

## Section III: State Agency Procedure Manual

### VI. State Food Funds

#### B. Cost Containment

##### Purpose

The Montana WIC Program will efficiently use funds to serve the maximum number of participants through a variety of cost containment approaches.

##### Policy

The Montana WIC Program participates in an infant formula rebate contract and maintains competitive pricing criteria.

---

#### 1. Infant Formula Rebate

Montana participates in the Western States Contracting Alliance – National Association of State Procurement Officials (WSCA-NASPO) for infant formula rebate. WSCA-NASPO will 1) identify the states in the alliance, 2) verify that no additional states are added to the WSCA-NASPO infant formula cost containment bid solicitation between date of bid and end of contract, 3) read opened bids aloud publicly on the date bids are due, and 4) allow a minimum of 30 days between publication of solicitation and due date of bids. At the time the WSCA-NASPO bid process is begun, Montana will review the process for these items:

- The Montana WIC Program is entered into a competitive sole-source contract for approved and authorized infant formula. The foods procured will include milk and soy-based infant formulas in concentrate, ready-to-feed, and powdered forms.
- All manufacturers registered with the United States Department of Health and Human Services (DHHS) whose products fulfill the Infant Formula Act requirements have been offered the opportunity to bid on the initiative. In compliance with 7 CFR parts 3017, certification will be included in contractors' agreements that they and any subcontractors have not been debarred or suspended.
- All manufacturers registered with the United States Department of Health and Human Services (DHHS) whose products fulfill the Infant Formula Act requirements may sell special formula to Montana WIC participants through participating retailers or by direct purchase whether they offer a rebate on WIC infant formula.
- Rebate Initiative
  - The rebate initiative is implemented statewide.
  - Under this initiative, part of the cost of infant formula provided by the Montana WIC Program is rebated by eligible providers allowing WIC to serve additional participants.
  - Calculations
    - The Montana WIC Program calculates the number of cans of formula, by brand and type, purchased each month.
    - Claims will be filed monthly with rebate values to DPHHS due in 30 days from receipt of invoice. All claims submitted by DPHHS will be sent within forty-five (45) days of the end of each month.
  - Contracts

- Any contracts signed with companies to implement this initiative shall stipulate that the products meet the provisions of the Food, Drug and Cosmetic Act as it relates to infant formula.
- Time Period
  - WSCA-NASPO has a contract for milk and soy based infant formulas with Abbott Nutrition. The term of this contract is from January 29, 2019 to January 28, 2025.

## **2. Competitive Pricing**

- Competitive pricing fosters financial integrity and the most efficient use of WIC funds, which enables the program to serve the WIC participants with the current food budget. All retailers are held to competitive prices within their assigned peer group. Each WIC food item has a Maximum Allowable Reimbursement (MAR) for each peer group. MAR prices are calculated on an ongoing basis by averaging the requested prices for each item and adding a peer group specific buffer to that average.
  - If a retailer's requested price is greater than the MAR, their payment will be automatically adjusted to the MAR amount.