

Mining the Store: Containing Costs

- Session Moderator

- ***Victor Ho***

- Speakers

- Jennifer Simpson, Kroger Corporate Office

- Mary Alice Winfree, Texas WIC

- Carlene Egbert, Kentucky WIC

RETAIL GROCERY BASKET

Item	State A	State B	State C	State D	State E	State F	State G
S.B. Whole Milk (Gallon)	\$3.09	\$3.39	\$2.59	\$3.69	\$2.68	\$3.09	\$2.79
S.B. Mozzarella or N.B. Cheddar (8oz or 16oz)	\$3.19	\$4.69	\$2.99	\$3.69	\$3.59	\$2.69	\$6.99
S.B. or N.B. Apple Juice (64oz)	\$3.49	\$3.49	\$3.59	\$2.88	\$1.84	\$2.49	\$2.49
Infant Formula (Contract Brand - Milk Based)	\$15.99	\$18.98	\$15.99	\$16.39	\$15.98	\$16.25	\$15.79
N.B. Cereal (9oz, 12oz, 13oz or 18oz)	\$3.47	\$3.98	\$3.79	\$3.09	\$4.35	\$3.47	\$3.44
Total Cost	\$29.23	\$34.53	\$28.95	\$29.74	\$28.44	\$27.99	\$31.50

S.B. = Store Brand
N.B. = National Brand

*Information based on July, 2013

RETAIL GROCERY BASKET – AFTER COST CONTAINMENT

Prices in red represent amount reimbursed from the state if different than price charged

Item	State A	State B	State C	State D	State E	State F	State G
S.B. Whole Milk (Gallon)	<u>\$3.09</u>	<u>\$3.39</u> \$3.34	<u>\$2.59</u>	<u>\$3.69</u> \$3.45	<u>\$2.68</u>	<u>\$3.09</u>	<u>\$2.79</u>
S.B. Mozzarella or N.B. Cheddar (8oz or 16oz)	<u>\$3.19</u>	<u>\$4.69</u> \$4.23	<u>\$2.99</u>	<u>\$3.69</u> \$3.36	<u>\$3.59</u>	<u>\$2.69</u>	<u>\$6.99</u> \$6.40
S.B. or N.B. Apple Juice (64oz)	<u>\$3.49</u>	<u>\$3.49</u> \$2.90	<u>\$3.59</u> \$2.86	<u>\$2.88</u>	<u>\$1.84</u>	<u>\$2.49</u>	<u>\$2.49</u>
Infant Formula (Contract Brand - Milk Based)	<u>\$15.99</u>	<u>\$18.98</u> \$17.95	<u>\$15.99</u>	<u>\$16.39</u>	<u>\$15.98</u>	<u>\$16.25</u>	<u>\$15.79</u>
N.B. Cereal (9oz, 12oz, 13oz or 18oz)	<u>\$3.47</u>	<u>\$3.98</u> \$3.47	<u>\$3.79</u> \$3.36	<u>\$3.09</u>	<u>\$4.35</u> \$4.31	<u>\$3.47</u>	<u>\$3.44</u> \$3.42
Total Cost	<u>\$29.23</u>	<u>\$34.53</u> \$31.89	<u>\$28.95</u> \$27.79	<u>\$29.74</u> \$29.17	<u>\$28.44</u> \$28.40	<u>\$27.99</u>	<u>\$31.50</u> \$30.89
Percentage Paid	100%	92.4%	96.0%	98.1%	99.9%	100%	98.1%

S.B. = Store Brand
N.B. = National Brand

*Information based on July, 2013

Theoretical State Pricing Methods

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Imagine this: As a new State Agency, we've just collected 15 prices in a price survey for the same item – maybe a gallon of milk. How might different methods of calculating and implementing cost containment impact these 15 retailers?

