



ELIGIBILITY SYSTEM PROGRESS REPORT

Legislative Oversight Committee to hold hearing on Monday, July 14

Access to health care, good nutrition, and cash assistance is vital to low-income Texas families who don't earn enough to make ends meet, particularly during economic downturns. Yet, enrolling in programs like Food Stamps and Medicaid has gotten harder over the last year due to problems with TIERS—the new computer system—and a shortage in state workers that resulted from the Legislature's failed attempt to privatize the system in 2006. Rebuilding and sustaining a viable eligibility system promises to be one of the most important challenges facing Texas in the years to come. Today, the Legislative Oversight Committee overseeing efforts to rebuild the eligibility system will hold a public hearing. The Health and Human Services Commission (HHSC) will provide a progress report and present the benchmarks that will be used in determining whether to continue implementing TIERS.

What's inside:

- **HHSC makes progress toward rebuilding the state eligibility workforce, but staffing levels still inadequate, workload high**
- **Delays in application processing continue to affect clients in TIERS**
- **HHSC establishes benchmarks for TIERS rollout**
- **Despite instability in eligibility system, HHSC proposes to expand TIERS to "MEPD" (elderly and disabled) Medicaid clients.**
- **Feds approve draft RFP for new call center vendor**

Background

When Texans seek assistance from the state to support themselves or their families, they generally need help fast—whether to pay their rent, put food on the table, or take a sick child to the doctor. It is the state's responsibility to figure out whether an applicant is eligible and enroll that person as fast as possible. This is why it is so important to have a system in place that can process applications for assistance timely and accurately.

Federal law requires that most applications be processed within 30 days for Food Stamps and 45 days for Medicaid and TANF (cash assistance). Applications that take longer to process are considered "untimely."

Timeliness in application processing has been below these federal standards since January 2006, though some improvement occurred over the last several months. The delays are most severe in applications processed in TIERS, the new computer system currently being used for approximately 13% of families receiving assistance.

Several staffing factors are contributing to these delays: worker shortages, high turnover, reduced tenure, and problems training staff quickly enough to work cases in TIERS. Thus, the first step HHSC must take to rebuild the eligibility system is to stabilize the workforce. In support of this effort, HHSC should postpone any additional expansion of TIERS and hold off on awarding a new contract to expand the call centers until there are enough trained workers to meet the federal standards for timeliness in application processing.

Staffing Levels Plummet and Workload Skyrockets

Ten years ago, roughly 10,000 workers handled a caseload of approximately 4.1 million clients. Since then, the Texas Legislature has cut the number of eligibility staff at HHSC by almost 40%, despite a 50% increase in the number of clients served by the system. As a result workload has more than doubled and client services have suffered.

	Fiscal 1998	Fiscal 2008
Average number of workers	10,404	7,136
Number of cases per worker	389	756
Total clients (recipients may receive more than one benefit)	4.1 million	6.1 million
Turnover rate	NA	23.9% (year to date, FY 08)*
Percent of staff with <i>less</i> than 3 years experience	4% (Sep. 04)	23% (Sep. 07)

*The statewide turnover rate for classified employees was 17.4% in fiscal 2007.

HHSC Takes Steps to Increase Staff and Stabilize the Workforce

The original staffing target for fiscal 2008 was 7,136. However, the 80th Legislature authorized HHSC to increase eligibility staffing levels up to 10% over the agency's cap for the 2008-2009 biennium, increasing authorized staffing level to 7,438. HHSC had made progress toward reaching this staffing level, increasing the number of eligibility workers from 6,343 in September 2007 to 7,027 in June 2008, for a net gain of 684 eligibility staff.

Despite this growth, high turnover and decreased tenure continue to complicate efforts to rebuild the workforce. In fiscal year 2008 (YTD), the average turnover rate for eligibility workers was 20.9%, higher than the 2007 state average of 17.4%, but down from 28.8% in 2006. The tenure of staff also has fallen dramatically over the last four years. In 2004, only 4% of eligibility workers had less than 3 years experience. By 2007, 23% of eligibility workers had less than 3 years experience.

