

<p style="text-align: center;">Nutrition Services Department of State Health Services</p>

Effective: March 1, 2012

Policy No. FD:18.0

Drop Shipment of Formula and Medical Nutritional Products

Purpose

To outline procedures for drop shipment of formula and medical nutritional products (hereafter referred to as "formula").

Authority

State Policy

Policy

- I The local agency (LA) shall follow the drop shipment procedures in this policy. The resources listed below are available at the following site:
<http://www.dshs.state.tx.us/wichd/nut/foods-nut.shtm>
 - A. WIC Formula Drop Ship Procedures
 - B. Drop Ship Checklist (optional)
 - C. Formula Code List

- II Standard milk or soy-based infant formula shall not be drop shipped in any form (i.e. powder, liquid concentrate, or ready-to-use). The formula pager shall be contacted at (512) 499-6814, if LAs have difficulty obtaining these formulas.

- III. The LA is authorized to order drop shipment of formula for the following reasons:
 - A. The formula is not available locally,
 - B. The formula is not available in a reasonable amount of time (3 days or less).
 - C. No local area vendor is able to provide the formula for less than the "not to exceed" maximum price by WIC.

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Definition

Drop shipment – The shipping of exempt formula and/or medical foods from a supplier directly to the WIC LA.

Locally available formula – exempt formula and/or medical foods that are carried by or can be ordered from a local vendor.

Standard milk or soy-based infant formula - refers to any infant or toddler formula used to feed generally healthy infants or toddlers without special dietary needs. Standard formulas may be contract or non-contract formulas. (e.g., Similac Advance, Enfamil Premium, or Good Start Soy etc.).

Benefit-month refers to the valid period in which benefits can be used. The benefit-month is the first day of the month through the last day of the month.

Recipient – The adult person obtaining formula either for themselves or for infant(s) or child(ren). This person may also be known as a participant, client, parent, guardian, caregiver or proxy.

Procedure

- I. When formula is to be drop shipped:
 - A. Approval is required by appropriate LA or State Agency (SA) staff.
 - B. The Certifying Authority (CA) shall choose the formula code and quantity of formula to be shipped. Consult Formula Code List at: <http://www.dshs.state.tx.us/wichd/nut/foods-nut.shtm> for assistance with packaging challenges that may require ordering less than the issued amount of formula.
 - C. Issue benefits onto the WIC EBT Card. Print the shopping list.
Note: Make all necessary changes prior to printing the drop ship order form if the formula quantity needs to be reduced, a formula exchange is needed or multiple formulas are to be issued.
 - D. After benefit issuance, the computer generated drop ship order form is printed from the formula exchange module (FEM).
 - E. The EBT card and PIN number are required to access and print the drop ship order form.

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- F. Print a separate form for each month drop ship formula is issued to the EBT card. Example: If formula benefits are issued for the months of January, February and March, print a form for January, then for February and then for March.
- G. Instruct the recipient not to buy the formula to be drop shipped with the WIC EBT Card. Have the recipient sign the following statement:

"The WIC clinic has special ordered the formula, _____, for my infant/child because it is not available locally. I understand that I am not to purchase any of this formula with my WIC EBT Card. If I buy this formula with my WIC EBT Card, I will have to pay for the cost of that formula.

Spanish and Vietnamese translations of this statement are available and posted on the WIC website at <http://www.dshs.state.tx.us/wichd/nut/foods-nut.shtm>.

- 1. This signed statement shall be attached to the clinic copy of the signed shopping list.
 - 2. This shopping list is to be retained in the clinic with the other shopping lists and shall constitute the food instrument benefit issuance log.
 - 3. A second copy of the shopping list with the statement is to be given to the recipient. The recipient's copy does not have to be signed.
- H. Clinic completes the "To be completed by Clinic" section of the WIC Formula Drop Ship Order Form generated by TXWIN. ALL information that is not pre-populated must be manually entered on the form. Do not leave any section blank.
- I. Be certain to check that the pre-populated information is correct.
- J. Order only one-months' worth of formula at a time and request that it be drop-shipped to the clinic. State agency approval is required for delivery to any address other than the clinic address.
- K. The clinic determines where to order the drop ship formula and obtains the price per item. Shipping charges, if any, shall be listed separately on the WIC Formula Drop Ship Order Form. The SA must approve overnight delivery (if this is a separate added expense).