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price:

\$4.04

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price: \$4.04

Average + 1 Standard Deviation: \$4.34

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price: \$4.04

Average + 1 Standard Deviation: \$4.60

Average + 1.5 Standard Deviation: \$4.87

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price: \$4.04

Average + 1 Standard Deviation: \$4.60

Average + 1.5 Standard Deviation: \$4.87

Average + 2 Standard Deviation: \$5.15

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price:	\$4.04
Average + 1 Standard Deviation:	\$4.60
Average + 1.5 Standard Deviation:	\$4.87
Average + 2 Standard Deviation:	\$5.15
Average + 10%:	\$4.44

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price:	\$4.04
Average + 1 Standard Deviation:	\$4.60
Average + 1.5 Standard Deviation:	\$4.87
Average + 2 Standard Deviation:	\$5.15
Average + 10%:	\$4.44
Average + 15%:	\$4.64

Theoretical State Pricing Methods

Prices in Red Indicate Retailers that would receive an adjustment down to the highlighted price

\$2.99	\$3.25	\$3.50	\$3.75	\$3.79
\$3.88	\$3.99	\$3.99	\$3.99	\$4.03
\$4.29	\$4.45	\$4.75	\$4.89	\$5.04

Average Price:	\$4.04
Average + 1 Standard Deviation:	\$4.60
Average + 1.5 Standard Deviation:	\$4.87
Average + 2 Standard Deviation:	\$5.15
Average + 10%:	\$4.44
Average + 15%:	\$4.64
Average + 25%:	\$5.05

Other Opportunities

- There is an inherent time lag when using historical prices (last 30-60 days) to predict future prices
 - ▣ Rising prices result in a penalty to retailers (claims are reduced)
 - ▣ Falling prices only benefit WIC (because grocers must lower prices in response to competition)

Texas NTE & MAR – They are not the same

□ NTE – Not To Exceed

- A statewide prepayment price limit the State will pay for a food type by unit of measure

□ MAR – Maximum Allowable Reimbursement

- A price limit derived monthly by the Texas WIC automated end-of-process month analysis of vendor claims paid
- Total difference between what was paid and the MAR is recouped from the vendor the following month

Texas Not To Exceed Amounts

Food	Amount	NTE Price
Milk	½ gallons of milk	\$2.75
Milk	1 gallon containers	\$5.50
Milk	quart	\$2.00
Nonfat dry powdered milk	9.6-oz. box	\$2.97
Nonfat dry powdered milk	25.6-oz. box	\$7.93
Nonfat dry powdered milk	64-oz. box	\$19.84
Lactaid or Dairy Ease	½ gallon size only	\$5.36
Evaporated milk	12-oz.can	\$1.25
Cheese	1 pound	\$5.00
Cheese	2 pounds	\$10.00
Eggs	1 dozen	\$2.25
Beans	1 pound	\$1.50
Beans canned	15-16 oz. cans	\$1.50
Peanut Butter	18-oz. jar	\$3.30
Tuna	5 or 6 oz. can	\$1.00
Frozen juice	11.5 to 12-oz. cans	\$2.50
Fluid juice	48-oz. containers	\$2.50
Fluid juice	64-oz. containers	\$3.30
Adult cereals	18 oz.	\$4.50
Adult cereals	36 oz.	\$9.00
Gluten Free cereals	36 oz.	\$9.00
Gerber infant cereal - no fruit	per oz.	\$0.29
Baby Food Meats	2.5 oz.	\$1.50
Baby Food Fruit & vegetables	4 oz.	\$1.00
Tofu	1 lb.	\$2.50
Pink Salmon	5 to 6-oz. can	\$.30 per oz
Bread, whole wheat	16 oz.	\$3.00
Soft corn tortillas	16 oz.	\$1.50
Whole wheat tortillas	16 oz.	\$2.50
Brown rice	16 oz.	\$1.50
Oatmeal	16 oz.	\$1.50