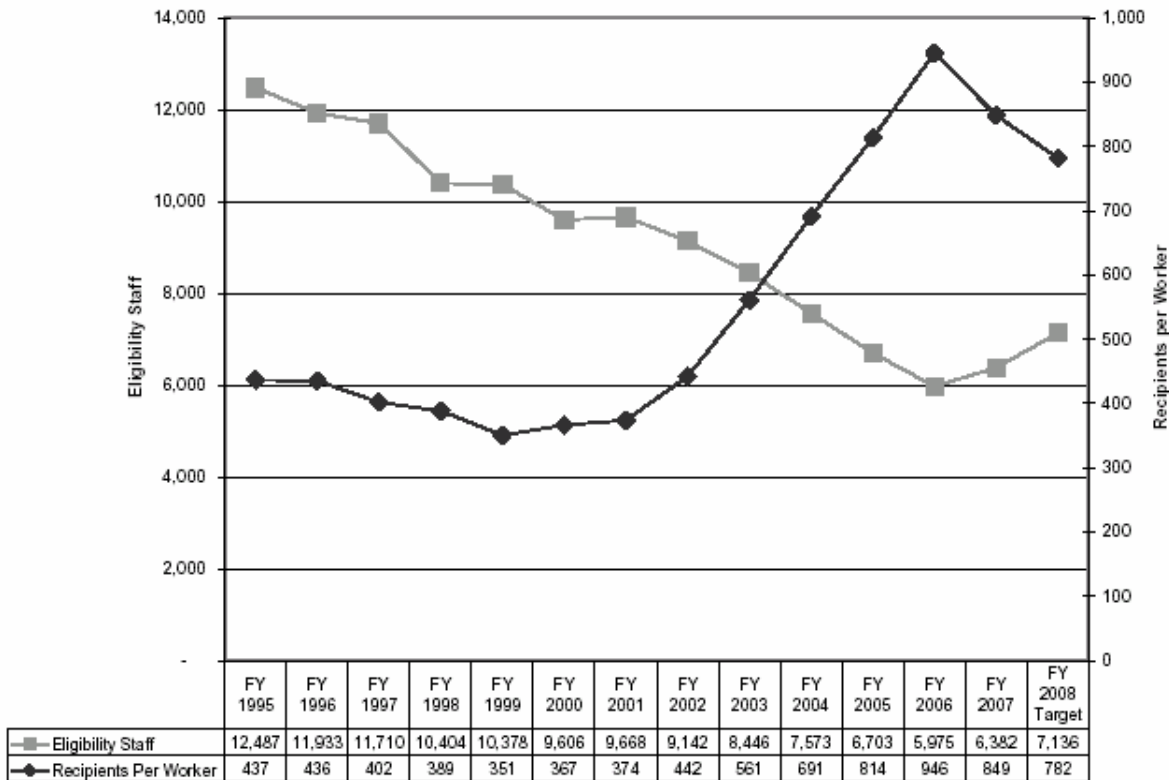
HHSC has taken numerous steps to stabilize the workforce, including:

- Converting 2,000 temporary jobs to permanent status;
- Actively hiring qualified candidates for vacant positions,
- Conducting outreach to retirees and former eligibility staff,
- Implementing improvements to reduce overtime and divert work from local offices to specialized teams and centralized units,
- Assuring state staff that no reduction in force or office closures will occur (despite ongoing plans to privatize the eligibility system—see Call Center Procurement Plans below), and
- Increasing salaries.

