



VENDOR MANAGEMENT & OPERATIONS UNIT

November 9, 2015

Update to Clarification on Change of Ownership: New Contract/Same Regulations (posted 9/25/15), **adding Clarification on Policy WV 10.0 and Moratorium**

Clarification on Change of Ownership: New Contract/Same Regulations – posted 9/25/15

In response to Vendor inquiries regarding the new WIC Vendor Agreement, we are providing the following clarification to address some of the questions we've received. The WIC vendor contract has a different look and feel, but the **content remains the same** regarding federal regulations on the change of ownership. Because there have been some inquiries on this topic we have developed and posted a Technical Guidance Document (TGD) to the DSHS website accessible at the following web

link: <http://www.dshs.state.tx.us/wichd/vo/tgd.aspx>

The TGD addresses and provides examples involving changes in ownership and steps a vendor must take if something changes. Texas WIC is dedicated to ensuring that WIC participants have adequate access to vendor outlets where they can redeem their food benefits, therefore before a vendor application is denied or vendor contract terminated, the state agency considers the impact to participant access.

Another question was asked in regards to the vendor moratorium, which was in place from 2011 through June 2015. During the moratorium vendors with an existing contract could expand by adding new outlets, but the state was not accepting applications from new vendors. With the policy changes implemented on June 15, 2015, the state is now accepting applications from new vendors, specifically full-line grocers, while existing contractors may continue to expand by adding new outlets without having to meet the new vendor requirements for re-applying or expanding. For additional detailed questions regarding the moratorium, we encourage you to contact the state office.

Vendors with specific questions about requirements around change of ownership, expansion ability, and/or changes that trigger a new authorization are encouraged to contact the state agency. For those interested in changing business structure, the state agency strongly encourages vendors to seek legal counsel to ensure they can best achieve their business objectives in a lawful manner.

The Vendor Management & Operations (VMO) team staff is ready to assist you should you have any questions regarding the specifics of the contract requirements and federal regulations. Contact the VMO team at 1-800-252-9629 (Texas only), or email at WICVendorRelations@dshs.texas.gov.

Clarification: WIC Vendor Policy WV 10.0 and Moratorium

In addition to the inquiries addressed in the September 25, 2015 News Flash, Texas WIC has received additional inquiries regarding the eligibility of new vendors in relation to a change in ownership. Texas WIC encourages all vendors to apply to the program. Per the moratorium, all vendors classified as Full-Line (as defined in Section II of the WIC vendor policy WV10.0), during the application phase and the on-site evaluation, are currently being considered for approval as WIC vendors.

The vendor type (full-line, pharmacy, or other) is not synonymous with the cost competitiveness classification of PWIC, TWIC, or Other (as defined in Section VI of the WIC vendor policy WV10.0). For example, a vendor that stocks its shelves with the required food products as listed in policy under the vendor type of Full-Line may also be selling a large amount of WIC approved foods, which places the vendor in the above-50% category of WIC sales. This indicates that a Full-Line vendor could potentially be classified as a PWIC under cost containment, and be eligible for approval as a WIC vendor. Additionally, the business structure of a potential or current vendor doesn't impact authorization as long as the requirements of the moratorium and vendor policy are met.

For additional detailed questions regarding the moratorium, vendor authorization, and/or policy questions we encourage you to contact the state office. The VMO team staff is ready to assist you should you have any questions regarding the specifics of this Vendor News Flash. Contact the VMO team at 1-800-252-9629 (Texas only), or email at WICVendorRelations@dshs.texas.gov.