



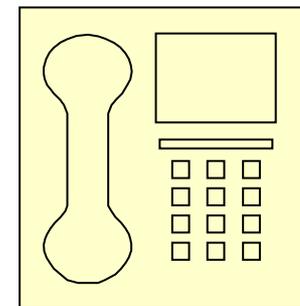
Regulatory Alert 2016-01

Stakeholder Consultation

May 5, 2016

Webinar Tools

- *6 mutes and unmutes your phones



- Raise your hand during the feedback periods to ask questions/provide input



- <http://www.cdph.ca.gov/programs/wicworks/Pages/WICRegulations.aspx>

Agenda

1. Background of Regulatory Alert and Regulatory Process
2. Timeline
3. Peer Group and Reimbursement System History
4. Relevant Terms for the Regulations
5. Overview of Regulatory Changes
6. Partial Redemption Walk-Through
7. Opportunities for Feedback and Discussion
8. Important Reminders

Regulatory Process Background

- September 29, 2012: Assembly Bill (AB) 2322 signed into law adding section 123322 to the California Health and Safety Code
- Legislation enabled WIC to adopt specified department requirements into State regulation through an expedited regulatory process

Timeline

- Regulatory Alert Released: 04/08/2016
- Stakeholder Workgroup Webinar: 05/05/2016
- Comment Period: 04/09–05/13/16
- Final action posted on WIC website
 - no later than 120 days from the end of the comment period



Peer Group and MADR History



RON CHAPMAN, MD, MPH
Director and Public Health Officer

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

April 4, 2014

WIC REGULATORY BULLETIN 2014-01

NOTICE OF FINAL ACTION

Subject Final Action on the Notice of Proposed Changes posted as Regulatory Alert 2013-03 on December 13, 2013, posted at: <http://www.cdph.ca.gov/programs/wicworks/Documents/Regulatory%20Alert/WIC-RegulatoryAlert-2013-03-Attach1-2.pdf>.

<http://www.cdph.ca.gov/programs/wicworks/Pages/WICRegulations.aspx>



Feedback



Regulatory Alert 2016-01

- Regulatory Alert 2016-01: Proposes to amend W.B.R. section 60300 (Rules for Calculating the Maximum Allowable Department Reimbursement Rate)
- Specifically addresses the rules for identifying and excluding partially-redeemed FIs
- Makes other clarifying and conforming changes

Relevant Terms

Maximum Allowable Department Reimbursement (MADR)

- The Maximum Allowable Department Reimbursement (MADR) rate is the maximum reimbursement offered to WIC-authorized vendors in exchange for providing WIC supplemental foods to program participants according to the food item number. (WIC Bulletin Regulation section 60000 subsection (a)(7)).
- Federal regulation requires state agencies to limit the MADR for above-50-percent (Peer Group Category A) vendors to no more than the Statewide Average of redemptions charged by vendors in all other peer groups. (7 C.F.R. § 246.12(g)(4)(i)(D) (2015)).
- The MADR for Peer Group Category A (the Statewide Average) is a 12-week average of food instrument redemption data from Peer Group Category B and C vendors.

Relevant Terms

Minimum Full Redemption Value (MFRV)

- The threshold below which the Department will consider a food instrument to be partially-redeemed.

Partial Redemptions

- A Food Instrument (FI) is identified as partially-redeemed if it is redeemed for less than the MFRV as defined above.
- Partially-redeemed FIs are excluded from the calculation of the Statewide Average because their presence in the data used for these calculations artificially lowers the MADR applied to Peer Group Category A vendors.

Feedback



W.B.R. Section 60300

- Amendments to W.B.R. section 60300 proposes the following:
 - Make non-substantive changes to the current requirements and change food item to food type to prevent confusion with food item numbers,
 - Specify that infant formula FIs are not covered by the Partially Redeemed Food Instrument identification and exclusions process, and
 - Modify the methodology for identifying and excluding partially-redeemed FIs to allow the Department to conduct this identification and exclusion on a peer-group level.

W.B.R. Section 60300 (c)

- Amendments to W.B.R. section 60300 subsection (c):
 - Make technical non-substantive changes
 - Specify that infant formula FIs are excluded from the partially-redeemed FI identification and exclusion process.
 - This specification is needed because infant formula FIs must be fully-redeemed.

