VI. FOOD FUNDS MANAGEMENT

(Please indicate) **State Agency:** **Utah** for **FY** **2016**

Food funds management involves monitoring cost containment measures and procedures related to infant formula and other authorized food items, the monitoring and management of State agency funding sources, and the accurate reporting of participation figures.

A. ***Cost Containment Measures - 246.4(a)(14)(x):*** describe the policies and procedures used to implement cost containment measures as they relate to infant formula contracts, their approval and the processing of infant formula and/ or other rebates, and food package cost containment practices.

B. ***Funds Monitoring/798 Reporting - 246.4(a)(2); (a)(12); and (a)(14)*****:** describe the State agency's funding sources, how food obligations are calculated to allow for inflation, rebate cash management, and monthly closeout monitoring activities.

C. ***Participation Reporting - 246.4(a)(11)(i):*** describe the methods used to accurately document and monitor participation at the State and local level, and methods for monitoring changes in participation by priority.

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A. Cost Containment Measures

1. The State agency seeks FNS approval related to infant formula cost containment measures (check one):

- ☐ For a waiver of the requirement for a single-supplier competitive system. State agency must complete a cost comparison projecting food cost savings in the single-supplier competitive system based on the lowest monthly net price or highest monthly rebate (as required in Section 246.16a(d)(2)(i) through (d)(2)(iii) and savings under an alternative cost containment system, Section 246.16a(d)(2)(B)
- ☐ To issue an infant formula bid solicitation that evaluates bids by highest rebate. A State agency must demonstrate to FNS' satisfaction that the weighted average retail prices for different brands of infant formula in the State vary by 5% or less, Section 246.16a(c)(5)(iii)
- ☒ Not applicable

Please attach in the Appendix supporting documentation for requests for FNS approval.

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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2. Cost Containment Contracts for Infant Formula

a. The State agency has a rebate contract/agreement for infant formula.

☒ Yes
If yes, attach contract in Appendix

☐ No
If no, check which applies:

- ☐ Granted waiver
- ☐ ITO with participation under 1,000 as of April

b. The State agency acquires infant formula through (check all that apply):

- ☐ Home food delivery system
- ☐ Direct distribution food delivery system
- ☒ Retail food delivery system
- ☒ Other (specify): Pharmacy contract for medical/exempt formula

c. The duration of the contract or rebate agreement(s) in effect is: _____

For a single-supplier system or multi-supplier: **Date contract/agreement:** _____

Manufacturer	Began	Expires	Extensions
Abbott	10/01/2012	09/30/2018	
Mead Johnson	10/01/2012	09/30/2015	

***If contract expires during the fiscal year see sections 3 and 4**

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A. Cost Containment Measures

d. Current fiscal year rebates and current net price per unit paid (note the price should reflect current prices rather than original contract prices and rebate amounts):

Primary Contract Infant Formula				
Product/Unit Size	**Manufacturer**	**Rebate/Unit**	**Net price/Unit**	**% WS Discount**
Liquid Concentrate				
Milk-Based	Abbott	4.32	5.89	73
Soy-based*	Mead Johnson	4.055	5.53	73
Powder				
Milk-based	Abbott	13.75	17.19	80
Soy-based*	Mead Johnson	14.4074	18.63	77
Ready to Feed				
Milk-Based	Abbott	2.0750	7.57	27
Soy-based*	Mead Johnson	5.5848	7.82	71
Exempt Formula (If applicable)				

***If uncoupled/separate contracts for milk- and soy-based infant formula.**

e. Infant Formula Issuance.

Does the State agency issue the Primary Contract Infant Formula as the first choice of issuance (by physical form), with all other infant formula infant formulas issued as an alternative? (Section 246.16a(c)(8) & 246.10(e)(1)(iii))

☒ Yes ☐ No

The percent of infants receiving each type of formula is estimated at:

Contract 68.69

Non-contract

Exempt infant formula 2.81

Non-exempt infant formula 7.67

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

VI. FOOD FUNDS MANAGEMENT

A. Cost Containment Measures

3. The State agency's infant formula rebate solicitation/contract contains the following provisions (check all that apply):

