



## TABLE OF CONTENTS

## VI. FOOD FUNDS MANAGEMENT

<b>A. COST CONTAINMENT MEASURES.....</b>	FFM-2
1. NASPO ValuePoint Formula Rebates for WIC Alliance. ....	FFM-2
2. Rebate Contract/Agreement for Infant Formula .....	FFM-2
3. Infant Formula Rebate .....	FFM-3
4. Infant Formula Rebate Solicitation.....	FFM-4
5. Cost Containment for Other Foods .....	FFM-4
<b>B. FUNDS MONITORING/798 REPORTING.....</b>	FFM-4
1. Funding Sources.....	FFM-5
2. Procurement by the State Agency .....	FFM-5
3. Food Cost Obligations .....	FFM-5
4. Rebate Cash Management .....	FFM-5
5. Closeout of Report Month Outlays .....	FFM-6
6. The Method Used to Reimburse Vendors for Redeemed Food Instruments .....	FFM-6
<b>C. PARTICIPATION REPORTING.....</b>	FFM-7
1. Participation Counting .....	FFM-7
2. Participation by Priority .....	FFM-7

**APPENDIX – NASPO ValuePoint Formula Rebates for WIC Master Agreement**  
**Guam WIC Approved Foods List (Revised 4/26/2021)**

**VI. FOOD FUNDS MANAGEMENT****A. COST CONTAINMENT MEASURES**

1. National Association of State Procurement Officials (NASPO) ValuePoint Formula Rebates for WIC Alliance

The Guam WIC Program currently participates with 22 other WIC State Agencies in the NASPO ValuePoint Formula Rebates for WIC Alliance formerly, Western States Contracting Alliance (WSCA), Infant Formula Rebate (IFR) Contract based on a solicitation that evaluates bids by determining the lowest net wholesale cost/can of infant formula. The Alliance consist of the following State Agencies of Alaska, American Samoa, Arizona, Commonwealth of the Northern Mariana Islands, Delaware, District of Columbia, Guam, Hawaii, Idaho, Intertribal Council of Arizona, Intertribal Council of Nevada, Kansas, Maryland, Montana, Navajo Nation, Nevada, Oregon (lead State agency), Osage Nation, Pueblo of Isleta, Utah, Virgin Islands, Washington, West Virginia and Wyoming.

2. Rebate contract/agreement for infant formula
  - a. NASPO ValuePoint Formula Rebates for WIC Master Agreement #8327, awarded 11/26/2018 to Abbott Nutrition, Abbott Laboratories Inc. for milk-based and soy-based infant formula for the service period 1/29/2019 through 1/28/2022 with the option to extend up to three (3) additional years in 1-year, 2-year or 3-year terms, provided that the term including all extensions does not exceed six (6) years from the commencement date. The contract was extended for a 3-year term, expiring 1/28/2025.
  - b. The state agency acquires infant formula through retail food delivery system.
  - c. The term of the NASPO ValuePoint Formula Rebates for WIC Master Agreement with the awarded infant formula manufacturer for milk-based and soy-based infant formula commences January 29, 2019 through January 28, 2022, including an option to extend for three (3) additional years in 1-year, 2-year or 3-year terms, not to exceed six (6) years or January 28, 2025. Contract extensions are subject to mutual agreement by Office of State Procurement (OSP), Participating State Agencies and the Contractor, and will be processed approximately 18 months in advance of contract expiration date. The Contractor must respond within forty-five (45) calendar days following receipt of the OSP request for extension. All terms and conditions of the Contract will continue in force in the event of a Contract extension.
  - d. The rebates per unit, effective **March 1, 2022**, for the contracted milk-based



formula paid are:

Formula/Unit	Rebate Per Can	Net Cost Per Can	Percent Discount
Similac Advance 13oz Concentrate	\$5.67	\$4.69	120.90%
Similac Advance 12.4oz Powder	\$19.15	\$16.34	117.20%
Similac Advance 32oz RTF	\$5.56	\$7.64	72.77%
*Similac Advance 8oz RTF	\$7.768	\$11.28	68.86%
Similac ProAdvance 8oz RTF	\$8.972	\$13.03	68.86%

\* The 8oz RTF Similac Advance has been discontinued effective July 1, 2020. Abbott will continue to pay rebates on this item as long as the product is available in the market.

