



**United States
Department of
Agriculture**

SEP 28 2018

Food and
Nutrition
Service

Northeast Region

10 Causeway St.
Room 501
Boston, MA 02222

Courtney Hawkins, Director
RI Department of Human Services
Louis Pasteur Building
57 Howard Avenue
Cranston, RI 02920

Dear Director Hawkins:

The Food and Nutrition Service (FNS) has completed its review of the Rhode Island Unified Health Infrastructure Project (UHIP)'s Implementation Advance Planning Document Update (IAPDU) As Needed July 31, 2018 submission and the State's responses to FNS questions on September 20, 2018. The IAPDU-As Needed includes updates to the IAPDU budget, project plan, and cost allocation for FFY 19.

FNS is approving RI's IAPDU-As Needed and providing funding for the project through the first quarter of federal fiscal year (FFY) 2019 ending on December 31, 2018. However, FNS remains unable to approve funding for the rest of FFY 19 at this time. A comprehensive revision to the IAPD that addresses concerns raised by FNS/CMS's joint FFY 19 Q1 IAPDU comments on September 14, 2018 must be submitted in order to receive approval for additional funding beyond December 31, 2018. This submission must include language explaining how the State has ensured a valid accounting mechanism is used to capture the current Deloitte credits (\$58.6MM in FFY 18) and any future credits that may be attained. A procurement plan outlining the State's approach to pursuing competitive procurements for Maintenance and Operations (M&O) activities and other support activities should also be included in this update along with the general requirements for IAPDUs outlined in FNS Handbook 901.

As a reminder, the approval of RI's IAPDU for FFY 19 Q1 does not constitute approval of contract or contract amendment costs for the performance of work under contracts that have not received FNS approval to date.

The total estimated project costs for Design, Development, and Implementation (DDI) for the first quarter of FFY 19 is \$20,832,045, of that amount \$18,670,214.28 include cost categories that include the use of SNAP funding.

FFY DDI Costs	SNAP FNS Share FFY 19 Q1 @1.40% (Does not include unapproved contract costs)	SNAP FFP @ 50% (Does not include unapproved contract costs)	Actual or Estimate
2019 Q1	\$261,383.00	\$130,691.50	Estimate

The State Agency (SA) is reminded to submit updates on an Annual or As Needed basis in accordance with guidance provided in FNS Handbook 901.

In accordance with guidance set forth in FNS Handbook 901, FNS will monitor the progress of the project using the IAPDU process, including regular conference calls, FNS site visits as needed. This monitoring approach supports the high degree of interaction expected between FNS and the State as the project moves forward. The State is responsible for having performance expectations, prescribed remedies, and penalties in place that protect the State in the event of a failure in performance by the vendors. Acquisitions and subsequent undertakings that fail to meet approved APD requirements may be subject to disallowance of costs.

The State's next IAPDU must be submitted for FNS review by October 31, 2018.

The update also included costs related to the Freedman Healthcare, LLC contract amendment #13 originally submitted on July 20, 2018, Faulkner Consulting Group, LLC contract amendment #5 originally submitted on August 2, 2018, and executed MWC contract amendment #4 originally submitted on August 23, 2018 for FNS review and approval. FNS has the following response on these submissions and their revisions as noted:

Freedman HealthCare, LLC Contract Amendment #13 and Sole Source Exception Request. FNS is conditionally approving Amendment #13 between the State of Rhode Island and Freedman HealthCare, LLC with the understanding that the final agreement will also include the required Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387) federal clause. This conditional approval allows for the extension of the contract performance period from September 21, 2018 to June 30, 2019. It also increases the total not to exceed value by \$2,258,580, for a total contract value of \$13,109,53.40. Along with this approval, FNS is also granting approval for the State's sole source request submitted in conjunction with Amendment #13.

Faulkner Consulting Group, LLC Amendment #5. FNS is conditionally approving Amendment #5 between the State of Rhode Island and Faulkner Consulting Group, LLC with the understanding that the final agreement will also include the required Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387) federal clause. Amendment #5 was received on August 2, 2018 and exercises the State's final contract option year. This conditional approval allows for the extension of the contract performance period from October 1, 2018 to September 30, 2019. This amendment will increase the contract value by \$4,186,706.40, for a total not-to-exceed value of \$14,846,856.66.

MWC Consulting, LLC Amendment #4. Amendment #4 was received on August 23, 2018 and will support the State's project management and technical leadership. This amendment will increase the total contract value by \$283,800, for a total not to exceed value of \$1,183,400. The contract amendment was executed on July 20, 2018, for a period of performance from execution to February 1, 2018. Amendment #4 also includes the potential for four additional six month

optional renewal periods through August 1, 2020. Prior to the submission of this amendment, the State affirmed all costs associated with the base agreement and the first three amendments were to be charged to the State alone and therefore are not eligible for SNAP federal funding participation (FFP). Beginning with Amendment #4 the State may use FNS FFP as one of its funding sources for this procurement. Since the execution of Amendment #4 caused this noncompetitive contract to cumulatively exceed \$1,000,000, the State was required to submit the contract for review and approval prior to execution. The State is reminded that it must comply with the FNS procurement review and approval thresholds as outlined in FNS Handbook 901 chapter 4, table 16 and table 17. FNS is conditionally approving Amendment #4 with the understanding that the State will submit a copy of the contract's key performance indicators and a sole source exception request form.

The State is reminded that ALL contract amendments must be submitted allowing for ample review time of sixty days. Contract amendments that exceed 20% of the base contract cost (cumulative) must be submitted to FNS for review and approval prior to any work starting or costs incurred. *Even contract amendments that do not exceed the FNS threshold for review and approval must be submitted for our records.*

As we previously indicated through this letter and numerous project calls with the State, Rhode Island's approved cost allocation will expire on December 31, 2018. FNS is encouraging Rhode Island to consider impact that may result from its expiration on December 31st. An IAPDU covering the project will be necessary to identify and explain anticipated changes to a project's budget and cost allocation and if appropriate, changes to the scope or schedule which may be prompted by changing funding resources. In addition, Rhode Island should consider how this change will impact budget projections submitted on the FNS 366A and work with Regional Office financial management staff in advance of reporting expenditures that may represent a significant increase over previously reported amounts.

Guidance on cost allocation principles and requirements for the Advance Planning Document process is contained in the FNS Handbook 901:

<https://www.fns.usda.gov/apd/fns-handbook-901-v2-advance-planning-documents>

We continue to work with the State with regard to UHIP stability and are providing technical assistance as needed. Please contact either Bonnie Brathwaite, Northeast Regional SNAP Director, at 617-565-6397, or Dawn Bartolomeo of the FNS State Systems Office at 415-744-3774 or dawn.bartolomeo@fns.usda.gov with questions or comments.

Sincerely,



Kurt Messner
Regional Administrator
Northeast Region

cc: Matt Stark
Deborah Barclay
Iwona Ramian
Ben Shaffer
Kirk Hassel
Karen Painter-Jaquess