October 20, 2003

Testimony to the Transition Legislative Oversight Committee on the Draft Transition Plan for Health and Human Services Reorganization

The Center for Public Policy Priorities offers the following comments on the HB 2292 Draft Transition Plan dated October 16, 2003.

Goals and Vision:

Focus on clients and service delivery is essential.

The Center supports the key principles which the plan states as guiding the reorganization of health and human services as required by HB 2292. In particular we are encouraged that a "focus on client needs and program delivery" tops the list of principles. For us, this principle must guide not only the reorganization but also any program and policy changes that may accompany structural and management changes. All other priorities – cost savings, cultural change, and accountability – are secondary to the goal of maintaining and enhancing client services and service delivery, which are the primary reason for the very existence of the health and human services "enterprise".

Timeline and Process:

Speed and urgency need to be balanced with more caution and planning.

We continue to be concerned about the speed with which this reorganization appears to be moving forward. While the plan states that "a sense of urgency is required," we believe that both HB 2292 and HB 1 set forth unrealistic two-year expectations – both in timing and in savings projections – for a reorganization of this magnitude. While we understand the dedication of HHSC staff to meeting the directives of the legislation, urgency must be balanced with care. The rush to meet deadlines cannot be allowed to short cut important transition processes or create a scramble to achieve savings through restricting services and benefits, rather than through streamlining and consolidation. Moreover, the aggressive timeline seems to merge the planning phase with the implementation phase, leaving us very concerned that not enough up-front time is being set aside to adequately think through the implications of the myriad changes of such an immense undertaking.

The draft plan is too broad and general for readers to grasp the full scope of the restructuring effort. For example, the draft plan provides inadequate detail about how and when specific programmatic decisions will be made. At this stage a discussion of how the transition will be managed may be necessary before details of actual changes are provided. However, it is essential that this plan be updated with considerably more information about how the changes will affect individual programs if it is to be useful to the oversight committee, legislators, stakeholders, advocates, and clients.

One specific change contained in the timeline provides an example of why the lack of detail in the current plan is so troubling. On page 7, in the "Fall 2004/Winter 2004-05" column the following tasks are scheduled:

- Launch FY05 Optimization Initiatives, e.g.:
- Internet access to HHS Services
- State School/State Hospital Outsourcing
- Call Centers
- Eligibility Outsourcing

Reading this timeline one can only assume that there will be no deliberation about whether or not call centers or eligibility outsourcing would be cost-effective, as required by law before this decision can be made. HB 2292 clearly states that decisions to go forward with call centers and/or outsourcing hinge on whether they are "cost-effective." Conducting such a cost/benefit analysis will be a fairly intensive activity and must occur in the timeline before any decision is made, and yet it is not included in the chart or in the text of the plan. We will reserve our analysis and comment on call centers until the planned public hearing and input process but recommend that this part of the timeline be modified to include time for the cost-benefit analysis required by HB 2292.

Another significant challenge related to implementing call centers and eligibility outsourcing, as well as numerous other potential changes from reorganization, is compliance with federal regulations. As drafted, the plan envisions several program and service delivery changes that will require numerous federal waivers, for which there is little or no precedent in other states. We have watched and even participated in federal waiver processes over the years and know them to be (typically) protracted, labor intensive interactions in which the final compromise rarely ends up as initially envisioned. The transition plan does discuss the need to identify and request any necessary federal waivers, but it is very unclear where this process fits in the timelines and what assumptions have been made about the time it will take to negotiate these waivers with our federal partners, or whether these waivers will even be granted. Texas relies more heavily on federal funding than most other states to operate and deliver its health and human services programs. As the second most populous state it has a significant portion of the country's eligible population for many programs. As such, federal agencies are likely to have a high level of interest in Texas' reorganization plans and are likely to scrutinize any policy changes and requested waivers with particular interest, given the scope of the impact and the potential precedent that actions in Texas could set for other states. Stakeholders and advocates will also have a role to play in this process and a perspective that will be of interest to the federal partners, making the public input process (discussed in more detail below) particularly important in this regard.