The rebates per unit, effective **March 1, 2022**, for the contracted soy-based formula paid are:

Formula/Unit	Rebate Per Can	Net Cost Per Can	Percent Discount
Similac Soy Isomil 13oz Concentrate	\$4.97	\$5.03	98.81%
Similac Soy Isomil 12.4oz Powder	\$16.17	\$17.67	98.81%
Similac Soy Isomil 32oz RTF	\$5.16	\$8.32	62.02%

- e. The percent of infants receiving each type of formula is based on April 2021 data:

Type	Percent of Infants
Contract	93.11%
Non-Contract	
Exempt infant formula	1.67%
Non-exempt infant formula	5.22%

### 3. Infant Formula Rebate

The state agency participates in the NASPO ValuePoint Master Agreement that was effective January 29, 2019 (milk-based and soy-based), contains the following provisions within the Scope of Work and Specifications:

- Establishes the contractor's responsibility to provide sufficient quantities of products covered by contract to all authorized WIC vendors in the State.
- Establishes the contractor's responsibility on the failures to supply sufficient quantities of the contracted milk-based and/or soy-based infant formula.
- Requires contractor to provide a rebate on all infant formulas it produces that the state agency chooses to issue, except exempt infant formulas.
- Requires that the rebate for all infant formula described above equals same percentage discount as the corresponding physical form (i.e. liquid concentrate) on wholesale cost as the rebate for which bids were received.
- Requires manufacturer to adjust for price changes subsequent to the bid



opening. Inflation provision requires either a cent-for-cent increase in the rebate amounts whenever there is any change in the lowest national wholesale price for a full truckload of a particular infant formula.

- The NASPO ValuePoint agreement *does not* specify 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). However, the rebate is in effect on the first day of the month the food instrument was paid.
  - 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.
  - Invoices with supporting documents shall be done monthly.
  - Stipulate sanctions for unfulfilled contract obligations.
  - Delineate an option to extend the contract for three additional years in 1-year, 2-year or 3-year terms, not to exceed six (6) years or January 28, 2025 and specify the terms and conditions of extension periods in the request for bids and contract.
  - Addresses billing discrepancies, prohibits the contractor from withholding rebate payments due under any circumstances, stipulates that all disputes must be settled by closeout of the fiscal year in which the dispute occurred.
4. Infant Formula Rebate Solicitations are conducted by Oregon State, the lead State agency, and Oregon State Procurement, on behalf of NASPO ValuePoint Formula Rebates for WIC Alliance.
5. Cost Containment for Other Foods
- a. Rebates are not obtained on other WIC foods.
  - b. At this time, the state agency does not intend to pursue rebates on other authorized foods, but may re-evaluate as a future possibility.
  - c. The Guam WIC Program has the following restrictions on food packages: (see Appendix, WIC Approved Foods List under *Exclusions*):

## B. FUNDS MONITORING/FNS-798 REPORTING

1. Funding sources provided to the state agency include:

<u>Source</u>	<u>Projected Amount</u>	<u>Time Period Covered</u>
Federal grant	\$6,479,157.00	October 1 - September 30
Rebates	\$1,820,571.00	October 1 - September 30



Program Income	\$ 0.00	October 1 - September 30
Vendor collections	\$ 0.00	October 1 - September 30

\*\* These amounts reflect monies allocated for FFY 2020 with estimated rebates\*\*

## 2. Procurement by the State Agency

The state agency routes all procurement through the Government of Guam's procurement office (GSA) which maintains a listing of entities that have been debarred or suspended and will disallow any procurement from such entities. In January 2019 the Guam Department of Public Health and Social (DPHSS) started to participate in the General Services Agency, Pilot Program Training for Requisitions Less Than \$10,000. The change to the existing procedures is that assigned DPHSS staff will receive procurement training to serve as Buyers and have the ability and authority to process requisitions, RFP, bids, etc. for requisitions less than \$10,000. Upon completion by the assigned Buyers, GSA will then complete the procurement process including the issuance of purchase orders. Requisitions that are \$10,000 and above will be routed through the same process as before.

