



Update on the Integrated Eligibility System

Oversight bill moving through Legislature

In April, the Subcommittee on Integrated Eligibility and TIERS Implementation presented its recommendations to the House Human Services Committee for fixing the problems facing the eligibility system. The committee substitute for House Bill 3575 (CSHB 3575), by Rep. Patrick Rose, incorporates some of the subcommittee's recommendations. Most notably, the bill would prescribe goals for the integrated eligibility system, create an independent review team, and establish a legislative oversight committee. The bill would not address the shortage of state workers, which is perhaps the most critical challenge facing the rebuilding of the eligibility system, and neither the House nor the Senate budget includes funds to increase staff. However, both versions of the budget would give the Health and Human Services Commission (HHSC) the authority to increase staff in the event that HHSC decides to use fewer contractor staff when it restructures the eligibility system.

IE/TIERS SUBCOMMITTEE RECOMMENDATIONS

Rep. Patrick Rose, chair of the House Human Services Committee, appointed a Subcommittee on Integrated Eligibility and TIERS Implementation on March 1 to investigate the reasons for the termination of the Accenture contract and the problems crippling the eligibility system. On April 19, after eight weeks of investigation, the subcommittee presented its unanimous recommendations for an "enhanced eligibility system."¹ The subcommittee's recommendations emphasized the following principles:

- The need for *clear goals and performance measures* to evaluate the system progress towards these goals;
- The need to determine the *most cost efficient approach to taxpayers* in developing an enhanced eligibility system either through the private industry or state employees;
- The importance of *careful planning, thorough testing, and independent evaluation*;
- The need for *legislative oversight* to ensure that goals are met and to take action when they are not; and
- The importance of a *highly trained and adequately staffed workforce*.

¹ The full subcommittee recommendations are available on CPPP's web site at <http://www.cppp.org/research.php?aid=660>.

Transition plan

The subcommittee recommended that HHSC develop a transition plan, with public input, for achieving an “enhanced eligibility system” capable of delivering timely and accurate services to clients in a cost-effective manner for the state.

Goals and Performance Measures

The subcommittee recommended that the system be designed to:

- Improve access to services by simplifying the application process and program rules;
- Reduce application processing times and staff workload; and
- Enhance program integrity.

The performance measures would assess the system’s ability to:

- Meet federal timeliness standards for application processing;
- Transfer children without gaps in coverage between children’s Medicaid and CHIP;
- Achieve low payment error rates and minimize fraud; and
- Comply with federal civil rights laws related to serving vulnerable populations.

Independent review and legislative oversight

The subcommittee recommended an independent review team to assess the progress toward meeting goals, review the system’s functionality, and make recommendations for needed improvements. The subcommittee also recommended a legislative oversight committee—including two public members—to monitor the transition, review the recommendations of the independent review team, and make recommendations to the legislature for any action necessary to support the new system.

Staffing needs

- HHSC should conduct a staffing analysis to determine the staffing levels needed to meet the goals and performance measures related to program access and program integrity.
- In the event that HHSC proposes a reduction in force due to a decrease in workload, it should provide a detailed rationale for how such reductions in workload will be achieved, along with a plan for testing these assumptions.
- HHSC should refrain from making any reductions in staff until it has shown that the reduced staffing levels are adequate to achieve the performance measures in the staffing analysis.

The role of private contractors

- Establish clear standards defining the division of labor between state and contract staff.
- Limit the use of contract staff in the application process or eligibility decision-making to standardized tasks such as application intake (i.e., helping an applicant provide the basic information needed to start an application for benefits), document scanning and processing, and other mail center functions.
- If contract staff are used, HHSC should provide a detailed plan for how contract staff will be trained and monitored to ensure a high level of performance. This plan should also address how

the work of state and contract staff will be coordinated to ensure a seamless and accessible system for applicants and clients.

- Management functions should remain with the policy knowledgeable state.

TIERS

Both state and federal audits of TIERS have found that the system is not capable of processing benefits accurately and timely in accordance with federal laws.² Given these findings, the subcommittee recommended an independent study of TIERS to assess its functionality, capacity, and usability.

WHAT'S MOVING: CSHB 3575

CSHB 3575 incorporates many of the subcommittee's recommendations. It requires HHSC to develop a transition plan, establishes goals for the integrated eligibility system identical to the goals identified by the subcommittee, creates an independent review team, and establishes a legislative oversight committee. The committee would support HHSC's efforts to develop and implement an enhanced eligibility system that improves services to clients in a manner that is cost-effective for the state.

CSHB 3575 does not include any of the subcommittee's recommendations related to achieving specific performance measures, staffing needs, or the role of private contractors. Though it establishes legislative oversight, it does not include any public members on that committee.