Reorganizing and Consolidating Administrative Services:

Integrating eligibility determination is much more than an administrative change.

Starting on page 19 the draft plan discusses the reorganization and consolidation of HHS administrative services. Lumped into this section is a short reference to the integration of "eligibility for certain health and human services programs". We recognize that consolidation of administrative services is one of the most logical benefits of the planned consolidation. However,

we believe that the integration of eligibility determination functions is much more than an "administrative" consolidation. Given our close work on the development of the TIERS project we are acutely aware that integrating eligibility functions is much more complicated than consolidating purchasing, for instance. Eligibility integration also involves major challenges in aligning numerous, complex and unique policy and process requirements. We would urge that eligibility integration be separated from other administrative reorganization and consolidation efforts and be outlined as its own specific undertaking with adequate planning, testing and public input. This particular task may be one of the most important to the overall success (or failure) of the reorganization effort for it is the "face" of the HHS enterprise and will determine the public and client reaction to these changes. We believe the plan would be substantially improved by a separate and thorough discussion about how this process will proceed, including specific plans for stakeholder and advocate input.

Public Input, Transparency and Communications:

Openness and public engagement are essential for success.

For changes of the magnitude set forth in HB 2292, designed to occur over many years, affecting millions of Texans and billions of taxpayer dollars, the handling of public input and engagement will be critical to the success of the reorganization. Involving all stakeholders and advocates, keeping the entire process transparent, and building consistent, open, two-way communications are more important than any other aspects of the process. In this regard there are encouraging signs in the plan. Throughout the document the importance of these principles is reflected:

> "HHSC leadership is approaching this reorganization with a great deal of focus on making decisions based on significant stakeholder input, . . ." (page 16)
>
> "Using various approaches, such as surveys and/or focus groups, HHSC will elicit input from stakeholder groups and the public on how best to consolidate health and human services . . " (page 18)
>
> "the PMO . . . will continue to develop and refine feedback loops from the public, advocacy groups, employees and providers as it directs the transformation effort." (page 22)
>
> "Maintain open and frequent communications with departments, external stakeholders, and the public" (Program Management Guiding principles, page 32)
>
> "the communications strategy includes the continuous feedback loop from the public back to HHSC to ensure that the input of customers, vendors, advocacy groups, and employees is carefully considered throughout the course of the transformation effort." (page 65)

These statements set an appropriately high bar for the level of public engagement in this sweeping transformation of health and human services in Texas. Unfortunately, the draft transition Plan is notably lacking in <u>any</u> specific discussion of when and how such public engagement will occur. Outside of the included summaries of the public hearings leading up to the Transition Plan hearing, not a single chart or description of decision-making processes <u>going forward</u> includes specific provision for "public input," or a "continuous feedback loop." This is a significant gap in the current draft of the Transition Plan. We recommend that the completed plan

have much more detail about how, when, and in what form public engagement in this transformation process will occur.

The following are some specific, initial recommendations regarding public input, transparency and communications:

On page 9, the plan states that HHSC has conducted a "great deal of research on similar transformation efforts, both in the public and commercial sectors," "researched other states' health and human services structures," and engaged with "key private sector leaders with significant experience in managing large-scale mergers and transformations." We suggest that summaries of this research, including a description of the public and private transformations, structures, and mergers that were examined, be made available on the HHSC website so that the public, stakeholders and advocates can review for themselves the basis for "key themes incorporated in this Transition Plan" that are being used to inform the transformation decisions being made by HHSC.

On page 15 there is a reference to the Office of the Ombudsman (required by HB2292). It would be helpful to have a description of the duties and responsibilities of this office and its role (if any) in the anticipated public, stakeholder, and advocacy group input during consolidation and reorganization.