These efforts have started to pay off. As of March 2008 there were 756 clients for every worker, down from 816 recipients per worker in December 2007. However this is still almost double the workload per worker 10 years ago, when workers handled fewer than 400 cases. Moreover, timeliness still remains below federal standards, particular for those cases processed in TIERS. The good news is that TIERS timeliness has improved dramatically since December 2007, when it hit an all-time low of 47.2%. In June 2008, 71.2% of Food Stamp applications were processed timely. However, this is still far worse than a year

ago, when 92.6% of Food Stamp cases in TIERS were processed on time.¹ The decline in TIERS timeliness is the result of a sharp increase over the past year in the volume of cases processed in TIERS, without a corresponding increase in the number of staff trained to work cases in TIERS. In other words, the number of cases in TIERS has been growing faster than HHSC can train workers to use the system. This growth in TIERS and its impact on timeliness is discussed below.

Average Eligibility Determination Staffing and Average Recipients Per Worker
FY 1995 - FY 2008



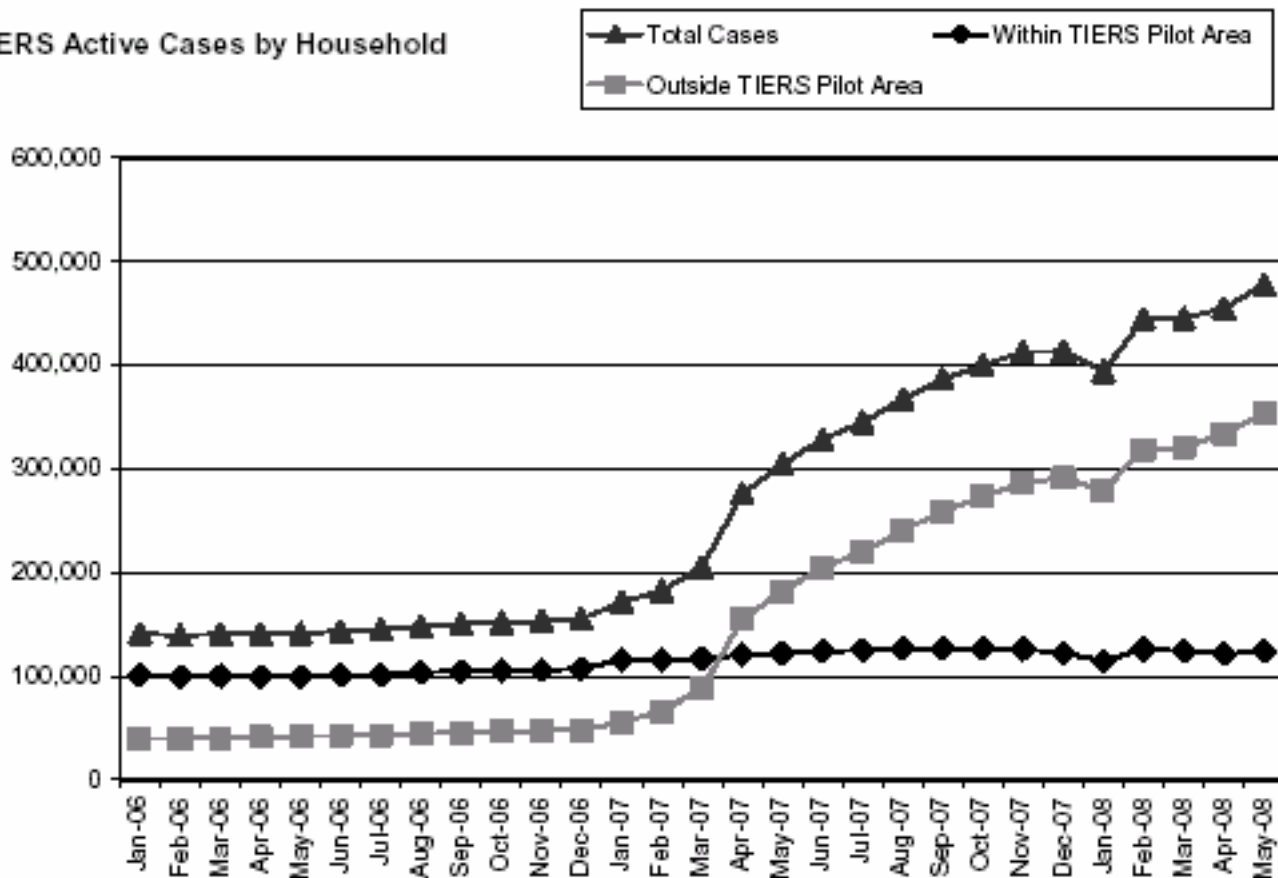
SOURCE: HHSC, Data Report for the H.B. 3575 Eligibility System Legislative Oversight Committee, April 2008.

