



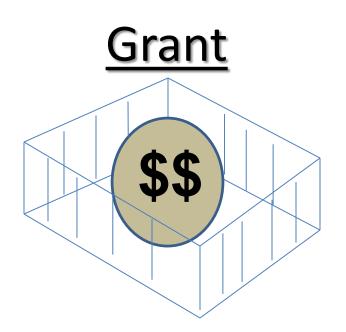
Overview

- "What Price Should I Charge?"
 - "Where's my profit?"
- Markets and Analytics
 - Standards
 - Data and Math
- Cost Containment = Incentive
- Complementing Strategies
- Summary

Participant Focused



• "What price should I charge?"



<u>Budget</u>



Fenced: No Growth – Limited \$\$

Fenced: No Growth – Limited \$\$

- Grant
 - Case load increase \$\$ not automatic
 - Reduction/Cuts somewhere
- Require cost containment
 - Maximize supply
 - Proactive cost control
 - Complementing Strategies
- Avoid case load management
 - Timing disruptive
 - Fails objectives



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- Cost Containment Mechanics....
 - Everyone does the math.....

```
<u>Agree ?</u>
• 1 + 1 = 2 ?
• 2 x 2 = 4 ?
• 50/100 = 50% ?
• 4 − 1 = 3 ?
```



- "What price should I charge?"
 - "Your best price you are in a competitive market."
- Market driven competitive decision



- Annually recover nearly \$1 million in food dollars
- Sensitive to extreme price swings
 - Prevent "penalty" for market shifts
 - Settle at recoupment



Volume improves profit margins

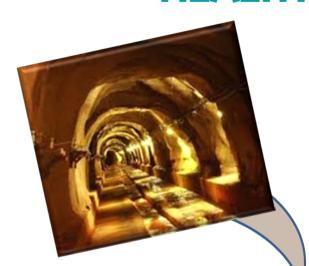


- Peer group standards 100% compliant
 - CFR 246.12(g)(1) all meet peer group competitive price
 - CFR 246.12(g)(4)(i)(D) perfect T-Test monthly
 - CFR 246.12(g)(4)(iii) no vendor price
 "creep"
 - » Geography and redemption bands
 - » Tested quarterly
 - CFR 246.12(g)(7) small business



- WIC EBT Data Rich
 - Redemptions

	Number	Value
Daily	40K	\$1 million
Monthly	1.3 million	\$30 million
Annually	17 million	\$350 million



HEA

- Over 2,000 vendors and 460,000 participants

– Over 19,000	UPCs in APL
---------------	-------------

Fla Year Month	Paid	Recouped	NTE	Total Savings	% of Sales
201704	\$25,719,903.89	\$41,412.27	\$13,023.25	\$54,435.52	0.21%
201704 - Cat 19	\$2,545,878.15				
201705	\$27,181,441.95	\$49,189.78	\$10,659.20	\$59,848.98	0.22%
201705 - Cat 19	\$2,712,125.76				
201706	\$27,057,778.13	\$49,008.54	\$13,248.66	\$62,257.20	0.23%
201706 - Cat 19	\$2,637,795.29				
TOTAL	\$87,854,923.17	\$139,610.59	\$36,931.11	\$176,541.70	0.20%



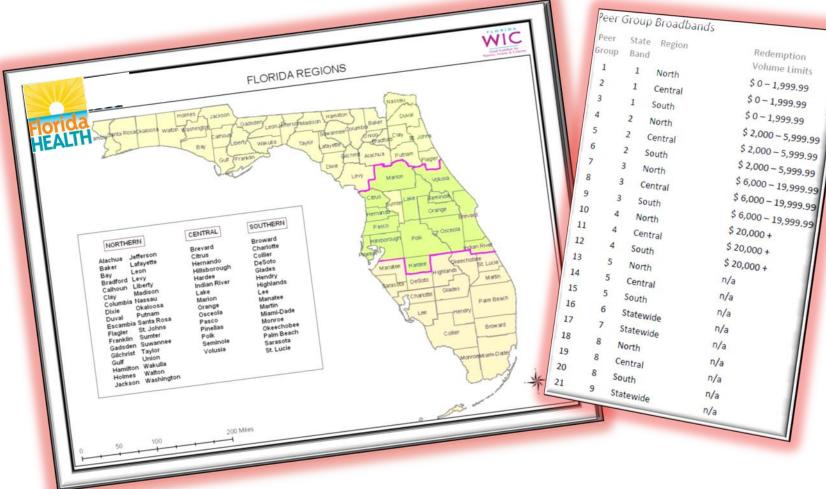
Deep Data Storage Data mining Cooperative Analysis

- Vendors meet peer group MARL
 - Mathematical redemption analysis
 - Market driven peer group
 - Geography
 - Redemption bands