On page 25, (and in other locations) the plan speaks to the importance of identifying and tracking cost savings and cost efficiencies as the reorganization and consolidation progresses. Some detail is offered about how these costs issues will be evaluated and tracked. We believe that transparency in these key budget issues is critical to the public accountability of this endeavor. To that end, as these baseline numbers and tracking reports are developed, summaries should be made available to the public through the HHSC website.

It is clear from the draft Transition Plan that the Program Management Office (PMO) will be the central management entity as the reorganization and consolidation moves forward. The plan suggests that the individuals staffing this office will also be directly involved in developing and managing opportunities for public input and refining "feedback loops" during the transformation process. As such, it is important for the public, stakeholders and advocates to know who these people are, what their individual duties and responsibilities will be and something about their background and expertise. To this end we would suggest that an organizational chart of the PMO, including short staff bios and contact information be made available on the HHSC website.

On page 22, the plan states that the PMO has "conducted an initial survey of stakeholders." We would request that the survey questions and responses also be posted on the website.

On pages 9 and 57 the Draft Transition Plan notes that HHSC has received 534 comments via its website, which are broadly summarized on page 57. This summary of comments should be made available on the same website page that contains the comment/question form. Additionally, and more importantly, some of those "comments" were almost certainly "questions." It is not clear on the current on-line form how, or even if, submitted questions will be answered. Staff of the Center have submitted several specific questions to the HHSC website and have yet to have any response back from the Commission. The comment web page suggests HHSC intends to develop a "frequently asked questions" web page to address commonly requested information. We would urge HHSC to make this a high priority and to make every effort to respond directly and expediently to comments and questions that are posted to the site.

One way to address ongoing questions from stakeholders and advocates is to schedule regular, informal briefings or Q&A sessions. This process worked very well during the development of the TIERS project. Staff of the TIERS team held periodic meetings (roughly once a quarter) for an

"Advocates Working Group" that the center helped to coordinate. The center was responsible for organizing a broad group of advocates and informing them of scheduled meetings and documents the TIERS team was asking us to review. At key points in the process members of the workgroup also worked directly with TIERS team members in developing RFPs, reviewing proposals, and responding to policy options.

Similarly, when DHS began a process to revamp and simplify the combined application form for TANF, Medicaid and Food Stamps, a process was developed to directly engage advocates and stakeholders in the review and design of the new form. Regular meetings were held and the "advocates group" was responsible for adhering to the timelines required by the agency to review and comment on draft iterations of the new form.

These are the types of true public engagement that are essential for the success of this effort and necessary to earn the support of stakeholders and advocates. We recommend that the Transition Plan include explicit provisions for such interactions, public forums, and/or focus groups.

We believe this type of direct engagement will be most important during the "optimization phase" of the reorganization. Because this phase will be happening to various components of the enterprise along different timelines it may be worth convening a number "stakeholder workgroups" focused on particular programs as each program moves into the optimization phase. On page 24, the plan suggests that during the optimization phase HHSC will determine <u>if</u> such project-specific or agency-specific feedback "would prove useful." We strongly believe that public input at this stage should not be considered optional, but essential.

Appendix D Communications Plan:

Delivering a message is <u>not</u> public engagement.

The successful restructuring of health and human services being undertaken by HHSC may hinge on how well it engages all interested parties in the process over the next several years. Given this central need to involve stakeholders, advocates, and the general public, the content of *Appendix D, the Communication Plan* is deeply disappointing. In fact, we believe this section needs a major rethinking and rewriting.

The current draft treats "communication" almost entirely as one-way "message delivery." Nearly absent is any discussion of deliberate and specific <u>interactive</u> public engagement. Scattered throughout the entire document are assertions of the importance of public, stakeholder and advocate involvement in a "continuous feedback loop." These assertions fade to hollow rhetoric when one looks for substance in the actual Communication Plan. Instead of a plan for two-way communications with all interested parties, the discussion of "communications" is dominated by the following types of descriptions (emphasis added):

> "The plan also employs several best practices to develop and deliver messages that will address stakeholder concerns and <u>foster the desired perceptions of the transformation". </u>(page 86)
>
> "These messages provide the foundation for <u>tactical communication planning and execution</u>. (page 87)
>
> <u>"Internal and external stakeholder groups will receive the planned communication</u> and, in some cases, provide input on the communications, for example, by

asking questions related to the communication or by providing feedback solicited in the communication." (page 94)

On page 86, under the bullet "Proceed with stakeholder communications . . ." the entire discussion is about delivering a message that is "consistent with key overall transformation message," not structuring ways to create "continuous feedback loops."