The Impact of Uncontrolled Statewide TIERS Growth on Application Delays

The original TIERS implementation plan called for a geographical rollout, starting with two counties in July 2003. Confining TIERS cases to the pilot area proved impossible, however, as clients moved from the pilot counties to other parts of the state. However, the vast majority of the growth in TIERS cases over the last year was *not* caused by this movement; it is the direct result of HHSC’s decision to put both new enrollees and denied applicants for the Women’s Health Program (WHP) (a Medicaid-funded program that provides family planning services) into the TIERS system, along with any family members with open Food Stamp, Medicaid, or TANF cases. The addition of the WHP and associated cases to TIERS has caused the number of TIERS cases to almost triple statewide over the last year. It also has led to a diffusion of TIERS cases throughout the state.

¹ We do not have recent timeliness data for Medicaid or TANF cases processed in TIERS. HHSC reported timeliness of Medicaid applications in TIERS in November and December of 2007 hovering near 60%, compared to 93% for SAVERR. Given that workers have 45 days to process these applications, compared to only 30 days for Food Stamps, we assume that TIERS timeliness is better for Medicaid and TANF, though still worse than for Medicaid and TANF cases processed in SAVERR, the “old” system.

TIERS Active Cases by Household



A case refers to a single program type. A person or household may have multiple cases if they qualify for more than one program, such as a family that receives both food stamps and Medicaid. Therefore, the number of cases does not represent an unduplicated number of clients.

SOURCE: HHSC, Data Report for the H.B. 3575 Eligibility System Legislative Oversight Committee, April 2008.

In December 2006, the month before WHP implementation, approximately 150,000 total cases (all programs) were in TIERS, representing 5% of the statewide caseload. Roughly one-third of TIERS cases were located outside of the TIERS pilot area. As of May 2008, approximately 469,000 total cases were in TIERS, with more than twice as many TIERS cases outside of the pilot area as inside the pilot area. (See chart above.)

The three-fold increase in TIERS cases over the last year has strained the capacity of local offices, particularly outside the pilot area where many offices lack enough TIERS-trained staff to handle the increased volume of cases. This haphazard expansion of TIERS is driving the serious delays in application processing as well as limiting access to competent workers able to assist TIERS clients. HHSC should put further expansion of TIERS on hold until timeliness in both SAVERR and TIERS meets federal standards.

HHSC's Plans to Expand TIERS Despite Timeliness Problems

HHSC recently received federal approval for a limited geographic expansion of TIERS to additional offices in Regions 7 (Central Texas), 10 (El Paso), and 1 (Lubbock) that would occur between October 2008 and February 2009. HHSC also

plans to convert all “MEPD” (Medicaid for the elderly and people with disabilities) cases to TIERS over an 8-month period beginning in December 2008.