Formula	# of Ounces	NTE Price
Similac Advance Powder	12.4	\$17.26
Similac Advance Concentrate	13	\$5.35
Similac Advance RTU	32	\$7.60
Gerber Good Start Soy Powder	12.9	\$18.88
Gerber Good Start Soy Concentrate	12.1	\$5.16
Similac Sensitive Powder	12.6	\$18.04
Similac Sensitive with Iron Conc	13	\$5.88
Similac Sensitive RTU	32	\$7.26
Similac Sensitive for Spit Up Powder	12.3	\$17.94

Updated June 24, 2013

Texas Maximum Allowable Reimbursement

- Texas WIC authorizes traditional grocers and Above 50% grocers
- Certified Cost Containment Plan assuring the Maximum Allowable Reimbursement to Above 50% grocers does not exceed the Statewide Average paid to traditional grocers for the same food category/subcategory
- Cost Containment Analysis performed at the close of each process month

Texas Maximum Allowable Reimbursement

- Traditional Grocers grouped into one of 19 regions then one of four WIC dollar volume bands

-Band 1	\$.01 - \$1,999.99
-Band 2	\$2,000 - \$5,999.99
-Band 3	\$6,000 - \$19,999.99
-Band 4	\$20,000 +

- Average for each category/subcategory by Region and \$ volume band is computed
- MAR allowed is 125% of the category/subcategory average up to the Not to Exceed

Texas MAR

June 2013 EBT-Traditional Grocers WIC Category/Subcategory Price Region/Band Averages

Dallas				Band 1		Band 2		Band 3		Band 4	
Price Region	CAT / SUB	Description	UOM	100%	125%	100%	125%	100%	125%	100%	125%
004	001-002	MILK 2% OR LESS	gal	\$2.98	\$3.73	\$2.99	\$3.74	\$2.99	\$3.74	\$2.97	\$3.72
004	001-003	BUTTERMILK LOWFAT	1/2 gal	\$2.28	\$2.86	\$2.42	\$3.02	\$2.27	\$2.83	\$2.52	\$3.15
004	001-004	MILK SKIM 1/2% 1% 2% QT	qt	\$1.48	\$1.84	\$1.43	\$1.79	\$1.42	\$1.78	\$1.65	\$2.07
004	001-006	MILK SKIM 1% OR 2%	1/2 gal	\$2.05	\$2.56	\$2.05	\$2.57	\$2.05	\$2.56	\$2.15	\$2.69

Houston				Band 1		Band 2		Band 3		Band 4	
Price Region	CAT / SUB	Description	UOM	100%	125%	100%	125%	100%	125%	100%	125%
009	001-002	MILK 2% OR LESS	gal	\$3.36	\$4.20	\$3.24	\$4.05	\$3.15	\$3.94	\$2.98	\$3.73
009	001-003	BUTTERMILK LOWFAT	1/2 gal	\$2.09	\$2.61	\$2.16	\$2.70	\$2.24	\$2.80	\$2.22	\$2.77
009	001-004	MILK SKIM 1/2% 1% 2% QT	qt	\$1.44	\$1.79	\$1.40	\$1.75	\$1.44	\$1.81	\$1.52	\$1.91
009	001-006	MILK SKIM 1% OR 2%	1/2 gal	\$2.19	\$2.74	\$2.10	\$2.62	\$2.08	\$2.61	\$2.06	\$2.57

June 2013 EBT – Predominately WIC Statewide Category/Subcategory Averages

Category Subcategory	Description	Unit of Measure	Statewide Average
001-002	MILK 2% OR LESS	gal	\$3.14
001-003	BUTTERMILK LOWFAT	1/2 gal	\$2.53
001-004	MILK SKIM 1/2% 1% 2% QT	qt	\$1.64
001-006	MILK SKIM 1% OR 2%	1/2 gal	\$2.27

REPORTING EXAMPLE



Texas WIC Program Cost Containment - EBT TWIC Adjustment Summary
Process Month June 2013

Printed:
18-Jul-2013



Account:
 [REDACTED] Kroger Texas Lp /customer A/r Dept
 2700 East Fourth St
 HUTCHINSON, KS 67501

