



**Iowa Department of Public Health**  
Protecting and Improving the Health of Iowans

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Gerd W. Clabough, MPA  
Director

Kim Reynolds  
Governor

Adam Gregg  
Lt. Governor

December 11, 2018

Janet Phipps, Director  
Iowa Department of Administrative Services  
Hoover State Office Building  
LOCAL

Waiver approved to enter into a 10-year contract  
as indicated below

/s/ Janet E. Phipps  
12/17/2018

Dear Director Phipps:

The Iowa Department of Public Health (IDPH) is seeking a waiver to the six-year term limit contained within 11 IAC 118.11(3). We are submitting this request because application of the rule will have adverse consequences to the continuity of issuing benefits for Iowa's Special Supplemental Nutrition Program for Women, Infants & Children (WIC).

Nutritionally at risk Iowan women, infants and children receive WIC benefits via an electronic benefit card. The Department currently has a contract with FIS Government Solutions (contracting as eFunds Corporation, a wholly owned subsidiary of Fidelity National Information Services, Inc.) for card processing services, including all aspects of administration and maintenance of benefits for the eWIC cards. The current contract, which was a joint-procurement effort with the State of Colorado Department of Public Health and Environment was effective September 8, 2014, will expire September 7, 2020.

The Department is in a joint-procurement process with the State of Colorado Department of Public Health and Environment for the purpose of procuring a new service contract to ensure no lapse in service and is seeking a waiver to allow for the execution of a 10-year contract agreement effective September 1, 2020. If this waiver is approved, the Department will be able to match the 10-year contract agreement the State of Colorado Department of Public Health and Environment will be writing as a result of this joint procurement effort, which would allow us the option to co-procure again in the future.

Historically the Department of Human Services has been approved for a waiver for the Iowa Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) Programs allowing for a 10-year contract agreement for the same services due to the many complexities and expenses associated with the procurement process, system conversion, and ongoing service provision. These are the same processes and services the WIC Program is seeking a waiver for. The information below provides a brief summary of the specific issues involved that warrant consideration and support this waiver request.

**1. Procurement Process**

FNS estimates that procurement of these services takes approximately 12,500 hours of Department staff time. This being the first re-procurement cycle for the Iowa WIC Program, costs are unknown. However, the SNAP Program engages in the same

procurement process, with the same Federal rules and procedures, and estimate the cost of procurement at close to \$1 million. Today there are only three vendors that process eWIC transactions. The same three vendors compete for both SNAP and WIC contracts, creating a very competitive market. Since Iowa is a smaller state, partnering with Colorado may make the difference in securing bids; however, additional time is needed to work collaboratively on a joint procurement with another State Agency. Allowing the Department to execute a 10-year agreement results in reduced staff time and expense invested in the procurement process over time.

For WIC, funding for card processing services and administration is 100% federal dollars provided through Food and Nutrition Services (FNS). FNS is heavily involved throughout the procurement process and requires that procurement occur in compliance with the requirements in the FNS 901 handbook. These requirements impose strict timeframes on state agencies during the procurement process including the following:

- FNS requires involvement with the WIC State Programs throughout the process of developing Requests for Proposal's (RFP's). This includes regular meetings with FNS regional and national staff, requiring coordination of schedules of FNS regional, FNS national, Colorado WIC, and Iowa WIC staff members.
- FNS must approve the request for proposal (RFP) before it is released. During the RFP development phase FNS requires review by their staff. If changes are required, the RFP may require additional review. Each review period is 60 days.
- States are required to allow 90 days from the date of public posting of the RFP to the date in which bid proposals are due.
- FNS must approve all contracts prior to execution. Once a contract has been negotiated FNS requires two reviews by their staff. Each review period is 60 days.
- FNS must approve the Implementation Advance Planning Document (IAPD) prior to the end of the current contract. FNS requires two reviews by their staff. Each review period is 60 days.
- FNS requires a 12-month transition period if the successful bidder is not the incumbent contractor.

## 2. Impact to Customers

When the Department enters into a new contract for provision of services there is an impact to those individuals served through the program. This program has two distinct customer groups, Iowans receiving WIC benefits and retailers that accept electronic benefit cards. When a new contract is executed both customer groups are impacted.

