

Peer Review Plan

Preliminary Title: Trends in Infant Formula Rebate Contracts: Implications for the WIC Program

Type of Report (ERR, EIB, EB,) EIB

Agency: Economic Research Service [X] Influential Scientific Information
USDA [] Highly Influential Scientific Assessment

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Subject of Review: USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides participating infants with free infant formula. WIC, the major purchaser of infant formula in the United States, is unique among USDA's nutrition assistance programs in that it requires its State agencies to operate a cost containment system for procuring infant formula. Typically, WIC State agencies obtain substantial discounts in the form of rebates from the infant formula manufacturers for each can of formula purchased through the program. In exchange for the rebate, a manufacturer is given an exclusive right to provide its infant formula to WIC participants in the State. These sole-source contracts are awarded to the manufacturer offering the WIC State agency the lowest net price, as determined by the manufacturer's wholesale price minus the rebate.

Because of the large volume of infant formula purchased through WIC, even small increases in net price can result in large increases in total costs to the program. WIC is a discretionary grant program funded annually by appropriations law. The number of participants who can be served within a fixed budget depends heavily on the program's food package costs, which in turn are significantly affected by rebates and the cost of infant formula. This study, based on data through February 2013, analyzes real net prices for contracts in effect in February 2013 as compared to the previous contracts.

Purpose of Review: The purpose of the review is to ensure the high-quality of the economic analysis, transparent explanation of methods, objective interpretation of results, and effective communication to the intended audience.

Type of Review: [] Panel Review [X] Individual Reviewers

[] Alternative Process (Briefly Explain):

Timing of Review (Est.): Start: 5/06/13 End: 07/18/13 Completed: 07/18/13

Number of Reviewers: [] 3 or fewer [X] 4 to 10 [] More than 10

Primary Disciplines/Types of Expertise Needed for Review: Economists

Reviewers selected by: [X] Agency [] Designated Outside Organization
Organization's Name:

Opportunities for Public Comment? [] Yes [X] No

If yes, briefly state how and when these opportunities will be provided:

How:

When:

Peer Reviewers Provided with Public Comments? Yes No
Public Nominations Requested for Review Panel? Yes No