Outlet:
 00107 Kroger [REDACTED]
 [REDACTED]
 HOUSTON, TX [REDACTED]

LA 009 / Band 4

Amount Due: \$27.73 For Process Month June 2013

Cat/Subcat	Description	Unit Of Measure	Adjusted Quantity	Amount Paid	Avg Adj Items	125% Avg	MAR	Diff	FSFY
004/004	JUICE 64 OZ &/OR 16 OZ FRZ	CTNR	60.00	\$197.94	\$3.30	\$2.8850	\$173.28	\$24.66	33
005/001	HIGH COST CEREAL	OUNCE	1,026.00	\$247.95	\$0.24	\$0.2395	\$245.67	\$2.28	33
016/003	CORN TORTILLAS	LB	74.00	\$111.00	\$1.50	\$1.4881	\$110.21	\$0.79	33
Outlet Total Adjustments for :33								\$27.73	

Outlet Total Adjustments :

\$27.73

UPCCD	UPCDescription	UOM	Total Qty Paid	Total Amt Paid	Items Above MAR	Amt Paid Above MAR	Avg Per Item	MAR Avg	MAR	Recoup ment
0000001111048480	KROGER ORANGE JUICE REF 64 OZ	ctnr	87	\$207.93	60	\$0.00	0	0	\$0.00	\$0.00
0000001111048895	KROGER ORANGE JUICE HOMESTLYE REFR 64 OZ	ctnr	53	\$126.67	60	\$0.00	0	0	\$0.00	\$0.00
0000001111048902	KROGER ORANGE JUICE W/CA REF 64 OZ	ctnr	28	\$66.92	60	\$0.00	0	0	\$0.00	\$0.00
0000001111082103	KROGER PURPLE GRAPE JUICE 64 OZ	ctnr	51	\$131.07	60	\$0.00	0	0	\$0.00	\$0.00
0000001111082107	KROGER PINEAPPLE JUICE 64 OZ	ctnr	54	\$178.20	60	\$178.20	3.3	2.89	\$155.94	\$22.26
0000001111082114	KROGER APPLE JUICE 64 OZ	ctnr	342	\$629.28	60	\$0.00	0	0	\$0.00	\$0.00
0000001111082141	KROGER GRAPEFRUIT JUICE 64 OZ	ctnr	6	\$19.74	60	\$19.74	3.29	2.89	\$17.34	\$2.40
0000001111082145	KROGER WHITE GRAPE JUICE 64 OZ	ctnr	67	\$172.19	60	\$0.00	0	0	\$0.00	\$0.00
0000001630022020	TEXSUN VEGETABLE JUICE 64 OZ	ctnr	2	\$5.58	60	\$0.00	0	0	\$0.00	\$0.00
			690	\$1,537.58	540	\$197.94			\$173.28	\$24.66