The communication strategies reflected in such statements might be appropriately employed by someone doing damage control, engaging in psychological operations, rolling out a marketing plan or running a political campaign, but they are inappropriate to a public sector undertaking that will affect millions of Texans, billions of tax dollars, and will stand to benefit greatly from open dialogue between HHSC and all stakeholders.

On page 93 the "Transformation Communication Process" chart includes no reference to true interactive public engagement. There is only an oblique references (very late in the communication process) to providing "insight into affected audience groups," and delivering "planned communications" to stakeholder groups. This is unacceptable, and we suggest that the communications process be redesigned to reflect true two-way communications and a "continuous feedback loop."

On a more positive note, we appreciate the emphasis on timely communication and answering questions "honestly, quickly . . and completely," under the Communication Objectives on page 87. This positive goal could be strengthened considerably by laying out a plan for public forums, advocate and stakeholder workgroups, or similar mechanisms for regular and interactive public involvement.

On page 90, the plan states that advocacy groups are focused "on maintaining their current role and effectiveness." It is true that organizations like ours would like to continue our roles and relationships with the health and human services system. However, we care most about making sure that this transformation serves clients well and is accountable to the public—goals similar to those represented in the Draft Transition Plan. "Messages" to us about continuing our relationships and access are appreciated and we hope to maintain this type of working relationship with HHSC throughout the process, but involving us directly and addressing our substantive concerns about programs and policies, and how this transformation will affect needy Texans is the primary evidence we will be seeking, and the performance we will be monitoring.

Risk Management:

Do not let short-term urgency and budget targets undermine long-term success.

As this section appropriately recognizes, the restructuring of health and human services outlined in this plan is a "high stakes" undertaking. We support the attention given to risk management in the plan and we concur with the identified challenges on page 75 and 76. We are particularly concerned about the first challenge: the speed with which the transformation must occur. We believe expectations for change <u>within the current budget cycle</u> are daunting, and may in fact be unattainable. While we understand the pressure to adhere to these expectations, there is still a limit to what is prudently, and indeed humanly, possible. The pressure to focus on budget savings in particular has a very real danger to convert a rational transformation process into a mad scramble to find savings that do not exist or can only be obtained through restricting services, not through program efficiencies. We urge HHSC to balance urgency with care and to avoid risking

the long term success of this effort in a futile attempt to meet short term (and we believe unrealistic) budget savings.

The “Immediate Priorities” chart on pages 77-79 raises a concern for us. While many of the identified challenges, and the management and process steps to address them, are reasonable and prudent, the idea that eligibility determination presents a “large, major savings opportunit(y) now” is very worrisome. This component of the transformation is likely to be one of the most difficult and complex, and is fraught with the potential to disrupt services. Identifying this change as one of the first ways to save a lot of money quickly is problematic and ill-advised. Eligibility determination is the front door to the entire enterprise. If consolidation of this function is done hastily—merely in an attempt to attain cost savings—it could both disrupt services and undermine public and political support for the entire effort. We urge HHSC to be cautious and conservative in its cost savings assumptions as it begins to merge eligibility determination functions. This is also an area where maintaining staff expertise is critical and involving all stakeholders will be indispensable. In fact, one of the best ways to mitigate risks in this undertaking will be the direct engagement, involvement and counsel of the many stakeholders and advocates who have worked in and on these programs for years. Again, employing a more concrete and interactive public involvement process, from the very beginning, is imperative; therefore we urge HHSC to retool the communications components of this plan immediately.