- ☐ Establishes the contractor's responsibility to provide sufficient quantities of products covered by contract to all authorized WIC vendors in the State.
- ☐ Requires contractor to provide a rebate on all infant formulas it produces that the State agency chooses to issue, except exempt infant formulas. (Section 246.16a(c)(2)(i) & (ii))
- ☐ Specifies that the rebate reflects the same percentage discount on the manufacturer's lowest national wholesale cost as the corresponding physical form (i.e., liquid concentrate) of the Primary Contract Infant Formula for which bids were received. (Section 246.16a(c)(7)(i & ii))
- ☐ Requires manufacturer to adjust for price changes subsequent to the bid opening. The provision requires a cent-for-cent increase and decrease in the rebate amounts whenever there is any change in the lowest national wholesale price for a full truckload of a particular infant formula. (Section 246.16a(c)(7)(iv))
- ☐ Specifies that the contractor shall pay the rebate in effect on the day the participant actually transacts the food instrument (regardless of the food instruments' issuance date).
- ☐ Requires payment of rebates on all infant formula purchased while contract is in effect, even though the contract may be void at the time payment is due.
- ☐ Stipulates sanctions for unfulfilled contract obligations (e.g., if payment is not made within 30 days of the invoice date, the contractor will pay the State agency with interest, at a rate specified in the contract, on the unpaid balance until such time as payment is made over and above the amount due from infant formula rebate.)
- ☐ Includes an extension option for a specified length of time. Terms and conditions of extension periods are specified in the request for bids and contract.
- ☐ Addresses billing discrepancies. Prohibits contractor from withholding rebate payments due under any circumstances. All disputes must be settled by closeout of the fiscal year in which the dispute occurred.

4. For all authorized food, including infant formula, rebate solicitations the following applies:

- ☐ The State agency provides a minimum of 30 days between the publication of the rebate solicitation and the date on which the bids are due, unless exempted by the Secretary. (Section 246.16a(c)(1)(i))
- ☐ The State agency publicly opens and reads all bids aloud on the day the bids are due. (Section 246.16a(c)(1)(ii))
- ☐ The rebate solicitation must identify the composition of State alliances for the purpose of a cost containment measure, and verify that no additional States shall be added between the date of the bid solicitation and the end of the contract. (Section 246.16a(c)(3))

If single solicitation, State agency serves a monthly average of less than 100,000 infants during preceding 12-month period. (Section 246.16a(c)(2)(ii))

☐ Yes ☐ No

If no, requested separate bids for milk- and soy-based formulas or other foods.

☐ Yes ☐ No

Is solicitation for a State alliance? ☐ Yes ☐ No

If yes, the size of alliance must be no more than 100,000 infants as of October 1, 2003, unless (Section 246.16a(c)(3)):

- ☐ Alliance existed prior to July 1, 2004 and has not added additional State agencies,
- ☐ Alliance expanded to include an ITO, or
- ☐ Alliance expanded to include a State agency(ies) that serves less than 5,000.

VI. FOOD FUNDS MANAGEMENT
A. Cost Containment Measures

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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5. Cost Containment for Other Foods

a. Rebates are also obtained on other WIC foods.

☐ Yes (specify foods and attach contract in Appendix): _____

☒ No

b. The State agency intends to pursue rebates on other authorized foods.

☐ Yes (specify): _____

☒ No

c. To contain food costs, the State agency has limited authorized foods/container sizes/types, etc.

☒ Yes (If yes, note such limitations on the following table)

☐ No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

VI. FOOD FUNDS MANAGEMENT
A. Cost Containment Measures

	Specific brands are designated/ Disallowed	Only certain container sizes are allowed	Allowable types are limited	Other
Exempt formula for women, infants & children		x		
Infant cereal	x	x	x	
Infant Fruit/Veg/Meat	x	x	x	
Whole fresh fluid milk	x	x	x	
Lowfat fresh fluid milk	x	x	x	
Skim fresh fluid milk	x	x	x	
Fresh milks (e.g., Lactaid, cultured buttermilk, goat milk) (specify):	x	x	x	
Shelf-stable milk (e.g., evaporated milk, UHT, whole/ low fat/nonfat dry milk)	x	x	x	
Cheese	x	x	x	
Yogurt	x	x	x	
Soy-based beverage	x	x	x	
Tofu				N/A
Fresh eggs	x	x	x	
Dried egg mix				N/A
Hot cereal	x		x	
Cold cereal	x	x	x	
Single strength fruit/vegetable juice	x	x	x	
Concentrated fruit/vegetable juice	x	x	x	
Whole wheat bread	x	x	x	
Other whole grains	x	x	x	
Peanut butter	x	x	x	
Dry beans/peas	x	x	x	
Canned Fish	x	x	x	
Canned beans/peas	x	x	x	

VI. FOOD FUNDS MANAGEMENT
B. Funds Monitoring/798 Reporting

1. The State agency has procedures to assure that the requirements are met regarding the nonprocurement of food in bulk lots, supplies, equipment and other services from entities that have been debarred or suspended.

