

# POLICY BRIEF

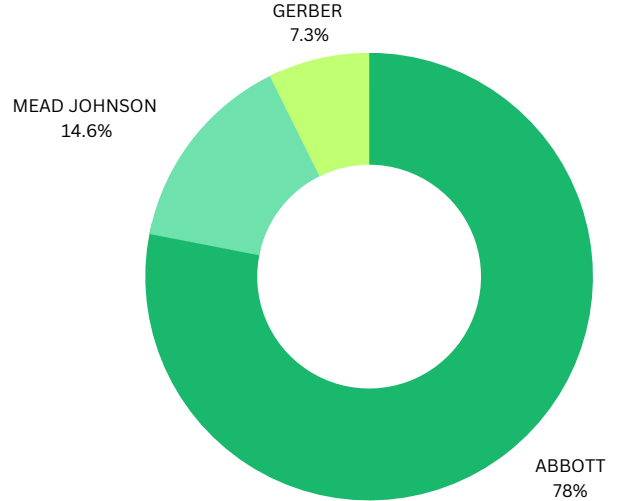
## Importance of Formula Choice for the WIC Program

### THE PROBLEM

The recent formula shortage, largely in part Abbott's voluntary formula recall, reduced formula availability by almost half, leading to significant increases in infant formula prices. As the largest purchasers of formula in the US, this had a significant financial impact on the WIC program

# 48%

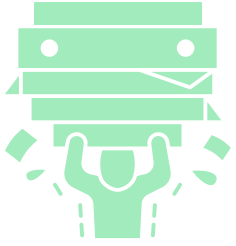
The WIC participants purchase 48% of all infant formula nationally, with Abbott being the primary manufacturer.



### THE RECOMENDATION

WIC State Agencies are required to enter into a multi-year contract with a single manufacturer, which is in place to help WIC State Agencies meet cost containment requirements from USDA. To increase program flexibility and participant satisfaction, and decrease the administrative burden for WIC staff; we are encouraging a revision to this approach by allowing state agencies the ability to enter contracts with multiple manufacturers.

### THE FORMULA SHORTAGE IMPACTED THE WIC PROGRAM

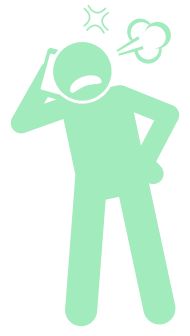


#### WIC ADMINISTRATION BURDEN

- Implementing formula waivers and creating new formula food package
- Education on comparable formulas, proper preparation, and advising against homemade alternatives

#### WIC PROGRAM DISSATISFACTION

- Limited initial flexibility, not allowing larger sizes and alternative formula brands
- Delayed implementation of waivers
- Limited store availability of contract and non-contract formula
- Decreased purchasing power and increased trips to WIC vendors



### WHAT IS THE EVIDENCE?

A USDA study found only some cost-containment strategies led to cost savings. Others did not reduce costs or were associated with lower participant satisfaction, benefit redemption, or consumption of prescribed foods.



**"There [were] times that I was going to like six to seven different stores a day [...] And even with WIC, if they did have it in stock, [my son] was only allowed to get four cans. Which even if you got four cans, the WIC wouldn't even let you buy more, you know, without using the WIC so I just constantly going to the grocery store every two days"**  
- WIC Participant

**"I still didn't feel comfortable giving [Similac] to my newborn. It was recalled. [...] So, when that happened, I haven't even been using [WIC for my kids]. I've just been buying like the ready to feed off the EBT".**  
- WIC Participant

**"Maybe y'all should like to open it all up for more for different brands and not just Similac".**  
- WIC Participant

### RECOMENDATIONS

WIC contracting should be reconfigured to include multiple manufacturers so that families have a choice when selecting standard infant formulas. This will also help manufacturers build capacity to improve distribution channels across the nation and better respond to future recalls and shortages. While this may reduce the rebate WIC programs receive from manufacturers, it may improve program participation in the long run and increase access to suitable alternatives to breastfeeding.

WIC along with other federal child nutrition programs should be reauthorized at full cost so they are not reliant on rebate arrangements for program funding. These programs continue operating via the annual appropriation process but have not been improved nor strengthened since 2010.

#### ADVANTAGES

- Improved WIC participant satisfaction by allowing the purchase of preferred formula
- Improved program retention by allowing the continuance of preferred/available formula
- Reduce concerns about locating appropriate formula options
- Decreasing stress and workload by convincing families to use a specific brand, identifying equivalent formulas, and locating available formulas.
- Improve formula distribution networks in all states so that there is less likelihood of another nationwide infant formula shortage



#### DISADVANTAGES

- Increased administrative and technology costs in tracking and maintaining several individual contracts.
- Multi-manufacturer contracts may reduce rebates provided by formula manufacturers. Without competitive bidding, WIC would need larger federal appropriations or serve significantly less women, infants and children every year.
- The proposed changes may make the WIC formula contract unattractive to formula manufacturers as they may not be able to establish dominance in markets.

### REFERENCES

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