W.B.R. Section 60300 (c)(1)

- Amendments to W.B.R. section 60300 subsection (c):
 - Modify the methodology for identifying and excluding partially-redeemed FIs to allow the Department to establish Minimum Full Redemption Values (MFRVs) on a peer group level.
 - Specify that the MFRVs will be created using the low prices submitted by a single vendor in each Peer Group Category B subgroup and Peer Group C with the lowest sum of low shelf prices reported in the shelf price submission.

W.B.R. Section 60300 (c)(1)(A-B)

- Amendments to section 60300 subsection (c)(1)(A):
 - Remove the term “non-sale shelf prices” when discussing prices submitted by vendors semi-annually. Currently, this term is duplicative because vendors are already required to submit non-sale shelf prices under W.B.R. section 70600 subsection (c)
 - Make technical, non-substantive changes

Feedback

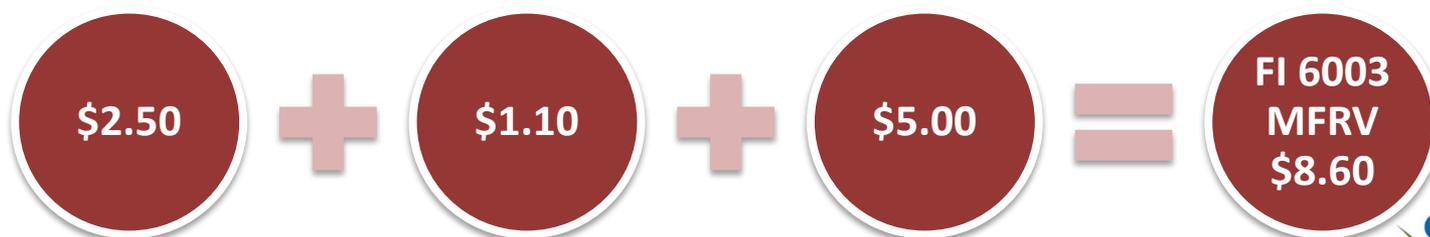


Partial Redemption Methodology

Proposed Changes to the Partial Redemption Methodology

MFRV: Current Methodology

	Peer Group B1 Vendor	Peer Group B2 Vendor	Peer Group B3 Vendor	Peer Group B4 Vendor	Peer Group C Vendor
1 Gallon Low Fat Milk	\$4.00	\$3.50	\$3.00	\$2.50	\$3.50
16 oz. Whole Grains	\$3.00	\$3.00	\$1.10	\$2.00	\$2.50
36 oz. Cereal	\$8.00	\$6.50	\$6.00	\$5.00	\$6.50
TOTAL:	\$15.00	\$13.00	\$10.10	\$9.50	\$12.50



ID and Exclusion: Current Methodology

FI 6003
MFRV
\$8.60

FI 6003 Redemptions				
Peer Group B1	Peer Group B2	Peer Group B3	Peer Group B4	Peer Group C
\$17.50	\$15.00	\$12.00	\$11.50	\$13.00
\$16.00	\$14.00	\$11.50	\$9.50	\$12.75
\$15.00	\$13.50	\$10.10	\$8.00	\$12.50
\$14.50	\$13.00	\$10.00	\$7.50	\$10.50
\$13.00	\$8.00	\$9.00	\$6.50	\$9.00

- Peer Group's Lowest Full Price
- Price currently included in Statewide Average calculations
- Price currently excluded from Statewide Average calculations

