authorize any above-50% vendors, FNS must certify the vendor cost containment system. A State agency that has not yet received FNS certification must submit a request for certification that contains the following information.

DOES NOT APPLY

1. Calculation of new competitive price levels

Describe how the State agency derived or will derive new competitive price levels for regular vendors, which exclude the prices of above-50-percent vendors.

2. Allowable reimbursement levels for regular vendors and above-50-percent vendors

a. Explain how the State agency will ensure that average payments to above-50-percent vendors do not exceed average payments to comparable regular vendors.

b. The State agency plans to exempt above-50-percent vendors from the competitive price criteria and allowable reimbursement levels.

Yes No

If yes, how many vendors will be exempted? _____

Are these vendors needed to ensure participant access to supplemental foods?

Yes No

c. The State agency applies peer-group-specific maximum allowable reimbursement levels to food instruments during the food instrument redemption process.

Yes No

If yes, describe the procedure or process used:

3. Describe the State agency's methodology for grouping above-50-percent vendors in its peer group system (i.e., separately or in peer groups with regular vendors) and the criteria the State agency uses to identify comparable vendors for each group of above-50-percent vendors.

4. The State agency plans to exempt *non-profit* above-50-percent vendors from competitive price criteria and allowable reimbursement levels.

Yes No

If yes, provide the following information in detail:

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- d. The reason the State agency has decided to exempt such vendors (i.e., the benefits to the program) and the number of non-profit vendors to be exempted;
 - e. The reason the non-profit above-50-percent vendors are needed to ensure participant access to supplemental foods;
 - f. How the prices of the non-profit vendors compare to those of other vendors in their geographic area that are subject to competitive price criteria and allowable reimbursement levels; and
 - g. How the State agency will establish the level of reimbursement for the non-profit above-50-percent vendors that it has exempted.
5. The State agency has fully implemented the competitive price criteria and allowable reimbursement methodologies described in items 1 and 2 above.

Yes No

If the State agency has not fully implemented the revised competitive price and allowable reimbursement methodologies, describe the current status of this effort and include the timetable for achieving full implementation.

6. **The State agency plans to exempt *pharmacy* vendors from competitive price criteria and allowable reimbursement levels.**

Yes No

If yes, the State agency has confirmed that these pharmacies provide only exempt infant formula and/or WIC-eligible medical foods to program participants.

Yes No

7. **Complete the three tables on the following pages to demonstrate that the State agency's methodologies for establishing and implementing competitive price criteria and allowable reimbursement levels will ensure that average payments per food instrument or food item to above-50% vendors will not exceed average payments to regular vendors.**
8. **Attach a copy of the report(s) that the State agency will use to monitor average payments per food instrument to above-50% vendors and regular vendors. If the State agency does not have such a report, describe the State agency's plans to develop and implement a report(s) for monitoring purposes, including the report contents or fields.**