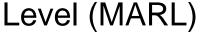


- Redemptions organized in average categories
- Two step process
 - Ensure vendors and WIC treated equally and fairly
 - 1. Analysis throughout the month
 - 2. Final mathematical computation end-of-month





Redemption Maximum Allowable Reimbursement



June 2017

SUN MON TUE

7

27 28 29 30

6

13

20

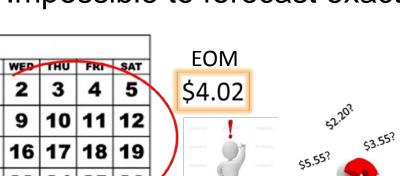
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14 15 16 17 18 19

21 22 23 24 25 26

- No crystal ball
- Competitive market price
- Impossible to forecast exactly



Fact



31

\$4.35?

luh

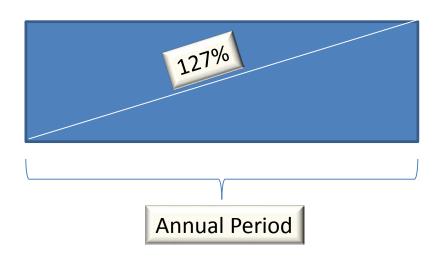




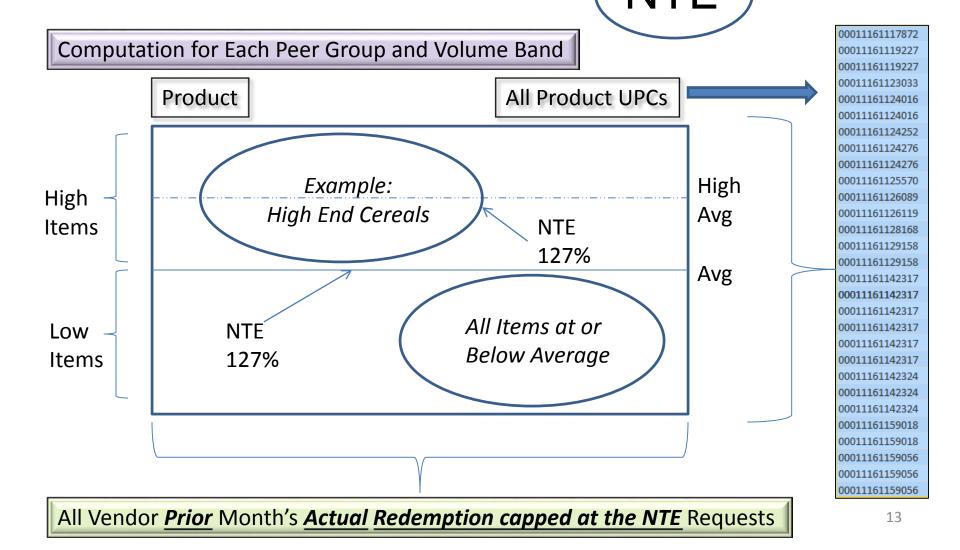
- Start with Not-to-Exceed (NTE) first of month
 - Mathematically computed from prior month's redemptions
 - Control program cost growth
 - Limits impact of vendor processing errors



NTE - \$5.10 - NT

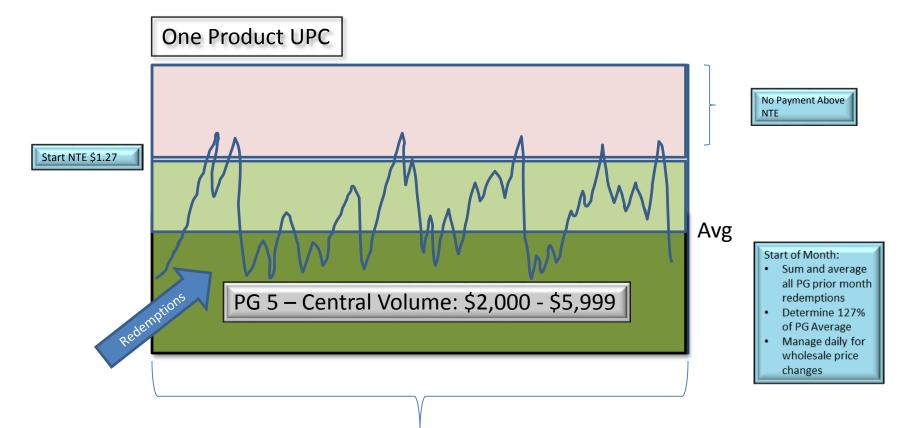


- Charges "capped"
- Can't pay more at the counter



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All Vendor Current Month's *Redemption* Request

