



## FIXING THE CRISIS IN OUR ELIGIBILITY SYSTEM

Texas' broken eligibility and enrollment system cannot handle current demand, much less growing needs with rising unemployment. The Legislature can solve this crisis. First, it must fund the Health and Human Services Commission's request for \$134 million in additional general revenue for the staff needed to improve eligibility system performance. Second, it should adopt 12-months continuous coverage for children on Medicaid, which would greatly reduce the current backlogs in application processing and allow the system to operate competently with fewer staff. The federal economic recovery package provides funds to pay for these additional staff and for 12-months continuous eligibility for children's Medicaid. This paper makes the case for fixing the crisis in our eligibility system and suggests steps you can take to ensure these priorities are funded in the 2010-11 budget.

- **Texas' eligibility and enrollment system is in crisis and can't handle current demand, much less growing needs with rising unemployment.**
- **Delay or inappropriate denial or termination of benefits not only causes great hardship to needy Texans. It also causes the state to lose out on critical federal funds for Food Stamps and Medicaid that boost our state and local economies.**
- **Additional eligibility staff and 12-months continuous coverage of children on Medicaid are the keys to improving the performance of the eligibility system.**
- **Your immediate action is needed to ensure adequate funding for the eligibility system in the 2010-11 budget.**

### Symptoms of a System in Crisis

- Federal timeliness standards require that 95 percent of all applications be processed within a certain number of days. HHSC has not met federal standards for more than three years. TIERS-processed applications suffer the most severe delays. In many regions of the state, common processing delays of more than three months prompted creation of formal policies to deal with the serious backlog of applications.
- Children renewing coverage or moving between Medicaid and CHIP routinely get dropped from coverage, even though they qualify and should move directly between programs without any gap.
- The rate of improper denials in the Food Stamp program (known as the "negative error rate") soared over the last five years, increasing from 2.8 percent in fiscal 2004 to 18.9 percent in the first quarter of fiscal 2008. Federal regulations state that a negative error rate above 1 percent indicates poor customer service and requires corrective action.

### HHSC Exceptional Items Request for Additional Eligibility Staff

HHSC requested \$134 million in general revenue in 2010-11 for 822 additional staff (above fiscal 2009 appropriated levels). This would bring total eligibility full-time employees (FTEs) to 9,695 in fiscal 2010 and 9,861 in fiscal 2011. However, HB 1/SB1, *as introduced*, funds 25 percent fewer staff in fiscal 2010 and 27 percent fewer staff in fiscal 2011 than requested by HHSC. At these levels, HHSC cannot improve eligibility system performance, keep up with caseload increases, and comply with federal timeliness standards.

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## 12-month continuous coverage of children on Medicaid

In addition to greatly reducing the number of uninsured children in Texas, providing 12-month continuous coverage of children on Medicaid would result in two million fewer renewals per year. This would dramatically reduce workload and backlogs in application processing and allow the system to operate competently with fewer staff. HHSC estimates that more than 376,000 additional children would be enrolled, covering more than 25 percent of Texas' uninsured children.

## The federal recovery package contains funding to fix the crisis in our eligibility system

Two sources of funding exist in the federal recovery package to fix the eligibility system: the enhanced Federal Medicaid Assistance Percentage (FMAP) and additional funds for Food Stamp administration.

- **Enhanced FMAP:** The recovery makes available an additional \$5.45 billion in Medicaid funding for Texas. The bulk of these funds should be appropriated to prevent cuts in Medicaid and fund the inevitable rise in caseloads resulting from the economic crisis. However, Texas Medicaid's broken enrollment system cannot handle current demand, much less any increase. Investing a portion of the enhanced FMAP in additional staff and 12-month continuous coverage for Children on Medicaid are the keys to improvement.
- **Food Stamp administrative funds:** The federal recovery package also includes \$25.7 million in additional Food Stamp administrative funds for Texas (2009-2013) to help the state manage rising caseloads during the recession. These dollars should be dedicated to funding a portion of HHSC's \$134 million exceptional items request for additional FTEs.

## Action Needed

The legislative leadership and state budget writers need to hear from you immediately that fixing the eligibility system is a top priority. Here are some messages you can use with lawmakers and their staff:

- Without adequate staff, HHSC cannot provide timely and accurate benefits to eligible families. The delay or inappropriate denial or termination of benefits not only causes great hardship to needy Texans. It also causes the state to lose out on critical federal funds for Food Stamps and Medicaid that boost our state and local economies.
- Investing a portion of the enhanced FMAP and the additional Food Stamp administrative funds in additional eligibility staff (\$134 million for HHSC Exceptional Items #2 and 3) and 12-months continuous coverage for Children on Medicaid are the keys to improvement. Covering over 376,000 uninsured children will reduce costs for local health care systems, but will carry a substantial fiscal note. Before the federal recovery funds were available, HHSC estimated a cost in excess of \$400 million, but no updated estimates of the lower cost with the enhanced FMAP have been released.

## Contact

Calls, emails, or visits to the following offices are critical. You can ask to speak to the HHS staff person.

Governor Rick Perry, (512) 463-2000 (<http://governor.state.tx.us/contact/>)

Lt. Governor David Dewhurst, (512) 463-0001 ([www.ltgov.state.tx.us/contact.php](http://www.ltgov.state.tx.us/contact.php))

Speaker Joe Straus, (512) 463-0686 (<http://www.house.state.tx.us/members/email.php?dist=121&rep=joe.straus>)

Senator Steve Ogden, Chair, Senate Finance Committee, (512) 463-0370  
([www.senate.state.tx.us/75r/Senate/members/dist5/dist5.htm#form](http://www.senate.state.tx.us/75r/Senate/members/dist5/dist5.htm#form))

Sen. Bob Deuell, Chair, Article II Workgroup, Senate Finance Committee, (512) 463-0102  
([www.senate.state.tx.us/75r/Senate/members/dist2/dist2.htm#form](http://www.senate.state.tx.us/75r/Senate/members/dist2/dist2.htm#form))

Rep. Jim Pitts, Chair, House Appropriations Committee, (512) 463-1091  
(<http://www.house.state.tx.us/members/email.php?dist=10&rep=jim.pitts>)

Rep. John Zerwas, Chair, House Appropriations Subcommittee on Health and Human Services, (512) 463-1091  
(<http://www.house.state.tx.us/members/email.php?dist=28&rep=john.zerwas>)