

Section 6

PAYMENTS

Food Instrument Payments

The Department prints conditional drafts, which are called food instruments and, upon implementation of eWIC, the participant's food benefits will be issued on an electronic card (eWIC card). The food instrument or eWIC card is taken to the Vendor for redemption.

Food Instruments

The Vendor must clearly stamp each food instrument with its authorized WIC Vendor ID stamp in the box that states, "PAY TO THE ORDER OF:". The Vendor will then endorse and deposit the food instrument into its financial institution. The food instrument **must** be deposited no later than sixty (60) calendar days from the "First Date To Use" printed on the food instrument. Food instruments submitted for payment after this date will **not** be honored. Therefore, food instruments must be deposited as soon as possible.

- ➔ **NOTE:** If the Vendor is an authorized ITCA or Navajo Nation WIC Vendor, the Vendor **may not** use the other WIC Program's ID stamp to validate an Arizona WIC Program food instrument.

Payments for food instruments are processed through the normal banking process. The Vendor's financial institution (bank) routes the food instruments through the Federal Reserve System to the WIC Program's banking contractor. The banking contractor will review food instruments using standardized criteria. Benefits that meet all criteria are paid and the funds are credited to the Vendor's account through standard banking procedures.

The Vendor must provide training to cashiers and all other employees who are involved with WIC transactions. The Department will not pay WIC food instruments which are incorrectly completed. Therefore, prior to deposit, it is recommended that the Vendor review the food instrument(s) to ensure that payment will be made.

Payment Criteria for Food Instruments

There are two types of Vendor authorized by the Department. The two types are Regular Vendor and Above-50-Percent Vendor. They are defined in Section 15 of this Vendor Manual.

The payment criteria established for unreasonable dollar amount on the food instrument are different for Regular Vendors and Above-50-Percent Vendors. Payment will be made as defined below.

Regular Vendors will be paid the maximum amount allowed based on the Vendor's peer group.

Above-50-Percent Vendors will be paid the maximum amount allowed based on the Vendor's peer group, which is no more than the average redemption amount for all Regular Vendors by food instrument type.

Food instruments rejected for payment by the banking contractor for unreasonable dollar amount are paid through the Automated Clearing House (ACH) process. A Vendor must provide authorization to the Department and its bank to receive ACH payments or debits.

- ➔ **NOTE:** **Cash Value Voucher** will be paid up to the maximum value as stated on the face of the cash value voucher for both Regular and Above-50 Percent Vendors.

All other payment criteria for rejected food instruments are the same for both Regular and Above-50-Percent Vendors. Payment criteria for all rejected food instruments are outlined on the following page.

Reject Reasons for Food Instruments

The Arizona WIC Program's banking contractor will reject food instruments for only one reason at a time. When you send rejected food instruments to the Department for a second level review, the Department will review them for **all** payment criteria. The table below shows how the different reject reasons affect reimbursement.

<u>REJECT REASON</u>	<u>REIMBURSEMENT</u>
*UNREASONABLE DOLLAR AMOUNT	Yes, payment will be made. The Vendor will be paid through ACH; it will be for the maximum value established for the food instrument type based on the Vendor's peer group, but not more than the maximum stated on the food instrument.
OVER THE \$200 MAXIMUM	No, payment will not be made. Food instruments rejected for payment due to being over the maximum will not be paid by the banking contractor. The Vendor may submit the rejected food instrument for second level review according to the Manual.
MISSING VENDOR ID STAMP	Yes, payment will be made. Clearly stamp the food instrument(s) with your authorized Vendor ID stamp and redeposit the food instrument(s), one time only within sixty (60) calendar days of the First Date to Use. See Second Level Review in this Manual for Extenuating Circumstances for food instrument(s) that cannot be redeposited within the time frame indicated above.
UNREADABLE VENDOR ID STAMP	Yes, payment will be made. Clearly stamp the back side of the food instrument(s) with your authorized Vendor ID stamp and submit for second level review according to the Manual.
MISSING SIGNATURE	No, payment will not be made. Food instrument rejected for payment due to a missing signature will never be paid. Vendors must obtain the signature at the time of redemption before depositing the food instrument for payment. See Answers to Common Questions in the Appendix of this Manual.
ALTERED FOOD INSTRUMENTS	No, payment will not be made. Payment will never be made if white-out was used. See Examples of Altered Food Instruments in the Appendix of this Manual.
STALE DATE (DEPOSITED BEYOND SIXTY (60) CALENDAR DAYS OF FIRST DATE TO USE)	No, payment will not be made. Vendors must submit the food instrument within sixty (60) calendar days of the "FIRST DATE TO USE" printed on the food instrument. See Food Instrument Payments in this Manual.
CASHED EARLY	No, payment will not be made. Food instruments rejected for payment due to early cashing (accepted prior to "THE FIRST DATE TO USE") will never be paid. Vendors must verify the dates are valid before redeeming the food instrument.
CASHED LATE	No, payment will not be made. Food instruments rejected for payment due to cashing after the "LAST DATE TO USE" will never be paid. Vendors must verify that the dates are valid before redeeming the food instrument.
* NOTE:	UNREASONABLE DOLLAR AMOUNT is paid according to the Vendor type (Regular and Above-50-Percent). See the previous page. Cash value vouchers are paid up to the maximum amount printed on it.

