June 12, 2024

SUBJECT: WIC Caseload Management and Cost Savings Strategies

TO: Regional Directors
Supplemental Nutrition Division
All Regional Offices
WIC State Agency Directors
All WIC State Agencies

The purpose of this letter is to summarize existing WIC caseload management policies and ensure WIC State agencies' share a common understanding of allowable caseload management strategies in the event the WIC program experiences funding constraints. Funding constraints may occur when there is a lapse in appropriations, insufficient funding, or other unusual WIC funding circumstances; and WIC State agencies may need to implement caseload management strategies with the goal of providing WIC benefits to the maximum number of people most in need. State agencies are encouraged to review their policies and procedures to ensure they align with this guidance.

This transmittal is organized in three parts: (1) allowable strategies to manage, contain, and control costs to address near term and immediate funding concerns; (2) a reminder to State agencies of ongoing caseload management strategies during periods of less severe funding constraints; and (3) additional caseload management information. The information listed below is *not all-inclusive*. If State agencies have a concern about covering current or anticipated program costs, they should review applicable FNS policies and instructions, listed on the last page of this transmittal.

Further, open and frequent communication between State agencies and FNS is critical for FNS to support State agencies. Therefore, State agencies should reach out to their respective Regional Office as soon as possible when experiencing funding concerns. Any changes to operations that are currently described in the approved State Plan (e.g., changes in the approved food list or shortening certification periods) must be submitted to FNS via State Plan amendment and such changes need to be approved by FNS prior to implementation.[1] FNS stands ready to provide technical assistance during consideration and, if necessary, implementation of the strategies State agencies determine best meet their immediate and long-term needs.

1. MANAGING NEAR-TERM/IMMEDIATE FUNDING CONCERNS

[1] 7 CFR 246.4(c)

To address near-term or immediate funding concerns, a State agency may consider implementing the strategies listed below. These strategies are listed in FNS' recommended order, to minimize the negative impact on participants.

Modify the Approved Food List

As part of managing costs, a State agency may modify the approved food list, while maintaining the maximum monthly allowance of supplemental foods and adhering to regulatory nutritional standards. Such modifications, documented through a State Plan amendment, may include authorizing only the least expensive brands and/or only the most economical container size or packaging of food items (see Food Package Policy and Guidance and WIC Food Cost-Containment Practices Study). State agencies are encouraged to review redemption data to inform decisions prior to making modifications to the approved food list.

Shorten Certification Periods

A State agency may shorten certification periods in order to support ongoing caseload planning and funds management. There are multiple approaches a State agency can take when shortening certification periods.

- State agencies may require local agencies to certify participants for the minimum period specified in regulations.[2] By reducing the certification period for breastfeeding women, infants, and/or children from one year to six months, State agencies may be able to avoid discontinuation of benefits in the middle of a certification period.
- State agencies may authorize local agencies to shorten certifications on a case-by-case basis.[3] With this individualized approach, State agencies should work with their Regional Office to ensure all procedures align with federal requirements.

Target Outreach and Retention Efforts

In an effort to control costs and target benefits, State agencies may wish to consider targeted outreach to serve groups most in need[4,5] and reduce retention efforts such as reminder calls or extended clinic hours . Using data from the State agencies' Affirmative Action Plan[6] can help ensure services and benefits are provided to the local communities and groups most in need.

Implement a Waiting List

[2] 7 CFR 246.7(g)(1)
[3] 7 CFR 246.7(g)(2)
[4] 7 CFR 246.4(a)(7)
[5] 7 CFR 246.6(f)
[6] 7 CFR 246.4(a)(5)

If a local agency determines it is serving its maximum caseload, the local agency must maintain a waiting list for interested applicants.[7] Waiting lists allow an orderly, systematic, and gradual "rebalancing" of caseload composition toward higher priority applicants when resources are limited. WIC Management Information System (MIS) waitlist reporting will provide State agencies the data necessary to implement/apply a waitlist strategy and appropriately prioritize applicants and participants in accordance with program regulations. For additional information on FNS' expectations for MIS waitlist reporting functionality, please see Section 3.1.2.5 of the *Functional Requirements Document for a Model WIC Information System*. State agencies are strongly encouraged to familiarize staff with the waiting list reporting in the MIS. Staff should be trained in how to appropriately prioritize applicants and assign them to the waiting list prior to implementing a waitlist. This may include testing and developing policies and procedures in employing waiting lists.