HEΔ

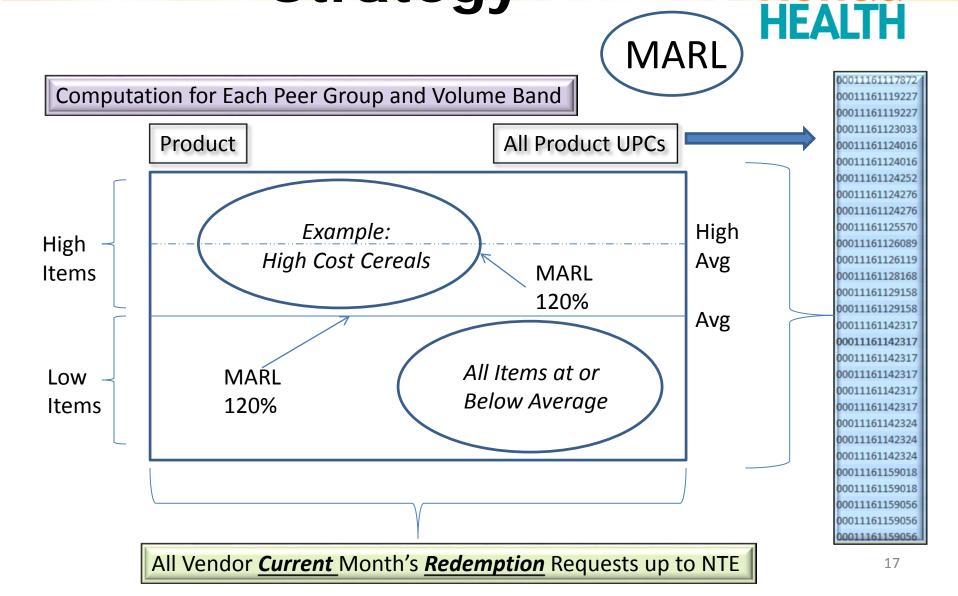
State Le NTE Imp		Requested	try Impact \$16,775,744.55 \$16,766,620.01 \$9,124.54 0.054399	Today's Date	Analy First Last	ay, April 19, 20 tic Dates 4/1/2017 4/18/2017	Request
Peer Group	(egion	les Volume \$ 0 -	1111123	\$46,960.88	46,925.46 \$	35.42	0.075%
	North	Band 1 S O	- 1,999.99	\$79,340.40	79,252.53	\$51.35	0.075%
3	South	Band 1	- 1,999.99 \$ 2,000 - 5,999.99	\$246,495.06	\$246,313.12	\$175.94	0.071%
4	North	Band 2	\$ 2,000 - 5,999.99	\$471,460.02 \$462,069.99	\$471,127.73 \$461,828.80	\$241.19	0.052%
6	South	Sales Volume Band 2	\$ 2,000 - 5,999.99 \$ 6,000 -	\$814,332.01	\$810,636.64	\$3,695.37	0.454%
7	North	Sales Volume Band 3 Sales Volume	19,999.99 \$ 6,000 - 19,999.99	\$1,791,080.86	\$1,790,524.50 \$1,800,494.50	\$556.36 \$1,206.57	0.067%
8	South	Band 3 Sales Volume Band 3	\$ 6,000 - 19,999.99	\$1,801,701.07	\$591,527.30	\$71.24	0.012%
10	North	Sales Volume Band 4 Sales Volume	\$ 20,000 + \$ 20,000 +	\$954,646.00	\$954,377.19	\$268.81	0.028%
11	Central	Band 4	\$ 20,000 +	\$2,216,119.68	\$2,215,371.92	\$747.76	0.002%
12	North	Band 4 Discount Stores	n/a	\$1,096,200.32	\$2,818,715.91	\$114.77	0.004%
14	Central	Discount Stores		\$2,240,587.88	\$2,240,500.1		0.0049
15	South	Discount Store	s n/a	\$1,059,453.7			0.134
16		Vendors	n/a	\$15,973.95			4 0.054

- *Daily* NTE assessments
 - Peer Group Impacts
 - Key vendor sites
- Routine contact with vendors
 - Report of unusual wholesale price increases
 - Confirmation and adjustment