HHSC has developed certain benchmarks that must be met before proceeding with the geographic rollout or MEPD conversion. Prior to each conversion, HHSC will use these benchmarks to determine if the office is prepared for the conversion. The chart below shows the “pre-conversion” benchmarks:

Benchmarks to Determine Readiness for Conversion	Measure
Adequacy of staff trained in TIERS and available to process cases	500 cases per TIERS trained worker
Capacity of on-site support to assist the office	Minimum of 1 per office/1 on-site support worker for every 30 eligibility workers
Capacity of TIERS mentors to assist the office	Minimum of 1 per office/1 TIERS mentor worker for every 30 eligibility workers
Availability of Assistance Response Team (ART) staff to assist with conversion corrections. (As evidenced by prior conversions, a proportion of cases will require manual processing and/or correction. SAVERR continues to issue benefits until the case is successfully converted into TIERS.)	1 ART staff per 2,500 cases converted
Stable and appropriate call center performance measures	Call abandonment rate of 10% or less for 4 of the 6 weeks prior to conversion / Average Speed to Answer of 180 seconds or less for 4 of the 6 weeks prior to conversion
Appropriate and stable TIERS server utilization levels (lower levels ensure better system performance)	Server utilization at or below 80% during business hours in the month prior to conversion
Appropriate and stable TIERS transaction response times (the most commonly used transactions are monitored to ensure better performance)	In the month prior to conversion, inquiry/query transactions are completed within 4 or fewer seconds; and update/save transactions are completed in 5 or fewer seconds
Consistent TIERS system uptime (to ensure availability of the system during business hours)	In the month prior to conversion, the system is available a minimum of 99% during business hours

In addition, HHSC has developed a “post-conversion” benchmark to determine if and how conversion to TIERS is affecting clients. HHSC will monitor the post-conversion performance of offices recently converted to TIERS by looking at timeliness. If timeliness drops more than three percentage points below the office’s average timeliness in the three months prior to conversion, HHSC’s Independent Validation and Verification (IV&V) vendor will do a “root cause” analysis to identify the factors contributing to the decline. HHSC will evaluate timeliness at 30, 60, and 90 days post-conversion. If the IV&V vendor identifies changes necessary to prevent future conversions from delaying services to clients, then HHSC will develop a remediation plan and reassess its roll-out schedule.

Benchmarks Must Be Revised to Include Timeliness Measure

Though we heartily support the use of benchmarks to determine readiness for a TIERS rollout, there are several flaws in HHSC’s approach that must be addressed to ensure that expansion of TIERS does not undermine the significant progress made in rebuilding the state workforce and reducing the delays in application processing:

- **No Real Limit on TIERS Expansion.** USDA’s Food and Nutrition Service (FNS), the federal agency that oversees Food Stamps, approved an expansion of TIERS to up to 22% of the Food Stamp caseload. However, the limits on geographic expansion only apply to Food Stamp cases **currently** in the system and those added during the geographic rollout. The limits do **not** include cases that are converted to TIERS through the WHP,² which is driving the rapid

² The 22% limit also does not include cases that are converted because a family on Food Stamps moves into the original pilot area (which now includes Travis, Hays and Williamson counties), where all cases are processed in TIERS.

increase in TIERS cases and causing a much larger volume of cases to enter the TIERS system than would occur under the limited geographic rollout approved by USDA. In other words, FNS' limit will do little to control the rapid increase in TIERS cases that is straining the workforce and causing delays in services to needy families.³

- **No Real Timeliness Goal; Improvements in One Region May be at Expense of Others.** The benchmarks include a workload measure, which is good, but fail to include timeliness as an indicator of system readiness. Yet, timeliness is the best indicator of a system and a workforce that is stable enough to weather the strain that is inevitable in the conversion to a new computer system. The workload measure alone does not accurately assess performance. For example, there may be enough bodies in an office to reach 500 cases per worker, but not enough tenured workers to ensure the timely and accurate processing of applications. Moreover, the workload measure by itself only captures the circumstances in that particular office. It does not capture what is happening in other offices, which may be struggling as a result of losing staff who have been sent to support the TIERS rollout. Any further expansion of TIERS before the current workforce is capable of processing all applications timely and accurately⁴ in both SAVERR and TIERS will only rob Peter to pay Paul.