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- L. Formula may be ordered earlier than the first day of the benefit month, but cannot be given to the recipient before the first day or after the last day of the benefit month.
- M. Inform the recipient of the date they should return to pick up formula and that it will only be held in the clinic for approximately seven days (not to exceed the last day of the benefit month).
- N. The recipient may leave the clinic at this step.
- O. Fax the order form to the vendor. NOTE: Vendors should not ship formula until a copy of the order form has been received.
- P. Vendor ships the formula to the clinic.
- Q. Upon receipt of the formula by the LA:
 - 1. Confirm the formula is undamaged and the type and quantity are correct.
 - 2. If all is in order, circle "Y" on the drop ship order form. If the formula is damaged or incorrect, contact the vendor and/or the formula pager for assistance.
 - 3. Clinic staff signs and dates the original WIC Formula Drop Ship Order Form. The "to be completed by vendor" section will be blank.
 - 4. Contact the recipient to pick up the formula.
 - 5. Document all attempts to contact the recipient.
 - 6. When the recipient comes into the clinic, have the recipient sign and date the WIC Formula Drop Ship Order form indicating that they received the formula.
 - 7. Confirm that the current PAN in the participant's possession matches the PAN written on the WIC Formula Drop Ship Order Form.
 - 8. If the PAN is not correct (as might happen due to a lost card), draw a single line through the incorrect PAN (so that it is still legible) and write the correct PAN below or next to it on the WIC Formula Drop Ship Order form. Include a brief note of explanation for why the PAN has changed such as lost card, custody change etc.
 - 9. Verify that the date signed is in the same month as the benefit month printed on the form.

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Example: If the benefit month is June, then the date the recipient signs the form must be in June. It cannot be dated in May or July.

R. The original signed WIC Formula Drop Ship Order Form for the current month shall be **immediately** faxed to the vendor. This order form shall be faxed no later than the last day of the benefit-month. This is to prevent the vendor from missing the valid time period for submission of the order form to the SA for claim payment.

S. Call the vendor to confirm that the faxed and completed order form was received and retain all documentation.

T. Each LA shall implement a procedure to document and track drop ship orders placed, received, and issued. Documentation shall be maintained in a central file with a reference copy of the *SA WIC Formula Drop Ship Procedures* for monitoring or auditing purposes.

- II. Local agency liability for formula payment – The LA shall be required to pay for formula in the following situations:
- A. The LA causes a vendor to miss an opportunity to submit a claim for payment within the valid time period by:
 - 1. Not faxing the signed WIC Drop Ship Order form to the vendor on or before the last day of the benefit month or;
 - 2. Submitting an order form that is incomplete or inaccurate.
Example: missing or incorrect information such as benefit month, PAN, no caregiver signature etc...
 - B. The formula is provided to the participant before the benefit month begins or after the benefit month ends.
 - C. The formula quantity ordered and provided to the recipient is greater than the quantity issued to the participant. (e.g. 113 cans of Pediasure Enteral is the maximum amount allowed for a child. 113 cans are ordered and given to the recipient. However, benefits were issued after the first of the benefit month resulting in a pro-rated amount of 80. Only 80 should be ordered. The LA could be responsible for paying for 33 cans given in error.)
 - D. Other situations which result in an inability to process a valid claim within the valid time period.

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- III. What to do if the formula is not picked up:
After approximately (7) seven calendar days, with no contact between the LA and the recipient (e.g. phone disconnected, no response to postcard, messages not returned, etc...) the LA shall contact the vendor to arrange to return the formula. Return shipment charges are a WIC allowable expense.

- IV. Prior to placing future orders, staff shall:
 - A. Contact the recipient to ensure that the formula is still needed.
 - B. Call the vendor to ensure that the formula is in stock and has not changed in price.

- V. The LA should contact the formula pager at (512) 499-6814 for any issues regarding drop ship (e.g. formula exchanges, packaging issues, etc...).