UPCDescription	UOM	Total Qty Paid	Total Amt Paid	Items Above MAR	Amt Paid Above MAR	Avg Per Item	MAR Avg	MAR	Recoup ment
GENERAL MILLS DORA THE EXPLORER BOX 18 OZ	ounce	1656	\$339.48	1026	\$0.00	0	0	\$0.00	\$0.00
GENERAL MILLS CHEERIOS BOX 36 OZ	ounce	1080	\$209.70	1026	\$0.00	0	0	\$0.00	\$0.00
GENERAL MILLS CHEERIOS BOX 18 OZ	ounce	1026	\$247.95	1026	\$247.95	0.24	0.24	\$245.67	\$2.28
GENERAL MILLS KIX BOX 18OZ	ounce	540	\$111.60	1026	\$0.00	0	0	\$0.00	\$0.00
KELLOGG'S CORN FLAKES BOX 18 OZ	ounce	1170	\$194.35	1026	\$0.00	0	0	\$0.00	\$0.00
KELLOGG'S SPECIAL K BOX 18 OZ	ounce	54	\$12.57	1026	\$0.00	0	0	\$0.00	\$0.00
KELLOGG'S RICE KRISPIES BOX 18 OZ	ounce	1350	\$269.25	1026	\$0.00	0	0	\$0.00	\$0.00
KELLOGG'S FROSTED MINI-WHEAT BITE SIZE 18 OZ	ounce	504	\$103.04	1026	\$0.00	0	0	\$0.00	\$0.00
KELLOGG'S ALL BRAN CMPLT WHEAT FLAKES 18 OZ	ounce	18	\$3.69	1026	\$0.00	0	0	\$0.00	\$0.00
POST HONEY BUNCHES OF OATS HONEY ROASTED BOX 18 OZ	ounce	1584	\$263.12	1026	\$0.00	0	0	\$0.00	\$0.00
POST HONEY BUNCHES OF OATS W/ALMONDS BOX 18 OZ	ounce	2304	\$382.72	1026	\$0.00	0	0	\$0.00	\$0.00
POST GRAPE NUT FLAKES BOX 18 OZ	ounce	126	\$27.93	1026	\$0.00	0	0	\$0.00	\$0.00
		11412	\$2,165.40	12312	\$247.95			\$245.67	\$2.28

NTE & MAR Impact on Texas Grocers

Summary of NTE & 125% MAR							
Adjustments on June 2013 Process Month							
	Total Claimed Amount	NTE Adjustments	% of Total Claimed	Total Paid Amount	MAR Adjustment	% of Total Paid	Total % Reduced
Traditional WIC	\$38,947,710.68	\$57,373.30	0.1473%	\$38,890,337.38	\$18,484.85	0.0475%	0.1948%
Predominantly WIC	\$7,100,432.45	\$3,070.76	0.0432%	\$7,097,361.69	\$160,408.74	2.2601%	2.3034%
	\$46,048,143.13	\$60,444.06		\$45,987,699.07	\$178,893.59		
Summary of NTE & 125% MAR							
Adjustments on July 2013 Process Month							
	Total Claimed Amount	NTE Adjustments	% of Total Claimed	Total Paid Amount	MAR Adjustment	% of Total Paid	Total % Reduced
Traditional WIC	\$42,695,524.86	\$55,689.23	0.1304%	\$42,639,835.63	\$28,097.69	0.0659%	0.1963%
Predominantly WIC	\$7,232,742.79	\$3,043.32	0.0421%	\$7,229,699.47	\$144,255.51	1.9953%	2.0374%
	\$49,928,267.65	\$58,732.55		\$49,869,535.10	\$172,353.20		

COST CONTAINMENT IN THE PAPER WORLD



1st Notice to submit prices

Reminder Call

2nd Notice.