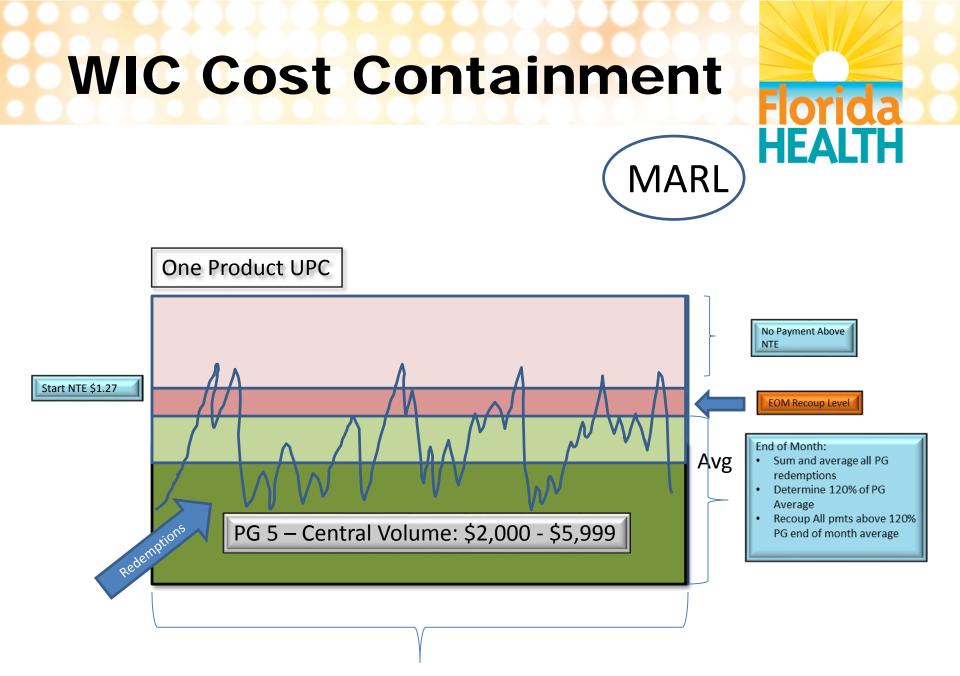
- End of each month identify the <u>actual competitive</u>
 <u>price</u> Maximum Allowable Reimbursement Level (MARL)
 - Set at 120% of peer group average tested quarterly
 - Above-50-Percent vendors, MARL is 100% of the statewide average
 - Recoup any payments above MARL following month
 - Computed by UPC
 - No
 - Penalty
 - Administrative burden







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All Vendor Current Month's *Redemption* Request