Payments for eWIC Benefits

Upon implementation of eWIC, benefits will be paid up to the maximum amount allowed based on the Vendor's peer group for each individual food UPC. Payments are made to the Vendor daily during the end of day process of the eWIC system. The payment criteria for eWIC benefits are as follows:

- **Regular Vendors** will be paid up to the maximum amount allowed based on the Vendor's peer group by individual food item.
- **Above-50-Percent Vendors** will be paid up to the maximum amount allowed based on the Vendor's peer group, which is no more than the average redemption amount for all Regular Vendors by individual food item.

Second Level Review

Upon written request, the Department will provide authorized Vendors with the opportunity for a second level review of food instruments initially rejected for payment. The second level review will use the payment criteria established in this Manual to determine if the rejected food instrument qualifies for payment (full, partial, or none). However, bank charges assessed for returned food instruments will not be reimbursed. Vendors will be notified in writing of the decision made after the second level review.

Vendor Responsibilities

The second level review is conducted solely by the Department. The Vendor is responsible to:

1. Submit the rejected food instrument(s) to the Department within ninety (90) calendar days of the First Date to Use. Food instruments submitted more than ninety (90) calendar days after the First Date to Use may not be accepted for consideration.
2. Submit a written explanation of all extenuating circumstances related to the rejection of the food instrument(s) (See Extenuating Circumstances below).
3. Notify the Department in writing if it is to send the reimbursement(s) to an address other than that listed on the Vendor Contract.
4. The replacement food instrument must be endorsed showing that the payee and Vendor's endorsement match. The replacement food instrument must be deposited in the Vendor's named bank for payment not later than **thirty (30) calendar days** after the issue date for replacement food instrument.

Department Review Responsibilities

The Department will review the food instrument and determine if it can be paid. The Department will determine if the food instrument was submitted within ninety (90) calendar days after the First Date to Use.

1. If the food instrument was submitted more than ninety (90) calendar days after the First Date to Use, the Department may reject the Vendor's request for review. The Department will return food instrument denied for payment at the second level review to the Vendor along with a letter of explanation sent by certified mail.
2. If the food instrument was submitted within ninety (90) calendar days after the First Date to Use, the Department will determine if any of the rejection criteria apply (See Food Instrument Payment Criteria). The Department will issue a replacement food instrument for the food instrument(s) accepted for payment. The signed replacement food instrument(s), along with a letter of explanation will be sent by certified mail.

Extenuating Circumstances

The Department review will consider extenuating circumstances which merit payment of the food instrument. Extenuating circumstances include:

1. Missing Vendor ID stamp

The Department will replace a food instrument, which has a missing Vendor ID stamp if:

- a. The endorsement and redemption were made by an Arizona WIC Program Vendor;
- b. The Vendor provides a written explanation, which documents it was administratively impossible to redeposit the rejected food instrument within sixty (60) calendar days after the First Date to Use;
- c. The Vendor clearly stamps their Vendor ID number on front of the food instrument and there is no other reason for rejection.

2. Stamped with another WIC Program Vendor ID Stamp

The Department will replace a food instrument stamped with another WIC Program Vendor ID stamp if:

- a. The endorsement and redemption were made by an Arizona WIC Program Vendor;
- b. The Vendor clearly stamps their Vendor ID number on the back of food instrument and there is no other reason for rejection.