MFRV: Proposed Methodology

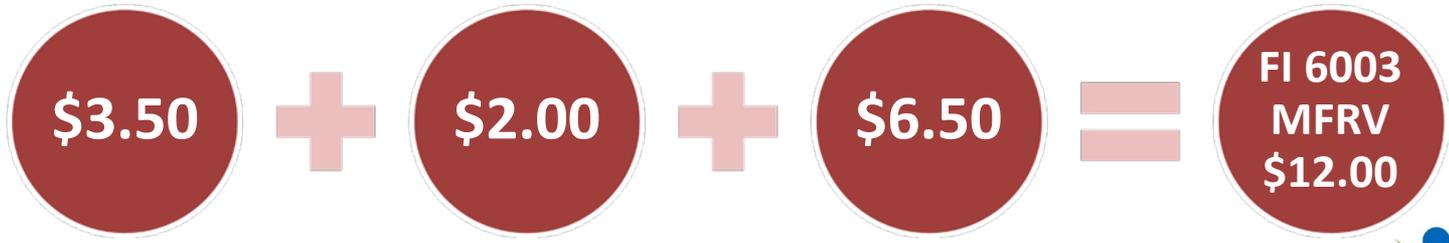
Peer Group B2 Prices			
	Vendor1	Vendor 2	Vendor 3
36 oz. Cereal	\$ 6.00	\$ 6.50	\$ 7.00
16 oz. Cheese	\$ 6.50	\$ 7.00	\$ 6.00
16 oz. Corn Tortillas	\$ 3.00	\$ 2.00	\$ 3.50
1 lb. Dry Beans, Peas, Lentils	\$ 2.00	\$ 1.50	\$ 1.75
1 Dozen Eggs	\$ 4.00	\$ 3.50	\$ 3.50
64 oz. Shelf Stable Juice	\$ 4.00	\$ 3.50	\$ 3.00
1 Gallon Milk	\$ 4.00	\$ 3.50	\$ 3.75
Infant Formula	\$ 16.00	\$ 15.50	\$ 16.50
16 – 18 oz. Peanut Butter	\$ 4.00	\$ 4.50	\$ 6.00
16 oz. Whole Wheat bread	\$ 4.00	\$ 5.00	\$ 4.75
TOTAL	\$ 53.50	\$ 52.50	\$ 55.75

Vendor 2 = Peer Group B2 Vendor with lowest Price



MFRV: Proposed Methodology

Vendor 2 Prices	
36 oz. Cereal	\$ 6.50
16 oz. Cheese	\$ 7.00
16 oz. Corn Tortillas	\$ 2.00
1 lb. Dry Beans, Peas, Lentils	\$ 1.50
1 Dozen Eggs	\$ 3.50
64 oz. Shelf Stable Juice	\$ 3.50
1 Gallon Milk	\$ 3.50
Infant Formula	\$ 15.50
16 – 18 oz. Peanut Butter	\$ 4.50
16 oz. Whole Wheat bread	\$ 5.00
TOTAL	\$ 52.50



ID and Exclusion: Proposed Methodology

MFRVs for FI #6003 by Peer Group	FI 6003 Redemption by Peer Group				
	B1	B2	B3	B4	C
Peer Group B1 MFRV = \$14.50	\$ 18.00	\$ 16.50	\$ 14.50	\$ 11.00	\$ 12.00
	\$ 16.00	\$ 15.75	\$ 14.00	\$ 10.50	\$ 12.00
	\$ 15.50	\$ 15.00	\$ 13.70	\$ 10.00	\$ 11.70
Peer Group B2 MFRV = \$12.00	\$ 14.75	\$ 14.50	\$ 13.50	\$ 10.00	\$ 11.50
	\$ 14.50	\$ 14.00	\$ 13.00	\$ 9.75	\$ 11.30
	\$ 14.00	\$ 13.00	\$ 12.60	\$ 9.50	\$ 11.00
Peer Group B3 MFRV = \$11.00	\$ 13.00	\$ 12.70	\$ 12.40	\$ 9.25	\$ 10.50
	\$ 13.50	\$ 12.00	\$ 12.00	\$ 8.75	\$ 10.00
	\$ 13.00	\$ 11.80	\$ 11.00	\$ 8.30	\$ 9.50
Peer Group B4 MFRV = \$8.50	\$ 12.50	\$ 11.50	\$ 10.50	\$ 8.00	\$ 9.30
	\$ 12.00	\$ 10.00	\$ 9.00	\$ 7.60	\$ 9.00
	\$ 11.00	\$ 9.25	\$ 8.00	\$ 6.00	\$ 8.40
Peer Group C MFRV = \$9.50	\$ 10.00	\$ 9.00	\$ 7.50	\$ 5.50	\$ 7.50
	\$ 9.50	\$ 8.70	\$ 7.00	\$ 5.30	\$ 7.40
	\$ 9.00	\$ 8.50	\$ 6.70	\$ 5.00	\$ 6.00

Peer Group MFRV

Redemption Excluded from Statewide Average MADR rate Calculation



Feedback



Important Reminders

- Public comment period for Regulatory Alert 2016-01 ends on May 13th, 2016
- Comments must be submitted via e-mail to: WICRegulations@cdph.ca.gov
- Regulatory Alert 2016-01 may be accessed on the Statutes and Regulations section of California WIC's public website: www.wicworks.ca.gov
- Public posting of the final action on WIC website (no later than 120 days from the end of the comment period)

Thank You!

