

**DEPARTMENT OF HEALTH
WIC SERVICES**

POLICY AND PROCEDURE MANUAL

**Policy & Procedure Number: 1.34
Effective Date: April 24, 2024**

Functional Area: I. VENDOR MANAGEMENT

Subject: Vendor Peer Group System

A. POLICY:

1. Vendor peer group system means a classification of authorized vendors into groups based on common store characteristics or criteria that affect food prices, for the purpose applying appropriate competitive price criteria to Vendors at authorization and limiting payments for food to competitive levels as established in 7 CFR 246.12(g)(4).
2. The State Agency (SA) shall establish a vendor peer group system, with distinct competitive price criteria and allowable reimbursement levels for each peer group. (P&P 1.35 Competitive Pricing)
3. The SA will inform all vendors of the criteria for peer groups, and shall inform each individual Vendor of its peer group assignment upon initial authorization and at the beginning of each reauthorization period.
4. The SA shall evaluate the effectiveness of the peer groups, allowable reimbursement levels, and competitive price criteria once every three (3) years.
5. The SA may change a Vendor's peer group designation whenever it is determined that placement in an alternate peer group is warranted with written notice to the Vendor. (Attachment 1.34-B Notification of Change to Peer Group Designation - Letter)

B. PROCEDURE:

1. To determine a Vendor's peer group assignment, the SA will consider the number of cash registers, geographic locations, and unique populations served.
2. The SA will assign Vendors into a peer group system consisting of four (4) different store types and three (3) regional classifications. The criteria for store type is described in Attachment 1.34A (Description of Vendor Peer Group System).
 - a. **Large/Chain Stores:** Corporations which own 10 or more stores, or owner of 1 or more stores with 3 or more registers. This also includes online fulfillment centers and commissaries.
 - b. **Small Independent Stores:** Owner of 1 or more stores; each has 1-2 cash registers.
 - c. **Nutritional Specialty Stores:** Stores may be of any size but must specialize in serving individuals with specific dietary requirements. This includes Kosher and Halal stores. (Regional classifications are not applicable for these stores)

- d. **Pharmacy* – Only Exempt Infant Formula/Nutritionals: This entity operates as a Statewide distribution center to ensure WIC participants have access to supplemental foods (i.e., only exempt infant formula/nutritionals). Regional classifications are not applicable to this Peer Group.**
 - a. ***Direct Distribution Center: CAP of Lancaster**
 - e. **eWIC Farmers Redeeming CVB only / Farmers Market Redeeming Farmers Market Nutrition Program (FMNP) benefits: Farmer** is defined as an individual that sells eligible produce to WIC and senior participants and have five acres or more of land that grows food for human consumption. Individuals who exclusively sell produce grown by someone else, such as wholesale distributors, cannot be authorized or be an enrollee. **Farmers Market** is defined as an association of local Farmers and/or Growers authorized by New Jersey Department of Health (NJDOH) who assemble at a defined location for selling their produce directly to consumers.
3. Peer group regional classifications are based on geographic identifiers (with the exception of Nutritional Specialty Stores).
- a. **North:** Bergen, Essex, Hudson, Hunterdon, Morris, Passaic, Somerset, Sussex and Warren
 - b. **Central:** Mercer, Middlesex, Monmouth, Ocean, and Union
 - c. **South:** Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem

Attachment(s):

- 1.34A Description of Vendor Peer Group System
- 1.34B Notification of Change to Peer Group Designation - Letter
- 1.48A Welcome Letter with Vendor ID, Peer Group and E-Mail Address Confirmation
- P&P 1.35 Competitive Pricing