THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Health and Social Services
DIVISION OF PUBLIC ASSISTANCE
Family Nutrition Programs
Juneau

130 Seward Street, Suite 508
PO Box 110612
Juneau, Alaska 99811-0612
Main: 907.465-3100
Fax: 907.465-3416

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Re: Vendor Notification of Significant Changes for WIC Vendors

The Alaska WIC Program is implementing significant changes that affect Alaskan WIC vendors. Please carefully review the following information and contact Sandy Harbanuk, Vendor Coordinator at (907) 465-3100, sandra.harbanuk@alaska.gov, or the Vendor Management Unit if you have any questions.

- Effective April15: New WIC Peer Groups
- Effective April 15: Revised Minimum Stock Requirements

New WIC Peer Groups

USDA regulations [7 C.F.R. 246.12(g)(4)(ii)] require state WIC programs to establish a vendor peer group system as a cost containment measure. Vendors must be assigned to peer groups according to common characteristics so that the agency may determine whether individual stores have competitively priced goods. At least two criteria must be used to establish peer groups, one of which must be a measure of geography. Peer groups must be evaluated every three years for effectiveness in containing costs.

The Alaska WIC Program conducted a study in 2014-2015 to determine whether an alternative to the peer group system could be developed for Alaska that could meet the USDA requirement to contain costs, while recognizing that rural Alaska is not a competitive marketplace. The study found that the peer group system is integral to WIC operations in multiple ways, and no feasible alternative could be identified.

The Vendor Management Unit evaluated the effectiveness of the vendor peer groups that were established in 2012 and concluded that vendors and the program would be better served by using U.S. Census Bureau-defined urban and rural geographical classifications and the transportation/delivery methods for food distribution as our peer group definitions than the 2012 peer group definition, which included total food sales as a characteristic. The 2012 peer groups (current system) had resulted in several very small peer groupings that are too sensitive to influences on pricing, especially across rural Alaska.

Significant changes will be made effective with the implementation of the peer groups:

1) To achieve compliance with federal regulations, minimum stock requirements will be assigned by peer group rather than by store size. Vendors in the Supercenters and Urbanized Areas peer groups will use the "C" minimum stock requirements; all other groups will use the "A" minimum stock requirements. Pharmacies, which are authorized for infant formulas only, are exempt from minimum stock requirements.

2) Minimum square footage will be required by peer group, as vendor selection criterion for WIC authorization. We have included the minimum square footage requirements in the table below.

New peer groups for Alaska WIC, effective April 15, 2016:

Vendor Peer Group	Geographic Region	Transportation / Delivery Method	Minimum sq. footage
Military Commissaries (MC)	Military Commissaries statewide	Barge/Truck	3,000s.f.
Pharmacy (PH)	Pharmacies statewide	Barge/Truck	500s.f.
Rural Connected (RC)	Rural, connected by road or ocean waterway	Barge/Truck	3,000s.f.
Rural Remote (RR)	Rural, remote, no road/ocean waterway connection	Bypass Mail/Air freight	1,000s.f.
Supercenter (SC)	Supercenters, statewide	Barge/Truck	20,000s.f.
Urbanized Areas (UA)	Urbanized areas, connected by road or ocean waterway	Barge/Truck	10,000s.f.

Urbanized = >2,500 pop. and on road system or marine highway

Rural= <2,500 pop. (Rural hubs are classified as rural, even if population exceeds 2,500)

All authorized WIC vendors will be notified individually of their peer group placement.