MEPD Rollout Poses Risks to Vulnerable Population

HHSC is proposing to convert all cases for Medicaid for the Elderly and Persons with Disabilities (MEPD) in four phases, currently scheduled to begin in December 2008. The proposed conversion schedule is as follows:

Proposed MEPD Conversion to TIERS

December 2008 – Approximately 13,000 cases. This will convert MEPD cases currently in SAVERR for clients with existing Medicaid, Food Stamp, and TANF cases already in TIERS. This will not add new Medicaid, Food Stamp, and TANF cases to TIERS.

March 2009 – Approximately 300,000 cases. This will convert SAVERR cases to TIERS for MEPD clients who do not receive Supplemental Security Income (SSI).

June 2009 and September 2009 – Approximately 320,000 cases for each conversion. This will convert SAVERR cases to TIERS for the remaining MEPD clients who do receive Supplemental Security Income (SSI).

Note: The conversion of MEPD cases scheduled for March, June and September 2009 will also result in an increase in the number Medicaid, Food Stamp, and TANF cases in TIERS. This is because many MEPD clients also receive, or have family members who receive, these benefits. Once the MEPD client is converted to TIERS, their family members' cases would be converted as well. HHSC does not yet have an exact number for how many Medicaid, Food Stamp, and/or TANF cases will be converted in conjunction with the scheduled MEPD conversions.

Before converting any MEPD cases to TIERS, HHSC must make certain enhancements to TIERS. These changes are planned for August 2008 and are intended to simplify data entry for MEPD cases and allow data to be transferred

³ Though FNS could have included WHP-associated Food Stamp conversions in its limit, which would have forced HHSC to seek other alternatives for processing those cases, it chose not to. FNS only has authority over the Food Stamp Program; therefore it cannot impose restrictions on HHSC adding other programs to TIERS.

⁴ Accuracy can be measured by looking at Food Stamp error rates, which have also increased dramatically over the last few years and are currently above federal tolerance levels.

electronically between HHSC and the Department of Aging and Disability Services (DADS), the agency that determines “functional eligibility”—the medical necessity for MEPD services.

We have several grave concerns with the proposed MEPD conversion:

- The pre-conversion benchmarks developed for the geographic expansion are not appropriate to determine readiness to convert the MEPD cases. They should be revised to address the specific concerns associated with adding these programs and population to TIERS. As with the geographic conversion, the benchmarks must include a timeliness measure in addition to a workload measure to ensure that the conversion of MEPD cases does not result in delays in application processing in other programs or areas of the state.
- MEPD clients are among the most vulnerable served by HHSC. Many have cognitive impairments such as dementia that interfere with their ability to understand or communicate effectively. Moreover, any disruption in their Medicaid benefits could have dire consequences for their health and well-being. HHSC should take extra care before converting any MEPD cases to TIERS to ensure that it will not cause disruptions in services and that enough staff are available to assist clients when problems occur.
- It is unclear why HHSC is planning to convert such large numbers of the MEPD caseload at one time. A more rational and cautious approach would be to convert only a small number of cases at a time. This would allow HHSC to maintain close control over the conversion and ensure they have the resources needed to intervene when problems arise.

We recommend HHSC halt all plans to convert any MEPD cases to TIERS until they have implemented more meaningful benchmarks and thoroughly tested the new functionality being added to TIERS to ensure that the interface between DADS and HHSC works smoothly. The legislative oversight committee as well as stakeholders and advocates should be given the opportunity to comment on the revised conversion plan prior to implementation.

Call Center Procurement Plans

HHSC continues to forge ahead with its plan to use privately run call centers to modernize the eligibility system. In October 2007, HHSC released two draft Requests for Proposals (RFPs) related to the development and operation of an eligibility system for Food Stamps, Medicaid, TANF, and CHIP. Similar to the original, now defunct contract with Accenture, the RFPs asked vendors to submit their proposals for operating a system of call centers to provide “eligibility support services” for Food Stamps, Medicaid, and TANF; determine eligibility for CHIP-only cases; and provide document-processing services through a centralized mail center. Last week, HHSC received the federal approvals needed to release final RFPs and move forward in the procurement process.