Iowans receiving WIC benefits are our states most vulnerable residents. The Department seeks to implement programming in a way that will best provide continuity of support. Changes to how recipients access their benefits creates additional obstacles in ensuring that their basic needs are met. By allowing a 10-year contract agreement the Department is better able to ensure consistent support to benefit recipients.

Additionally, a longer contract term supports the retention of retailers that will accept eWIC cards. More frequent changes to the administration and/or processing of electronic benefit cards in Iowa may result in fewer retailers accepting the cards. This is of significant concern in rural areas of the state that rely on smaller retailers that may not have the

capacity to adapt to these changes. When the state enters into a new contract for services our customers are impacted in the following ways.

- **Potential impact to lowans receiving WIC benefits**
  - Benefit recipients will have a new process for managing their benefits and will need to learn to navigate the system. This includes, but is not limited to, issuance of a new benefit card, new customer support hotline, new web portal, and a new mobile application.
  - Benefit recipients may experience a delay in access to their benefits during the transition period due to cards being returned or having to make appointments to come into their local WIC clinic to have a new card issued.
- **Potential Impact to Retailers that accept the eWIC electronic benefit cards**
  - Retailers must sign new agreements with the selected contractor in order to accept electronic benefit cards.
  - Retailers will need to be trained on all new system processes including accessing online supports, reporting requirements, etc. and will need to implement changes within their business to support these process changes.

**3. Impact to the Department**

It is the goal of the Department to ensure that all programs operate efficiently. As identified in item 1 above, procurement of these services requires significant effort by Department staff. Those individuals who are instrumental in the development of the procurement are the same individuals responsible for managing the ongoing service provision of the existing contract. Approving a 10-year contract agreement ensures program management staff have the capacity to fully implement a new service contract that operates efficiently before they begin the process of re-procuring a new service contract. The following table outlines program management and procurement-related activities that program management staff are responsible for in each year of the contract should this waiver be approved.

<b>Contract Year</b>	<b>Program Manager Responsibilities</b>
1	<ul style="list-style-type: none"><li>• Maintain status quo services with the current contractor.</li><li>• Manage all contract closeout processes with the current contractor.</li><li>• Support conversion requirements resulting from the new contract. (Please note: Even if the incumbent vendor is selected there will still be conversion activities.)</li></ul>
2	<ul style="list-style-type: none"><li>• Roll out and manage the implementation of services under the new service contract.</li></ul>
3	<ul style="list-style-type: none"><li>• Maintain status quo services with the current contractor</li></ul>

4	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> </ul>
5	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> <li>• Draft RFP for technical assistance in the development of RFP for contracted services.</li> </ul>
6	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> <li>• Release, award, and negotiate contract for technical assistance in the development of RFP for these contracted services.</li> </ul>
7	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> <li>• Draft RFP for new service contract and seek FNS approval.</li> </ul>
8	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> <li>• Issue RFP for a new service provision contract.</li> </ul>
9	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> <li>• Award and negotiate new service contract.</li> </ul>
10	<ul style="list-style-type: none"> <li>• Maintain status quo services with the current contractor.</li> <li>• Manage all contract closeout processes with the current contractor.</li> <li>• Support conversion requirements resulting from the contract. (Please note: Even if the incumbent vendor is selected there will still be conversion activities.)</li> </ul>

Thank you for consideration of this waiver request. If you have any questions concerning the request, please feel free to contact Brandy Benedict at: [brandy.benedict@idph.iowa.gov](mailto:brandy.benedict@idph.iowa.gov) or (515) 418-2683.

Sincerely,

Dobson,  
Brenda

Digitally signed by  
Dobson, Brenda  
Date: 2018.12.12  
15:18:25 -06'00'

Brenda Dobson, MS, RDN, LD  
Director  
Division of Health Promotion and Chronic Disease Prevention  
Iowa Department of Public Health

cc: Stacey Hewitt, Director of the Office of Contract Services, Bureau of Finance  
Jill Lange, Bureau Chief, Nutrition & Physical Activity