## 3. Food Cost Obligations

- a. The California Food Forecast Module is used to provide estimated food obligations. This module automatically calculates food obligations based on data taken from the last three years. The Management Analyst II (MA II) will utilize these figures when reporting the food obligations on the FNS-798 Report.
- b. The state agency estimates the impact of inflation on food costs based on increments of the prior year's inflation rate, and assessed incrementally throughout the year. The state agency may also use the California Food Forecast Module to factor in USDA's revenue inflation rate.
- c. The state agency HANDS produces a monthly obligation amount.
- d. The state agency HANDS provides the food instrument redemptions on a monthly basis, based on food instruments paid for each issue month.

## 4. Rebate Cash Management

- a. The HANDS records, tracks and produces reports for billing manufacturers in accordance with the State's infant formula rebate contract.
- b. The HANDS provides a basic minimum capability to track the number of units prescribed on food instruments and aggregates the count of units based on the actual redemption of the food instruments.



- c. The HANDS uses a food instrument code which enables it to identify the type, brand and physical form of the infant formula redeemed.
- d. The state agency fiscal unit issues the billing to the infant formula manufacturers for those units of formula that are actually purchased.
- e. The HANDS provides supporting information such as a data/extract file that lists food instruments issued and redeemed which supports the rebate invoice report.
- f. Effective October 1, 2011, rebates received are reported on the FNS-798 in the month in which the rebate is received rather than the month in which it was earned.

**5. Closeout of Report Month Outlays**

- a. The WIC state agency allows food vendors to deposit all WIC food instruments and cash value vouchers in a bank or financial institution for redemption within sixty (60) days of the "FIRST DATE TO USE" date indicated or risk loss of payment for the value of the food instrument or cash value voucher.
- b. The WIC state agency is generally able to closeout a report month within a ninety (90)-day time period.

**6. The Method Used to Reimburse Vendors for Redeemed Food Instruments**

WIC food benefits (including cash values benefits or CVBs) are no longer printed on negotiable food instruments (including cash value vouchers) and are now loaded into an Electronic Benefit Transfer (EBT) account or eWIC card issued to WIC participants along with a PIN number. The farmer coupons are still printed on negotiable food instruments. The method used to reimburse retail vendors for redeemed food benefits through EBT for the Guam WIC Program are through real-time processing of transactions received from WIC vendors and TPPs. Automated clearing house payments are made directly to the vendor's financial institution account. The method used to reimburse farmers for redeemed food instruments for the Farmers Market Nutrition Program is by draft directly to their financial institution account. The Guam WIC Program contracts Custom Data Processing, Inc. (CDP) located in Romeoville, Illinois to provide online electronic benefits transfer processing services for the Guam WIC Program. The Guam WIC Program previously contracted Solutran, Inc. located in Plymouth, Minnesota to provide banking services for the Farmers Market Nutrition Program, contract expired 9/30/2019. Solutran was responsible for paying all FMNP drafts that clear the contracted draft edit procedures. The Guam WIC Program will be processing procurement for a new contract for banking service.

**C. PARTICIPATION REPORTING****1. Participation Counting**

- a. The state agency counts a participant as an enrollee who received at least one food instrument (or was the breastfed infant of a participating breastfeeding women) during the computer system cycle month.
- b. The state agency receives participation counts from the state agency computer system based on food instruments issued to participants (automated food instruments) and number of breastfed infants of participating breastfeeding women.
- c. The Guam WIC Program receives no state funds
- d. The Guam WIC Program has no Local Agencies. All participation data is state agency-generated from the HANDS.
- e. On Demand - The clinic staff input all necessary participant data, upon certification completion the clinic staff produces food instruments “On-Demand” on the HANDS.

The WIC Information Technology (IT) staff (Guam and Arizona) maintains the HANDS data that generates monthly participation reports.

**2. Participation by Priority**

Participant by Priority Participation level in the HANDS are:

- \* a critical data field;
- \* automatically assigned based on the enrollee’s nutritional risk condition.
- \* automatically revised when a participant changes category (e.g. infant becomes child).
- \* automatically assigned for all WIC clients. The state agency *does not* have an unknown priority category for VOC transfers where priority is unknown.