Price Lists edited

Price Lists submitted to Key Punch

Key Punch data submitted to data processing

Report received listing data for stores not meeting pricing criteria

Negotiate prices with Vendors

Send out Lock In letters

1st Month

2nd Month

3rd Month

4th Month

Food Instrument Redemptions in Excess of the Estimated Value Report

VENDOR NUMBER	>/= MAX	FPKG CODE	INF PKG	FI SEQ#	FI NUMBER	BANK ACCT NO	HID/LOC/SITE	FIRST VALID DATE	DATE CLEARED	EST VALUE	MAX VALUE	ACTUAL AMOUNT
109027	**	R12		1	3849521	1246704	009/009	12/27/2010	01/13/2011	\$.00	\$.00	\$174.72
109028		C1A		1	4544918	1246704	009/009	01/21/2011	01/25/2011	\$29.03	\$36.29	\$34.89
109028		C1A		2	3848836	1246704	009/009	12/25/2010	01/03/2011	\$14.88	\$18.60	\$17.36
109028		C1A		2	3849161	1246704	009/009	12/21/2010	01/10/2011	\$14.88	\$18.60	\$16.26
109028	**	C1B		1	3851178	1246704	009/009	12/25/2010	01/13/2011	\$29.42	\$36.78	\$44.77
109028	**	C1B		1	3851181	1246704	009/009	01/25/2011	01/31/2011	\$29.42	\$36.78	\$47.19
109028	**	C1B		1	3991935	1246704	099/099	01/06/2011	01/31/2011	\$29.42	\$36.78	\$49.45
109028		C1B		1	4235548	1246704	315/049	01/02/2011	01/04/2011	\$29.42	\$36.78	\$34.01
109028		C1B		1	4543618	1246704	009/009	01/18/2011	01/26/2011	\$29.42	\$36.78	\$30.82
109028		C1B		2	3851179	1246704	009/009	12/25/2010	01/13/2011	\$12.85	\$16.06	\$13.27
109028		C1B		2	3851182	1246704	009/009	01/25/2011	01/31/2011	\$12.85	\$16.06	\$12.97
109028		C1B		2	4235549	1246704	315/049	01/02/2011	01/11/2011	\$12.85	\$16.06	\$13.37
109028		C1B		2	4543616	1246704	009/009	12/18/2010	01/04/2011	\$12.85	\$16.06	\$14.37
109028	**	C2A		1	3849197	1246704	009/009	12/26/2010	01/19/2011	\$27.52	\$34.40	\$34.52
109028	**	C2A		1	3850304	1246704	009/009	12/06/2010	01/03/2011	\$27.52	\$34.40	\$34.62
109028		C2B		1	3851298	1246704	009/009	01/18/2011	01/24/2011	\$32.92	\$41.15	\$34.22
109028	**	C2B		2	3441874	1246704	087/087/A	12/13/2010	01/04/2011	\$14.00	\$17.50	\$20.54
109028	**	C2B		2	3851299	1246704	009/009	01/18/2011	01/25/2011	\$14.00	\$17.50	\$24.24
109028	**	C2B		2	4566348	1246704	087/087/A	01/13/2011	01/25/2011	\$14.00	\$17.50	\$18.06
109028		NF31	4	1	3951548	1246704	087/087/A	01/16/2011	01/26/2011	\$95.82	\$119.78	\$113.94
109028		NF31	4	2	3951549	1246704	087/087/A	01/16/2011	01/26/2011	\$63.88	\$79.85	\$75.96
109028		NF33		1	4544390	1246704	009/009	01/05/2011	01/19/2011	\$95.82	\$119.78	\$113.94
109028		NF5	4	1	3951366	1246704	087/087/A	01/18/2011	01/31/2011	\$94.02	\$117.53	\$113.94
109028		NF5	4	2	3951367	1246704	087/087/A	01/18/2011	01/31/2011	\$62.68	\$78.35	\$75.96
109028		P1		2	4543169	1246704	009/009	12/28/2010	01/19/2011	\$14.35	\$17.94	\$17.56
109028		P2		2	4282514	1246704	087/087/A	01/16/2011	01/24/2011	\$16.97	\$21.21	\$20.55
109028		P2		2	4543698	1246704	009/009	12/24/2010	01/10/2011	\$16.97	\$21.21	\$20.15
109028	**	PP2		1	3951556	1246704	087/087/A	01/16/2011	01/26/2011	\$32.28	\$40.35	\$42.22
109028	**	PP2		1	3992978	1246704	099/099	12/25/2010	01/13/2011	\$32.28	\$40.35	\$41.69

COST CONTAINMENT IN THE EBT WORLD

Redemption is submitted for approval. The price being requested for each item is compared to the Peer Group NTE. If the price exceeds the NTE, it is reduced during transaction.



The next day settlement will Reimburse the store for the reduced amount.

3:00 p.m.

3:00 a.m.

3:00 p.m.

How Do We Determine the NTE (Not To Exceed) price?

