

## What is “Not to Exceed” Pricing all about with WIC?

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As we roll-out, more grocers are asking us about Not-to-Exceed pricing, how it works, and what it means to them.

Federal rules require each eWIC program to establish Not-to-Exceed (NTE) prices at the UPC level for all foods on the state’s Approved Products List.

- WIC will pay what the grocer charges, up to the NTE, for eligible WIC foods
- The NTE is initially established by price surveys conducted at a sample of WIC stores.
- WIC stores are grouped into “peer groups” based on size and corporate structure. Vermont WIC’s peer groups are small independent, large independent, small chain, large chain, and superstore.
- Each peer group has its own NTEs for each WIC product. (i.e. the NTE for a half-gallon of low-fat milk is different for small independents than it is for superstores.)
- Every day, a WIC staff person reviews the prior days’ settlements for any transactions where the NTE was applied. The NTE price is evaluated and may be reset if it appears that an industry-wide price increase is trending, or it was otherwise in need of adjustment moving forward.
- Eventually, when many more transactions are recorded in the eWIC database, automated resets can be triggered to adjust NTEs to reflect market pricing. At this point, however, WIC staff make manual adjustments as indicated to reflect market changes.
- If an NTE is applied in a transaction in the lane, that item is flagged on the receipt with an asterisk. Grocers with a WIC-integrated POS can review their own POS transaction/settlement history to see details. In stores using eWIC stand-beside devices, the grocer can log in to the Xerox Retailer Portal to review the transaction history, and see the price requested versus the settlement price for items.

Grocers should remember that the prices charged to WIC participants cannot be different than prices charged to any other customers. (This is a federal non-discrimination rule). Also, if the NTE is applied to a price, the part WIC does not pay cannot be charged to the WIC participant.