☒ Yes ☐ No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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2. Food Cost Obligations

a. The State agency calculates food obligations based on the following data (check one):

☒ Number of expected participants and average food cost per participant

☐ Number of expected participants by category (e.g., pregnant woman, infant, etc.) and average food cost per participant category

☐ Number of expected redemptions by food instrument type and cash-value voucher type and average value per food instrument type and cash-value voucher type

☐ Other (specify): _____

b. The State agency estimates the impact of inflation on food costs through the use of the following inflation escalators:

☐ Inflation factor used in Federal funding formula

☐ State-generated estimates of inflation based on State market basket of foods

☒ Best guess by food item based on economic reports or other sources

☐ Other (specify): _____

c. The State agency ADP system automatically produces a monthly obligation amount

☐ Yes

☒ No, data are pulled from various sources and an estimated amount is calculated manually or with a PC spreadsheet

☐ Other (specify): _____

d. The State agency system (in-house or contracted) provides the following data on food instrument and cash-value voucher redemptions at specific (daily, weekly, monthly, as needed) frequencies (check all that apply and provide frequency):

Frequency	Data
Daily	☒ Food instruments and cash-value vouchers paid for issue month
Daily	☒ Food instruments and cash-value vouchers outstanding for issue month
Daily	☒ Food instruments and cash-value vouchers that have expired
Daily	☒ Food instruments and cash-value vouchers that are void/unclaimed

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

VI. FOOD FUNDS MANAGEMENT
B. Funds Monitoring/798 Reporting

3. Rebate Cash Management

a. The State agency has a billing system in place that ensures rebate invoices for all authorized food, including infant formula, under competitive bidding, provide a reasonable estimate, or actual count of the number of units purchased by participants during WIC transactions (Section 246.16a(k)).

- [x] Actual count of units purchased
- [ ] Estimate of units purchased (attach methodology)
- [ ] Other (describe): _____

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

_____

b. The State agency uses a food instrument that enables it to identify the type and brand of infant formula redeemed.

- [x] Yes, for all formula types, brands, and physical forms
- [ ] Yes, for exempt infant formulas
- [ ] No

c. The invoice to the formula manufacturer is issued by:

- [ ] The WIC unit
- [x] The State agency fiscal unit
- [ ] Other (specify): _____

d. Monthly invoices are submitted with supporting data.

- [x] Yes
- [ ] No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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4. Closeout of Report Month Outlays

a. The State agency allows the food vendor (and farmer if any) the following number of days to submit food instruments and cash-value vouchers for payment (provide the number of days):

_____ Days from the participant's first valid date

b. The State agency is generally able to close out a report month completely within:

- [ ] 90 days
- [ ] 120 days
- [x] Other (specify number of days): 30

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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VI. FOOD FUNDS MANAGEMENT
B. Funds Monitoring/798 Reporting

5. Indicate the method used to reimburse vendors (and farmers if any) for redeemed food instruments and cash-value vouchers or other services and specify the entity responsible for making payment:

State WIC	State FM	Other (Specify)	
☐	☐	_____	By check directly to vendor or farmer
☒	☐	_____	By check directly to vendor's or farmer's bank
☐	☐	_____	By electronic transfer to vendor's or farmer's bank
☐	☐	_____	Other (specify): _____

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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VI. FOOD FUNDS MANAGEMENT
C. Participation Reporting

1. Participation Counting

a. The State agency counts an enrollee who received at least one food instrument/food package (or who received no food instrument/food package, but was either a fully-breastfed infant of a participating breastfeeding woman or a woman partially breastfeeding a participating 6 to 12 month old infant) as a participant during:

- ☒ The calendar month
- ☐ The computer system cycle month
- ☐ Other (specify): _____

b. The State agency receives participation counts from:

- ☒ The State agency computer system based on the number of persons issued food or food instruments (manual and automated food instruments), the number of fully-breastfed infants who receive no food or food instruments, but are breastfed by participating breastfeeding women, and the number of women who receive no food or food instruments, but are partially breastfeeding a participating 6 to 12 month old infant.
- ☐ Counts reported from local agencies based on issuance records
- ☐ Other (specify): _____

c. If State funds are present, the State agency differentiates between Federal-supported and State-supported participants by:

- ☐ Special code on food instrument
- ☐ Special areas of State designated as State-supported areas
- ☐ Pro rata allocation based on proportion of Federal to State funds spent
- ☐ Other (specify): _____

VI. FOOD FUNDS MANAGEMENT
C. Participation Reporting

d. When local agencies are chronically late in furnishing food instrument and/or certification data needed for participation counts, the State agency:

- ☐ Sends warnings
- ☐ Applies financial sanctions
- ☐ Requires manual reporting
- ☐ Other (specify): _____

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

_____

2. Participation by Priority

a. Priority level is a critical data field in the State agency's computer system.

☒ Yes ☐ No

b. The State computer system automatically assigns priority level based on the enrollee's nutritional risk condition.

☒ Yes ☐ No

c. The State agency's computer system revises the priority level determination when a participant changes category (e.g., infant becomes child and receives a child's food package).

☒ Yes ☐ No

d. The State agency has an "unknown" priority category for VOC transfers where priority is unknown.

☐ Yes ☒ No

3. Participation by Local Agency

The State agency's computer system supports its requirement to report participation data by local agency to measure breastfeeding performance.

☒ Yes ☐ No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

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