• Recoupment – Each UPC

							-()								
							F	er Unit						Total			
Peer Group Avg. Cat	t UPC	Brand	Description	Pkg. Size High/Low	Requested S	ettled	MARL	NTE Red.	Recoupment	Total Red.	Items F	Requested	Settled	MARL	NTE Red.	Recoupment	Total Revi.
· · · · · · · · · · · · · · · · · · ·	▼	•	Ţ	v v v	-	-	-	-	-	-	-	-	-	-	-	-	
14 013	00070720002813	TG Lee	1% Milk Gallon	128 HIGH	5.97118644	5.534208	5.1325073	0.436978375	0.408030392	0.845008767	1711	10216.7	9469.03	8781.72	747.67	698.14	1445.81
14 013	00070720001090	Tube	Whole Milk Gallon	128 HIGH	5.96988424	5.533134		0.436749777		0.844995548	1123	6704.18	6213.71	5763.21	490.47	458.46	948.93
. 11 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.98784483	5.565991	5.04	0.421853448	0.525991379	0.947844828	464	2778.36	2582.62	2338.56	195.74	244 .6	439.8
14 013	00070720000260	TG Lee	Fat Free Milk Gallon	128 HIGH	5.97511727	5.538038	5.1322601	0.437078891	0.408848614	0.845927505	469	2802.33	2597.34	2407.03	204.99	1,1.75	396.74
8 013	00070720001090	TG Lee	Whore Milk Gallon	128 HIGH	5.70085271			0.289354005			387	2206.23	2094.25	1997.5	111.98	150.79	262.77
13 013	00070720002813	TG Lee	1% Milk Gallon	128 HIGH	5.98	5.52661	5.21	0.453389831	0.31661017	0.77	236	1411.28	1304.28	1229.56	107	74.72	181.72
14 013	00070720005135	TG Lee	2% Milk Gallon	128 HIGH	5.96018957			0.433933649		0.83971564	211	1257.6	1166.04	1082.91	91.56	85.62	177.18
13 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.98	5.524673	5.21	0.455326633	0.314673367	0.77	199	1190.02	1099.41	1036.79	90.61	62.62	153.23
16 013	00070720002813	TG Lee	1% Milk Gallon	128 HIGH	4.30730252	4.307303	4.2738315		0.033470993		3051	13141.58	13141.58	13039.46	0	102.12	102.12
11 013	00070720000260	TG Lee	Fat Free Milk Gallon	128 HIGH	5.97269231	5.558942	5.04	0.41375	0.521346154	0.935096154	104	621.16	578.13	524.16	43.03	54.22	97.25
15 013	00070720002813	TG Lee	1% Milk Gallon	128 HIGH		5.483077		0.496923077		0.85	104	621.92	570.24	533.52	51.68	36.72	88.4
5 11 013	00070720005135	TG Lee	2% Milk Gallon	128 HIGH		5 569041		0.420958904		0.95	73	437.27	406.54	367.92	30.73	38.62	69.35
3 15 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.96780488		5.13	0.491707317	0.347926829	0.839634146	82	489.36	449.04	+20.66	40.32	28.53	68.85
5 12 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.99	5.51						-	The state of the s	328.25	31.2	29.9	61.1
3 13 013	00070720000260	TG Lee	Fat Free Milk Gallon	128 HIGH	5.91726027		6	1000			1			380.33	32.27	22.4	54.67
5 16 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	4.34103053		4.273				and some			3358.73	0	53.32	53.32
8 013	00070720005135	TG Lee	2% Milk Gallon	128 HIGH	5.70866667		5.161		1000					387.14	21.58	29.47	51.05
9 11 013	00070720002813	TG Lee	1% Milk Gallon	128 HIGH		5.569796								246.96	20.59	25.96	46.55
5 8 013	00070720002813	TG Lee	1% Milk Gallon	128 HIGH	4.62304348		5.163							1781.39	16.62	24.43	41.05
8 014	00070720000604	TG Lee	Whole Milk Chug Quart	32 HIGH	2.87732057									1333.42	7.18	22.12	29.3
5 13 013	00070720005135	TG Lee	2% Milk Gallon	128 HIGH	5.98	5.525								156.3	13.65	9.45	23.1
5 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.43831461	5.326067	5.311							472.76	9.99	11.21	21.2
9 16 033	00070720010658	TG Lee	Orange Juice gallon	128 HIGH	5.69	5.69		annes and						223.6	0	21.07	21.07
2 10 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.99	5.595652	5.130						100	118.01	9.07	10.69	19.76
2 15 013	00070720000260	TG Lee	Fat Free Milk Gallon	128 HIGH	5.98	5.48381							1,1121	107.73	10.42	7.43	17.85
9 013	00070720001090	TG Lee	Whole Milk Gallon	128 HIGH	5.99	5.504211						1.1		96.14	9.23	8.44	17.67
2 8 014	00070720003131	TG Lee	1% Milk Quart	32 HIGH	2.54801105	2.541492				_	_	-	_	1732.17	3.54	10.66	14.2
4 8 013	00070720000260	TG Lee	Fat Free Milk Gallon	128 HIGH	5.90666667	5.535556	5.162				20			92.92	6.68	7.39	14.07
9 014	00070720003131	TG Lee	1% Milk Quart	32 HIGH	2.51990654	2.423271								313.51	10.34	2.6	12.94
B 12 014	00070720003131	TG Lee	1% Milk Quart	32 HIGH	3.35896552	3.192414	2.961		FL-WiSE	WIC Data	a Syste	ems		85.87	4.83	7.18	12.01
5 12 013	00070720005135	TG Lee	2% Milk Gallon	128 HIGH	5.99	5.47								60.6	6.24	5.04	11.28
3 12 014	00070720000604	TG Lee	Whole Milk Chug Quart	22 1000	3.39	3.212308	2.9615385	0.177692308	0.250769231	0.428461539	26	88.14	83.52	1	4.62	6.52	11.14
5 15 013	00070720005135	TG Lee	2% Milk C-llou	128 HIGH	5.98	5.486154	5.13	0.493846154	0.356153846	0.85	13	77.74	71.32	66.69	6.44	4.63	11.05
7 16 013	00070720005135	To Lee	2% Milk Gallon	128 HIGH	4.33690476	4.336905	4.273869	0	0.063035714	0.063035714	168	728.6	728.6	718.01	0	10.52	10.59
1 12 013	00070720000260	TG Lee	Fat Free Milk Gallon	128 HIGH	5.89	5.413333	5.05	0.476666667	0.385	0.861666667	12	70.68	64.96	60.6	5.72	4.62	10.54

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Recap

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Stock

 Not-to-Exceed (Start of Month) Based on prior month's redemptions Maximum liability 127% Allow for increases in wholesale/distribution costs Allows for variances in prices Recoupment (End of Redemption Month) Fraud Deterrent Based on current month's redemptions 	ecap	Summary of Impact NTE & Recoupment	
	 Not-to-Exceed (Start of Month) Based on prior month's redemptions Maximum liability 127% Allow for increases in wholesale/distribution costs Allows for variances in prices Recoupment (End of Redemption Month) Fraud Deterrent Based on current month's redemptions Maximum Allowable Reimbursement Level (MARL) 120% By UPC; PG; sales band Recovery reported In redemption processing Standard report Next month NTE Computed Based on redemptions capped at the NTE of Each Redemption Request 	Redemption Asked = $$2$.NTE Average= $$2$.Pay to NTE= $$2$.Reduction= $$0$.Recoupment= $$2$.Mark= $$2$.Mark= $$2$.Recouped= $$0$.Summary= $$0$.Originallysked= $$2$.MARL= $$2$.	10 10 30 10 05 05