- The charged price for each item by UPC is captured weekly by EBT.
- Software divides this data into buckets based on:
 - Specific products (UPCs that were purchased)
 - Peer group of redeeming store

SALES	REGION		
Class I – Less than \$200,000	West	Central	East
Class II - \$200,000 to \$1.5 Million	West	Central	East
Class III - \$1.5 Million to \$8 Million	West	Central	East
Class IV – Greater than \$8 Million	West	Central	East
Class V - Pharmacies	West	Central	East

- An average redemption price is calculated weekly for each peer group and for each product using the previous three (3) months data.
- A standard deviation of the calculated data is also calculated.
- The NTE for the peer group and product combination is set for the average value plus two standard deviations.

Class II, Western Region's Redemption Transactions	Requested Price Kraft Swiss Cheese 8 oz. (Hypothetical data)
Transaction 1	\$2.45
Transaction 2	\$2.75
Transaction 3	\$2.22
Transaction 4	\$2.16
Transaction 5	\$2.92
Transaction 6	\$2.78
Transaction 7	\$2.89
Transaction 8	\$2.75
Transaction 9	\$2.22
Average price	\$2.72
Standard Deviation	\$.56
NTE (Average Plus 2 Standard deviations)	\$3.99

HOW NTE'S ARE USED

- When a redemption is presented for approval, the price (UPC specific) being requested for each item is compared to the Peer Group NTE.
- If the price exceeds the NTE, it is reduced to the NTE value in the settlement file.
- The approval transaction returned to the store indicates if a price was reduced on one or more items and the amount the store will actually receive as reimbursement for that redemption transaction.
- The next day settlement will reimburse the store for the reduced amount.



EXAMPLE OF REDEMPTION TRANSACTION

Product	Requested	NTE Adj.	Approved	Requested Qty	Approved Qty	Exchange Siz	Units Deducte	Action
052200008263 - Beechnut 2Nd Cntry Grdnveg 12 - 000 - Infant Fruit & Vegetables in 4 oz Containers	\$2.94	\$0.00	\$2.94	6.00	6.00	4.00 (oz)	24.00 (oz)	Approved
052200005149 - Beechnut Apples And Bananas 12 - 000 - Infant Fruit & Vegetables in 4 oz Containers	\$0.98	\$0.00	\$0.98	2.00	2.00	4.00 (oz)	8.00 (oz)	Approved
052200005118 - Beechnut Pears / Raspberries 12 - 000 - Infant Fruit & Vegetables in 4 oz Containers	\$0.98	\$0.00	\$0.98	2.00	2.00	4.00 (oz)	8.00 (oz)	Approved
052200005491 - Beechnut 2Nd Apple Bluebry 12 - 000 - Infant Fruit & Vegetables in 4 oz Containers	\$0.98	\$0.00	\$0.98	2.00	2.00	4.00 (oz)	8.00 (oz)	Approved
015000004354 - Gerber Bananas 12 - 000 - Infant Fruit & Vegetables in 4 oz Containers	\$1.30	\$0.00	\$1.30	2.00	2.00	4.00 (oz)	8.00 (oz)	Approved
028000295059 - Juicy Juice Orange Tangerine 54 - 000 - 64 oz Juice	\$4.40	\$0.41	\$3.99	1.00	1.00	1.00 (cont)	1.00 (cont)	Approved
028000641504 - Juicy Juice Apple Raspberry 54 - 000 - 64 oz Juice	\$3.99	\$0.00	\$3.99	1.00	1.00	1.00 (cont)	1.00 (cont)	Approved
Settled Price is \$14.75	\$15.57	\$0.41	\$15.16	16.00 Products	16.00 Products			

EFFECTIVENESS OF NTE'S FOR COST CONTAINMENT

- An analysis of 3 months of redemptions data in a pilot area yielded the following:
 - 11.6% of all items submitted for approval and reimbursement were reduced because of NTE exceptions.
 - In the small sample, the savings to WIC resulting from NTE reductions were about \$32,000.

Some Benefits of Using eWIC

- Cost savings
- Exemption from Price Lists
- No more pay and chase
- Electronic process
- Time efficiency for agency staff, vendors and participants
- More data available
- Less error rates involving transactions