There are several principles and options a State agency must consider in implementing waiting lists:

- State agencies must adhere to the priority system when implementing a waiting list and scheduling appointments.[8]
- State agencies must offer service to highest priority applicants first and serve all categories of participants within that priority level, then work systematically down the list to the next priority level. Generally, this means the highest priority of applicants are pregnant and breastfeeding women, and infants at medical nutritional risk. Please see Attachment 1 for more information.
- When a State agency is using a waiting list, each time a participant is due to be recertified, their assigned priority level must be reevaluated to determine their current prioritization. For example, when an infant is recertified as a child at 12 months of age, their priority level would be assessed at priority level III or V (child priority levels) based on assigned risks. Depending on the State agency's current waiting list, the child might be eligible for recertification or may need to be assigned to the waiting list if their child priority category is not being served.
- State agencies must notify applicants within 20 days of their placement on a waiting list and inform them of their right to a fair hearing.[9,10,11]
- State agencies must refer applicants to other health or social service programs as appropriate.[12]

There are also several principles and options a State agency may consider in implementing waiting lists:

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[7] 7 CFR 246.7(f)(1)
[8] 7 CFR 246.7(e)(4)
[9] 7 CFR 246.7(f)(1)
[10] 7 CFR 246.9(a)
[11] FNS Instruction 819-2
[12] 7 CFR 246.7(b)

- If caseload management issues are more prevalent in certain local agencies, State agencies should consider reallocating caseload slots from local agencies not serving their maximum caseloads so that applicants do not need to be placed on waiting lists.
- Beyond placement in the priority system by a competent professional authority, State agencies may pre-screen waiting list applicants for eligibility to the extent practical. Clinic staff may also categorize income-eligible applicants by priority based on nutritional risk information.
- State agencies may improve the management of future applications by informing applicants and those making referrals to WIC as to the likelihood of not receiving service until a later time given potential funding constraints.
- State agencies can create sub priorities within priorities of participants based on relative income or nutritional risk as an effective way to further manage caseloads and target benefits based on relative need.[13]

Mid-Certification Benefit Discontinuation Due to Funding Shortfalls

If a State agency experiences a funding shortfall where it is unable to maintain its current level of participation for the remainder of the fiscal year, two broad choices are available. Specifically, WIC regulations allow for 1) mid-certification disqualification or 2) withholding of benefits for program participants.[14] A combination of actions is allowable. Because mid-certification benefit discontinuation is an adverse action, it must be considered only as a last resort. Program regulations require a State agency to explore alternatives (such as placing all new participants on waitlists) before taking any of these actions.[15]

There are several principles and options a State agency should consider when deciding whether to disqualify participants or withhold benefits mid-certification:

- Disqualifying participants is a permanent measure that requires reapplication and certification if the participant wants to receive benefits in the future.
- Withholding benefits is a temporary action which allows benefit issuance to be resumed without reapplication when funds are available. When funding becomes available, participants currently certified must be issued benefits in a systematic and equitable manner, based on the priority system.
- It may be more appropriate to withhold benefits when resumption of benefits is likely to occur as it avoids the administrative costs of additional new certifications associated with disqualifications.
- Disqualified participants may be placed on a waiting list for re-certification when funding becomes available.
- State agencies may use the waiting list reporting provided via their MIS to identify participant priority levels and discontinue benefits for those who are lowest priority.

[13] FNS Instruction 803-2
[14] 7 CFR 246.7(h)(3)(ii)
[15] 7 CFR 246.7(h)(3)(ii)

State agencies should consider the actions and lead time needed to make changes to benefits, particularly issued benefits, to ensure compliance with regulatory timeframes for notification.

As previously stated, these mid-certification actions must be considered only an option of last resort and only after the State agency has explored all other alternative actions because these are both adverse actions. The disqualification action or withholding of benefits must affect the least possible number of participants and be directed first at those where their nutritional and health status is at least risk.[16] Using the already established priority system optimizes serving participants in this manner. FNS will request a State agency provide the following information in order to ensure compliance with regulatory requirements governing this section: (1) a summary description of the alternatives explored prior to implementing any adverse action, and (2) an explanation of how the planned action is intended to meet the criteria of affecting the least number of people and also the lowest priority persons to bring caseload in line with available resources.

The State agency must also consider the following:

- Mid-certification discontinuation of benefits must be applied in an equitable manner, to the least number of lowest priority persons necessary to bring caseload under control.
- If a State agency disqualifies or withholds benefits from any participant during a certification period due to a shortage of funds, it must issue to the participant a 15-day advance notice of such an action as well as a notice of the right to a fair hearing.[17]
- No applicant or current participant seeking recertification for benefits – in any category or priority – may be newly certified during a period in which a State agency is employing mid-certification adverse actions.[18,19]
- As noted at the end of this transmittal, State agencies must notify their Regional Office in writing before implementing any of these strategies, including mid-certification adverse actions. State agencies employing mid-certification adverse actions should work with their Regional Office and the National Office to determine when circumstances leading to the funding shortage have changed and the State agency may begin enrolling new participants again.

2. ONGOING CASELOAD MANAGEMENT STRATEGIES

While this transmittal is intended to focus on allowable options for State agencies during a period of severe and/or near-term funding constraints, State agencies are reminded of the following strategies to contain costs.