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It starts with <u>"Welcome"</u>

Price. We believe you know that WIC functions exactly like any consumer in today's market. We are required to find and pay only the most competitive market price for food items. You have agreed to charge WIC competitive prices. As we continue to serve WIC participants in Florida, we must find efficiencies and economies to make our dollars stretch. Unlike other programs, the amount of funds for WIC is very limited. WIC must "watch its pennies" just like any family. We determine competitive price by comparing your prices to prices in other stores in your peer group that have similar volume in WIC redemptions. This is a fact based mathematical computation. Any charges we receive from your store that are above your peer group competitive price limit may be reclaimed. What is a competitive price? Your competitive price must be your best price for the product. Your best price should include a reasonable profit for you. We find healthy vendors mean healthy participants. Our mutual responsibility is clear. Only those WIC vendors that charge WIC the best competitive price in the market compared to other stores with similar WIC volume will remain as exclusive WIC vendors.



• Recoupment

- Report to vendor
 - Detail by UPC
 - Initial: \$800 \$2,500
 - Current: < \$20



- \$50,000
- 2 ½ days
- Only the start of the conversation



Forda WC Program Extract Adjustment Summary Extract Adjustment Summa	40 23 3 7	76.63 \$2' ;29.99 \$1 \$14.67 \$ \$28.43 \$ \$13.89 \$ \$12.74	L* Re 5.10 9.03 13.71 27.59	Individual vendor report • Recoup amount • Product detail Supplier discussions • Factual evidence • Market price Focused problem solving	
16/001 100% Whole Wheat Drev (14/2004)				23	

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Sample Corporate Report – Month & Store Ranking

Corporate Cost Containment - WIC EBT Summary

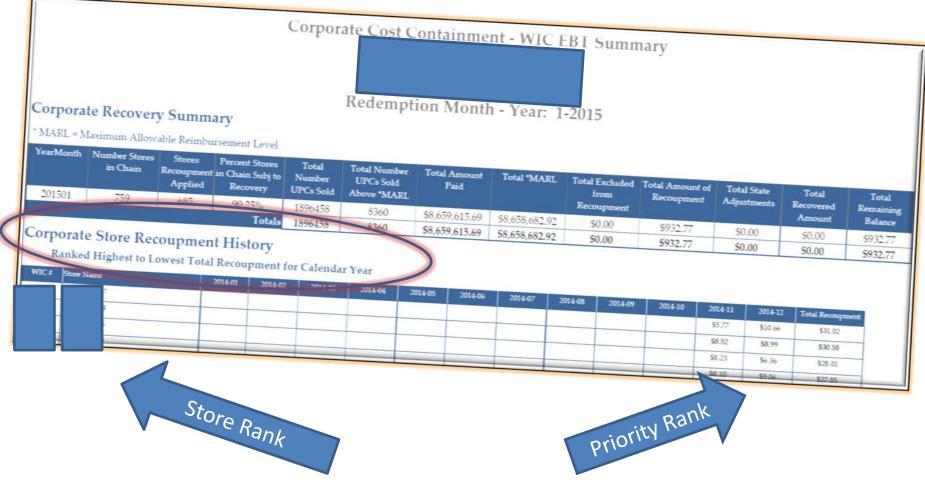
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Redemption Month/Year: 07/2015

