

**DEPARTMENT OF HEALTH
PUERTO RICO WIC PROGRAM
POLICIES AND PROCEDURES MANUAL**

**POLICY AND PROCEDURE: 6.22
EFFECTIVE DATE: MARCH 2019**

VENDOR MANAGEMENT

VENDORS' OVERCHARGE

POLICY:

Pursuant to Federal Regulation 246.12(k)(1)-(4) the Puerto Rico WIC Program must design and implement a system to review food instruments and cash-value vouchers submitted by vendors for redemption to ensure compliance with the applicable price limitations and to detect questionable food instruments or cash-value vouchers, suspected vendor overcharges, and other errors. The State agency must take follow up action within 120 days of detecting any questionable food instruments or cash-value vouchers, suspected vendor overcharges, and other errors and must implement procedures to reduce the number of errors when possible. The State agency may delay payment or establish a claim in the amount of the full purchase price of each food instrument or cash-value voucher that contained the vendor overcharge or other error. When payment for a food instrument or cash-value voucher is delayed or a claim is 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.

The Puerto Rico WIC program defines an **overcharge** when the vendor intentionally or unintentionally charges the WIC Program more than the vendor's authorized shelf price established for authorized supplemental foods as defined by the vendor agreement. Possible overcharges will be identified by the Management Information System (MIS) from the food instruments that exceed 50% or more of the maximum allowable reimbursement level (MARL). Those identified food instruments have a high probability of charging more than authorized shelf prices. The Program must disqualify a vendor for three (3) years due to a pattern of overcharging, as stated in WIC Program Federal Regulation CFR 246.12 (l)(1)(iii)(C).

PROCEDURE:

A. Determination of Potential Overcharges

1. The Puerto Rico WIC Program, through its MIS will identify food instruments that exceed 50% or more of the maximum allowable reimbursement level (MARL).
2. The PRWIC Program will flag any check including a potential overcharge and will place it on hold for further determination of payment, to be made once the vendor applies the expected price.
3. Per 246.129(k)(3), the PRWIC Program will allow any vendor identified with the potential overcharges or other error, an opportunity to justify or correct the error contained on the food instrument (FI). If the State is satisfied with the justification or correction, the State agency will provide payment or adjust the proposed claim accordingly.
4. An Overcharge Notification Letter will be sent to the vendor to notify the determination taken by the Program.

B. Determination of a Pattern of Overcharges

The Puerto Rico WIC Program will define a pattern of overcharges when the program confirms three incidents or more of overcharges within two consecutive quarters of the vendor agreement period will result in a sanction.

P&P 6.22, March 2019 supersedes P&P 6.22, as of June 2017.