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[16] 7 CFR 246.7(h)(3)(ii)
[17] 7 CFR Part 246.7(j)(6), (8), and (9)
[18] 7 CFR 246.7(h)(3)
[19] FNS Instruction 803-9

Competitive Vendor Selection

Vendor cost containment strategies directly support cost savings for the WIC Program. State agencies should be authorizing vendors which offer the Program the most competitive prices. A WIC State agency may:

- Assess its peer groups to ensure they are efficient and effective.[20]
- Adjust their vendor authorization and cost containment policies, including their competitive price selection criteria (CPSC) and/or maximum allowable reimbursement levels.[21]
- State agencies that authorize above-50-percent vendors (A50s) may want to assess the effectiveness of their A50 vendor populations and ensure continued oversight of cost neutrality assessments.[22]

Disqualification Due to Failure to Pick Up WIC Benefits

A State agency may allow local agencies to disqualify a participant for failure to obtain food instruments, cash-value vouchers, or supplemental foods for a number of consecutive months, as specified by the State agency.[23] Pursuant to State agency policy, proof of such failure can include failure to pick up benefits, nonreceipt of food instruments or cash-value vouchers (when mailed instruments or vouchers are returned), or failure to have an electronic benefit transfer card revalidated. Unlike disqualification due to funding shortfalls, the State agency does not need to issue a 15-day advance notice of such action.[24] While disqualifying participants due to failure to pick up WIC benefits may not result in cost-savings, State agencies may still use this as a caseload management strategy to make additional caseload slots available.

3. ADDITIONAL CASELOAD MANAGEMENT INFORMATION

When considering various caseload management strategies such as modifying the approved food list, State agencies should consider the costs (e.g., MIS modifications) of implementing and monitoring changes, which may include training of WIC staff, vendors, and participants. State agencies should make sure the projected savings outweigh the costs of implementation.

[20] WIC Vendor Peer Group Study
[21] 7 CFR 246.12(g)(4)
[22] 7 CFR 246.12(g)(4)(i)(D)
[23] 7 CFR 246.7(h)(3)(i)
[24] 7 CFR 246.7(j)(6)

As a reminder, Nutrition Services Administration (NSA) funds may be converted to Food funds without prior approval.[25] Additionally, alternate sources of funding may be used to carry out the WIC program.

Notify FNS Prior to Action

State agencies must notify their respective Regional Office, in writing, prior to implementing any strategies to manage WIC caseloads due to constrained funding.[26] **Further, any changes in operations (e.g., changes in the approved food list or shortening certification periods) must be submitted to FNS via State Plan amendment and such changes must be approved by FNS prior to implementation.[27]**

As highlighted above, close communication with FNS is critically important when State agencies begin to consider caseload management strategies as discussed here. In turn, FNS will continue to work with State agencies to refine forecasts of funding, validate caseload projections, and discuss available tools and strategies to support anticipated funding and caseload management needs. Ultimately, we are committed to working in partnership to minimize the potential negative impact of insufficient funding on WIC participants and applicants.

State agencies may direct any questions to their respective FNS Regional Office.

Sara L Olson

SARA OLSON
Director
Policy Division
Supplemental Nutrition and Safety Programs

[25] 7 CFR 246.14(a)(2)
[26] WIC Policy Memorandum #97-7: *Caseload Management*
[27] 7 CFR 246.4(c)

Referenced Policy and Instruction Documents

Number and Date	Title
FNS Instruction 803-9 December 2, 1988	*WIC Program Certification: Actions Which Affect Participation Mid-Certification*
FNS Instruction 803-6 April 1, 1988	*WIC Program Certification: Waiting Lists*
FNS Instruction 803-2 April 1, 1988	*WIC Program Certification: Nutritional Risk/Participant Priority System*
WIC Policy Memorandum: #93-8 July 26, 1993	*WIC Priority Restrictions*
WIC Policy Memorandum #97-7 May 5, 1997	*Caseload Management*
WIC Policy Memorandum #2015-6 August 10, 2015	*Promising Practices in WIC Cost Containment*

Attachment 1:

Summarization of WIC Priority System*	
Priority I – Medical Nutritional Risk	• Pregnant participants/applicants • Breastfeeding participants/applicants • Infants
Priority II – Predisposing Factors	• Infants of Program participants who participated during pregnancy. • Infants of non-Program participants who were at medical nutritional risk during pregnancy
Priority III – Medical Nutritional Risk **	• Children
Priority IV – Inadequate Dietary Pattern **	• Pregnant participants/applicants • Breastfeeding participants/applicants • Infants
Priority V – Inadequate Dietary Pattern **	• Children
Priority VI – All Nutritional Risks	• Postpartum participants/applicants
Priority VII – Homelessness, Migrancy, and Regression ***	• Individuals certified for WIC solely due to homelessness or migrancy. • Previously certified participants who might regress in nutritional status without continued provision of supplemental foods.

* For detailed information on WIC's nutritional risk priority system, please refer to 7 CFR 246.7(e)(4).

** The State agency may expand Priority III, IV, V to include high-risk postpartum women

*** Using Priority VII is a State Option