Sorporate Summary of UPC Recoupment

Ranked by Highest Total # Items Sold Above MARL and Recoupment Amount

UPC Code	Brand Name	Description	Total # Items Sold	Total # Items Sold Above *MARL	Total Amount Paid	Total MARL	Recoupment Amount
00041331120012	Goya	Green Pigeon Peas	5,335	3,783	\$7,970.61	\$7,734.35	\$236.26
00041415035423			1,137	607	\$2,721.86	\$2,641.92	\$79.94
00024000162957	Del Monte	Fresh Cut Lima Beans	509	374	\$778.50	\$752.29	\$26.21
0008000003348	StarKist	Fresh Cut Lima Beans Chunk Light Tuna in Water 100% Florida Orange Juice Gourmet	385	229	\$1,069.99	\$1,035.24	\$34.75
00725341181125	Natalie's	100% Florida Orange Juice Gourmet	208	208	\$1,016.72	\$958.33	\$58.39
00041900076382	Dairy Pure	Whole Milk Gallon	208 366 295 329 329	206	\$1,896.48	\$1,850.85	\$45.63
00086600000312	Bumble Bee	Chunk Light Tuna in Water	295	182	\$822.63	\$794.32	\$28.31
00075669101900	Iberia	Pinto Beans	329	171	\$339.19	\$330.09	\$9.10
00075669102808	Iberia	Gandules Verdes Green Pigeon Peas	1 102	142	\$1,040.55	\$1,030.67	\$9.88
00075669101801	Iberia	Pink Beans Frijoles Rosados		125	\$546.08	\$538.31	\$7.77
00016000275652	General Mills	Wheaties	13.	118	\$609.80	\$597.11	\$12.69
00041900076795	Dairy Pure	1% Lowfat Milk Gallon	211	112	\$1,093.17	\$1,072.79	\$20.38
00041331124430	Goya	Butter Beans	1,024	105	\$1,440.61	\$1,435.08	\$5.53
00075669101702	Iberia	Red Kidney Bean Frijoles Coloradas	568	104	\$581.93	\$576.56	\$5.37
00075370111175	Conchita	Green Pigeon Peas	239	89	\$341.06	\$335.42	\$5.64
00048000011640	Chicken of the Sea	Chunk Light Tuna in Water	136	86	\$380.56	\$366.87	\$13.69
00075669102105	Iberia	Chick Peas	357	86	\$337.69	\$332.74	\$4.95
00016300151199	Florida's Natural	Premium Orange Juice no pulp	78	74	\$466.13	\$444.08	\$22.05
00053859070663	Eighth Continent	8TH CONT SOY ORIGINAL HG	2,558	72	\$10,184.20	\$10,178.84	24 \$5.36
00041900076610	Dairy Pure	2% Reduced Fat Gallon	124	64	\$641.58	\$625.25	<mark>\$16.33</mark>



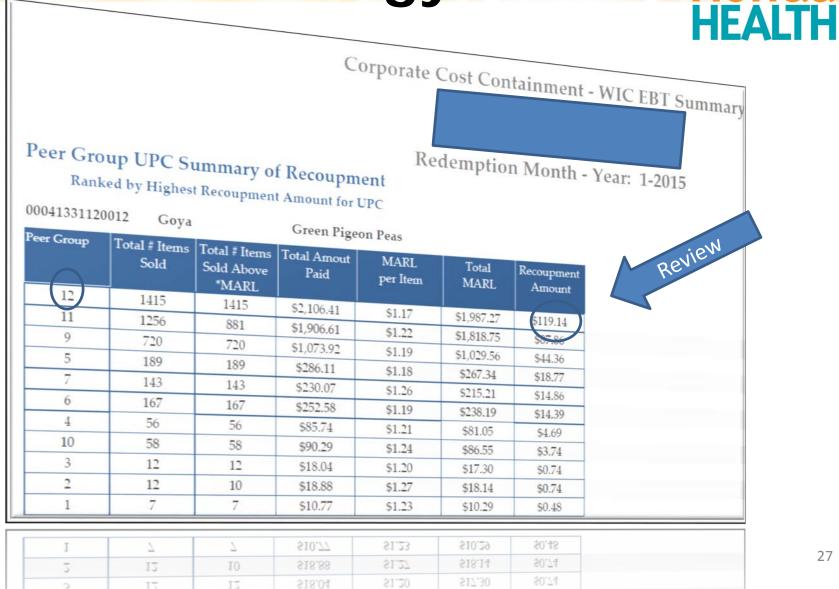
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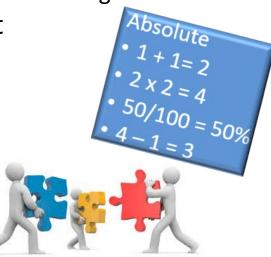
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WIC Cost Containment Strategy Complementing Strategies

- - Incentive for better profit margins
 - Recoupment conversation starts "How can I be competitive ..."
 - Critical analysis business model and product array
 - Vendor's target market
 - Demographics
 - Sources of supply
 - \checkmark Armed with facts
 - ✓ Shop for best margins
 - Match to vendor business model delivery, volume, Just-In-Time, diversions
 - Suppliers/Wholesalers
 - Practical business
 - Adamantly support WIC requirements
 - Other alternatives available

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- Complementing Strategies
 Incentive for compliance
 - Market's competitive price
 - Detailed end-of-month analysis and reports to vendors
 - Daily NTE impact evaluation
 - Communication with vendors throughout the month
 - There is no disagreement
 - Simple "averages"
 - Empirical data
 - Least resistance
 - Team building
 - Focused problem solving
 - Compliance = Profit



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- Complementing Strategies
 - Product redemption analytics
 - Consumption levels
 - Statewide
 - Region
 - Peer group
 - Clinic
 - Comparative pricing
 - Statewide
 - Region
 - Peer group
 - Minimum inventory impacts
 - Redemption history analytics

