UWMC Calculation of Formula Cost
Figure Based on Baby-Friendly USA Method of Calculation

Method of Formula Calculation:
Find 5 OB items that can be purchased at local store
1. Find hospital cost for each item
2. Calculate retail mark-up of each item
3. Calculate percentage of discount hospital receives compared to retail cost
4. Apply the average discount percentage found towards the purchase of formula

Cost of Items Found at Local Everett Wal-Mart and Rite Aid as of July 2009

<table>
<thead>
<tr>
<th>Item</th>
<th>UWMC Cost</th>
<th>Retail Mark-up</th>
<th>% Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pampers &quot;Swaddlers&quot; Newborn:</td>
<td>$0.06 each</td>
<td>$0.23 each</td>
<td>74%</td>
</tr>
<tr>
<td>2. Digital Thermometer</td>
<td>$3.46</td>
<td>$6.99</td>
<td>50%</td>
</tr>
<tr>
<td>3. Digital Thermometer Covers</td>
<td>$1.27</td>
<td>$3.49</td>
<td>64%</td>
</tr>
<tr>
<td>4. Tucks (generic)</td>
<td>$1.44</td>
<td>$3.99</td>
<td>64%</td>
</tr>
<tr>
<td>5. Avent Newborn Bottle</td>
<td>$2.50</td>
<td>$8.49</td>
<td>71%</td>
</tr>
</tbody>
</table>

Average of discount equals 65%

Cost of Formula as of July 2009

Wal-Mart:  
- Similac Advance singles powder: $10.17/16pk
- Similac Advance can of concentrate: $4.17/13oz
- Similac Advance ready to feed 32oz: $5.50 /$0.17 per oz

Similac is available to hospitals in 2oz ready to feed bottles:
$0.17 x 2oz = $0.34 per 2oz bottle

With average hospital discount: 0.34 x 65% discount = $0.22 per 2oz bottle

We are paying:
- $0.25 for each 2oz bottle of 20 cal Advance
- $9.26 for the box of 16 of powder singles
- $4.08 for the can of liquid concentrate

Amount paid over and above average discount
- (8% greater than average would be)
- (26% greater than average would be)
- (33% greater than average would be)