

VI. FOOD FUNDS MANAGEMENT

(Please indicate) State Agency: South Dakota

for FY: 2023

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.

During a disaster or public health emergency, the State agency may request to implement existing WIC regulatory and programmatic flexibilities to support the continuation of Program benefits and services. State agencies should consider the overarching authority, i.e., Stafford Act or provision(s) authorized by Congress, before developing a policy and procedure. The State agency must provide a detailed description of how it plans to operationalize the flexibility through their procedure manual where applicable. Please note the State Plan Guidance is not intended to [include/capture] a description of waivers authorized by Congress with separate [reporting requirements and timeframes/terms and conditions], i.e. the Families First Coronavirus Response Act (PL 116-127).

- A. **Cost Containment Measures - 246.4(a)(14)(xi), 246.4(a)(14)(xvii), 246.16a(a)**: 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)**: 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 [as required in 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): The South Dakota Department of Health WIC Program jointly issued a contract for Rebate with Missouri as the Lead State, Nebraska and North Dakota in FY2020. The Rebate Contract was awarded to Abbott Laboratories, Inc. The contract period is from January 29, 2021 – September 31, 2023. See Appendix A – Infant Formula Contract.

Retail Distribution System – The current retail distribution system remains intact with most formula being issued to participants through an eWIC benefit card and are redeemed at any one of the authorized retailer's stores. eWIC formula benefits are brand, type and form specific.

Accountability System – Methodology Used for Rebates:

Brand Specific eWIC Benefit Redemption – a report is generated monthly from our automated data processing system specifying formula redemptions by brand, type, and quantity.

Amount of Rebate – The amount of rebate is calculated from: the MIS report identifying the number of cans of formula redeemed and the rebate per can, to be paid by the formula company.

Billing – The formula contractor is billed monthly for the previous month's redemptions. The State calculates the amount of reimbursement payable to the WIC Program using the Rebate Invoice redemption report; a text file of all cans redeemed and the rate of rebate per can from the formula company. The invoice report, specifying the number of cans redeemed for an issued month in three forms: liquid concentrate, powder, and ready-to-feed, and by brand accompanies the bill as documentation. Rebate payments from the company are made to the WIC Program within 30 Days after receipt of invoice.

Food Package Cost Containment Measures

Prorated food packages for all participants are automated and applied depending on the certification period and time of issuance. The ability to override exists.

If participants choose not to include something in the food package, have allergies to foods or determine they do not have a need for the food, staff have the ability to individually tailor packages to suit the needs of the client. Participants are requested to purchase the least expensive brands whenever possible.

Store brands are made available. These include juice, milk, cheese, cereal, rice, canned fish, eggs, peanut butter and beans.

2. Cost Containment Contracts for Infant Formula

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a. The State agency acquires infant formula through the following food delivery systems:

i. Non-exempt infant formula (check all that apply):

- Home food delivery system
- Direct distribution food delivery system
- Retail food delivery system
- Other (specify): Direct order from Manufacturer delivered to Local Agencies/Clinic

ii. Exempt infant formula (check all that apply):

- Home food delivery system
- Direct distribution
- Retail food delivery system
- Other (specify): Direct order from Manufacturer delivered to Local Agencies/Clinic

iii. WIC-eligible nutritionals (check all that apply):

- Home food delivery system
- Direct distribution system
- Retail food delivery system
- Other (specify): Direct order from Manufacturer delivered to Local Agencies/Clinic

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

Yes

If yes, attach contract
in Appendix A

No

If no, check which applies:

- Granted waiver
- ITO with participation under 1,000 as of April (*Proceed to question A.4. Cost Containment for Other Foods*)

c. For a single-supplier system or multi-supplier: Date contract/agreement: **January 29, 2021**

Manufacturer	Original Term Began	Original Term Expires	Extension Options
Abbott Nutrition	01/29/2021	09/31/2023	2 (two) 1 (one) year extensions

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

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): **See Appendix B - Rebate price sheet**

Primary Contract Infant Formula				
Product/Unit Size	Manufacturer	Rebate/Unit	Net price/Unit	% WS Discount
Liquid Concentrate				
Milk-Based				
Soy-based*				
Powder				

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Milk-based				
Soy-based*				
Ready to Feed				
Milk-Based				
Soy-based*				
Exempt Formula (If applicable)				

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

3. Infant Formula Issuance.

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

Yes No

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

Contract 90.6%

Non-contract

 Exempt infant formula 8.8%

 Non-exempt infant formula

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation): [Policy and Procedure 7.02 Authorized WIC Foods.](#)

4. 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):

	Specific brands are designated Disallowed	Only certain container sizes are allowed	Allowable types are limited	Other
Exempt formula for women, infants & children	X	X	x	
Infant cereal	X	X	x	

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Infant Fruit/Veg/Meat	X	X	x	
Whole fresh fluid milk				
Lowfat fresh fluid milk				
Skim fresh fluid milk				
Fresh milks (e.g., Lactaid, cultured buttermilk, goat milk) (specify):		X (Lactose free available in half gallon only)	X	
Shelf-stable milk (e.g., evaporated milk, UHT, whole/ low fat/nonfat dry milk)		X	X	
Cheese	X Shredded is brand specific	X	x	
Yogurt	X	X	X	
Soy-based beverage	X	X	X	
Tofu				NA
Fresh eggs			X	
Dried egg mix				NA
Hot cereal	X	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	
Dry beans/peas		X	X	
Canned Fish		X	X	
Canned beans/peas		X	X	

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): Redemption amounts

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 Management Information 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):

<u>Frequency</u>	<u>Data</u>
Daily	<input checked="" type="checkbox"/> Food instruments and cash-value vouchers paid for issue month
	<input type="checkbox"/> Food instruments and cash-value vouchers outstanding for issue month
	<input type="checkbox"/> Food instruments and cash-value vouchers that have expired
	<input type="checkbox"/> Food instruments and cash-value vouchers that are void/unclaimed

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

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\(k\)](#)).

- Actual count of units purchased
- Estimate of units purchased (attach methodology)
- Other (describe):

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

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Yes, for all formula types, brands, and physical forms - eWIC card contains the formula type and amount

Yes, for exempt infant formulas

No

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

The WIC unit

The State agency fiscal unit

Other (specify):

d. Monthly invoices are submitted with supporting data.

Yes

No

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

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 benefits for payment (provide the number of days):

30 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

Other (specify number of days): 60 days

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

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:

<u>State WIC</u>	<u>State FM</u>	<u>Other (Specify)</u>
<input type="checkbox"/>	<input type="checkbox"/>	By check directly to vendor or farmer
<input type="checkbox"/>	<input type="checkbox"/>	By check directly to vendor's or farmer's bank
<input checked="" type="checkbox"/>	<input type="checkbox"/>	By electronic transfer to vendor's or farmer's bank
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify):

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

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):

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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): NA

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): All participation data is handled at the State WIC Office

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 N/A

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