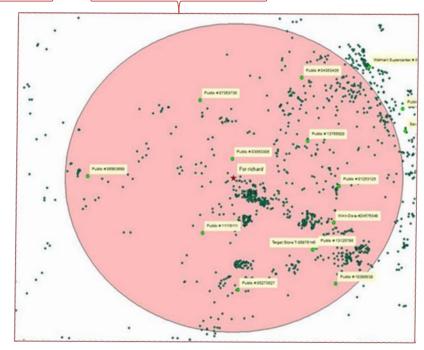


- Complementing Strategies
 - Data sharing
 - National brand interaction/analytics
 - New products
 - Vendor feedback
 - Private label analytics
 - Encourage strategic product thinking
 - Closed market data
 - Analysis of supply and demand
 - Vendor data
 - Individual vendor
 - Small and medium chains

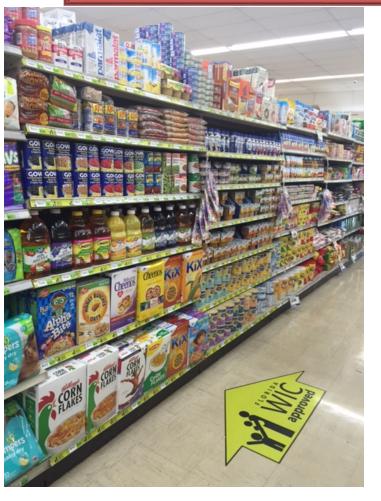
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Florida Baby Food Product

- Complementing Strategies
 - Volume \uparrow = Profit \$ \uparrow = WIC \uparrow
 - Informed analysis
 - Reduce vendor risk
 - High demand items
 - Demographics
 - High value issuance
 - Vary product array
 - Target demographics



WIC Essentials Area for Participant Selection

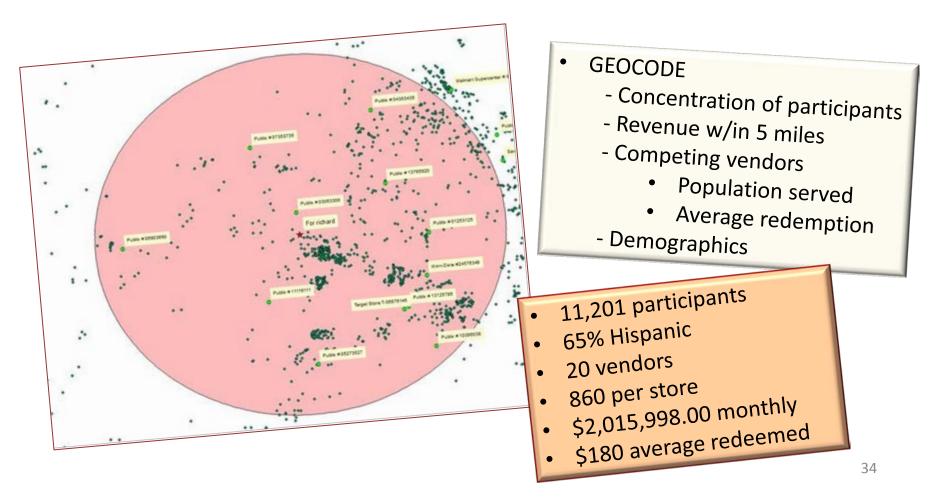


- Organization = \uparrow Profit
 - Better "shopping"
 - Higher redemption rates
 - More prescription consumed
- "See" fast movers
 - Rapid restocking
 - Customer focused
- Speeds audits
- Increases Cooperation

HEALTH



• Complementing Strategies



Vendor Distance Analytics - Program

Today's Date

City

Pine Castle

Barry Universit

Fort Lauderdale

Purchase

\$9.88

\$65.04

\$42.95

\$47.88

\$226.28

\$33.08

\$48.99

\$53.83

\$40.22

\$7.82

\$17.92

Distance

200.35

193.56

179.12

176.39

173.68

168.55

130.62

96.86

31.20

24.92 22.48

Abuse

Last Nan

2116666 1327055

1327476

2326983 1397258

2381133

1745224

1717442

How Far Will You Go For WIC? Really?

- Complementing Strategies
 - GEOCODE
 - Distance
 - Updates
 - Revenue
 - Competition
 - Data quality
 - Possible abuse

ΗΕΔΙΊ

- Complementing Strategies
 - Settlement
 - Systematic analysis of daily payments \$1 million

\$1,084,495.07

- Identify system processing errors
- Review payment history and impacts



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WIC Cost Containment

<u>Summary</u>

- Participant Focused
 - Business principles
 - Improve compliance & product array
- Complementing Strategies
 - Competitive principles
 - Incentivizes positive action
 - Cooperative market based problem solving
- WIC EBT data the foundation

Participant

Focused

Contact Information



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WIC Cost Containment

Florida

HEALTH

Who Earned the Most WIC Revenue?



WIC Cost Containment

Florid

Average <\$1,000/month

" 20 cash registers"

HEALTH

Who Earned the Most WIC Revenue?