CPPP has always supported the general concepts and goals behind the state’s plans to modernize its eligibility system. We share HHSC’s vision of a system that is easier for clients to use and more economical for the state to administer. We agree that better technology, more efficient processes, and the right mix of call centers, online tools, and local eligibility offices could produce a state-of-the-art eligibility determination system for these programs. However, we strongly urge the Legislature and HHSC to learn from the painful experience with the Accenture contract—which caused harm to thousands of Texas families and cost taxpayers millions—and proceed with great caution before entering into any new contracts.

Above all, the draft RFPs outline an enormous undertaking that will require years to accomplish and require extraordinary **additional** resources from HHSC at a time when HHSC is struggling with the limited resources it has. A project of this magnitude will change the fundamental role of HHSC in providing these services. Even if it chooses to outsource to private companies certain tasks related to the eligibility and enrollment process, HHSC remains responsible for ensuring that eligible families receive timely and accurate benefits in accordance with federal law. This creates new responsibilities for HHSC.

Where previously HHSC was required to administer the system, now it is responsible for developing requests for bids, negotiating contracts, monitoring performance, and enforcing compliance. HHSC needs to determine whether it has the capacity to play this role and include the costs of contract monitoring and enforcement when determining whether the bids that result from the final RFP are truly cost-effective.

We further recommend that HHSC do a new cost-benefit analysis to determine whether privately operated call centers are the best approach to improving services and achieving greater efficiencies. The assumptions in the “business case” analysis developed in March 2004, which ultimately served as the basis for the Accenture contract, have since been proven wrong. A rational approach to contracting must begin with a new set of assumptions, including a valid staffing analysis that determines how many workers are needed, and the right mix of workers (public vs. private; skilled vs. unskilled), to operate an effective eligibility system. HHSC should then test these assumptions in a controlled pilot experiment that allows the state to compare the “old” system to the new and determine which works best before entering into any long-term, high-dollar contracts.

Summary of Recommendations

- HHSC should postpone any additional rollout of TIERS until it has hired and trained enough workers to meet the federal standards for timeliness in application processing.
- HHSC should devise an alternative to putting Women’s Health Program (WHP) and associated cases into TIERS to slow the rapid increase in TIERS cases and ensure enough trained workers are available to handle the volume of TIERS cases.
- HHSC should revise its pre-conversion benchmarks for TIERS expansion to include a meaningful timeliness measure. Timeliness statewide for cases processed in both SAVERR and TIERS should meet federal standards **prior** to adding any new cases to TIERS.
- HHSC should halt all plans to convert any MEPD cases to TIERS until they have developed and implemented more meaningful benchmarks and thoroughly tested the new functionality being added to TIERS to ensure that the interface between DADS and HHSC works smoothly. The legislative oversight committee as well as stakeholders and advocates should be given the opportunity to comment on the revised conversion plan prior to implementation.
- Before releasing a call center RFP, HHSC should determine whether it has the capacity to rigorously oversee a large contract and include the costs of contract monitoring and enforcement when determining whether the bids that result from the final RFP are truly cost-effective.
- Before entering into any contract for call center services, HHSC should perform a new cost-benefit analysis to determine whether privately operated call centers are the best approach to improving services to clients and achieving greater efficiencies for the state. This exercise must include a “baseline” staffing analysis that determines how many workers are needed, and the right mix of workers (public vs. private; skilled vs. unskilled), to operate an effective eligibility system.
- HHSC should test its assumptions about the benefits of privately run call centers in a controlled pilot experiment that allows the state to compare the “old” system to the new before entering into any long-term, high-dollar contracts.