Transition plan

CSHB 3575 would require HHSC to develop a transition plan by January 1, 2009. The transition plan would be made available to the public for comment no later than September 15, 2007. HHSC would be required to address the following issues in the transition plan:

- HHSC's responsibilities and role in making the transition;
- The responsibilities and roles of both existing and new contractors in making the transition to the enhanced eligibility system; and
- The steps HHSC will take to achieve the goals established for the enhanced eligibility system.

Independent validation and verification program

CSHB 3575 would require HHSC's office of inspector general (OIG) to establish, in consultation with the Department of Information Resources, an independent validation and verification program (IV&V) to review the eligibility system during the transition plan. The IV&V would:

- Assess whether HHSC is meeting the goals set forth in the transition plan in accordance with the established timetable;
- Monitor the eligibility system's progress toward becoming "fully functional" in providing services to clients;

² See Office of the Inspector General, HHSC, TIERS/IEES Review, https://oig.hhsc.state.tx.us/Reports/TIERS_Report.aspx

- Determine whether HHSC is making progress toward meeting the goals of the enhanced eligibility system; and
- Identify any actions necessary for the system to achieve “full functionality” and achieve the goals set forth in the transition plan.

The bill would require the OIG to present the proposed IV&V program to the oversight committee and incorporate any recommendations for modifications to the program as necessary. HHSC would also be authorized to enter into contract for the IV&V program.

Legislative oversight committee membership, rules & duties

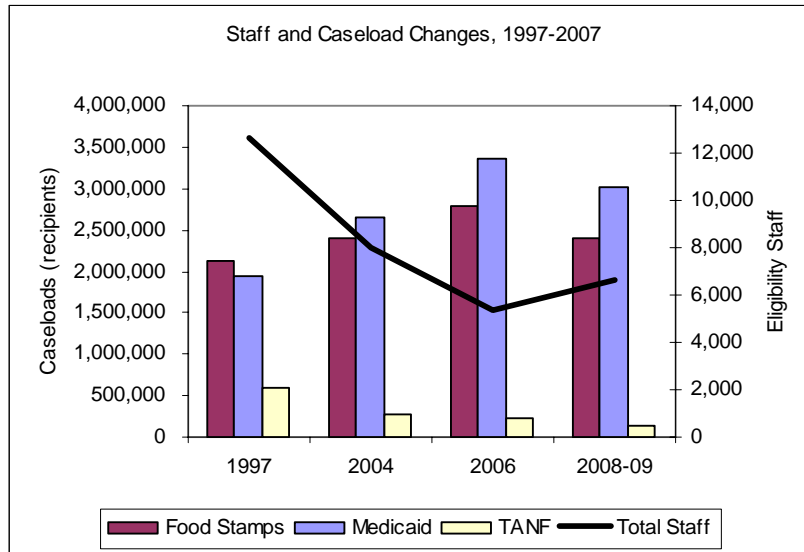
- The committee would include seven members: the chairs of the House Human and Senate Health and Human Services Committees; two members of the senate, appointed by the lieutenant governor; two members of the House of Representatives, appointed by the speaker of the House of Representatives; and one additional member, appointed by the governor. The executive commissioner serves as an ex officio member of the committee. The committee must be appointed by September 1, 2007.
- The lieutenant governor and the speaker of the House of Representatives would each designate another committee member to serve as a joint presiding officer.
- The committee would meet at the call of a joint presiding officer, but at a minimum would be required to hold a hearing at least once every four months. The committee must conduct the first public hearing by September 15, 2007.
- The committee would review the transition plan and the progress being made in implementing that plan; review recommendations made by HHSC and the OIG, and the quality assurance team regarding actions necessary to improve functionality of the eligibility system; make recommendations to the legislature by December 1, 2008 regarding any legislative action necessary to support the implementation of system; and monitor and regularly report to the legislature on the effectiveness and efficiency of the eligibility system after it is implemented.

WHAT’S IN THE BUDGET PROPOSALS

Both the Senate and the House budgets include enough funding for HHSC to maintain 7,200 staff in its Office of Eligibility Services in fiscal 2008-2009. Of these staff, 6,697 are field staff in local HHSC offices or call centers.

CPPP has advocated for HHSC eligibility staffing levels to be returned to at least their 2003 levels of roughly 8,000 workers in the field. Neither the House nor the Senate budget includes funds to increase staff. However, both versions of the budget would give HHSC the authority to increase staff in the event that HHSC decides to outsource fewer eligibility functions to private contractors.³ Even prior to the decision to privatize and downsize the workforce, understaffing was a major problem in Texas’ eligibility system. The legislature has systematically reduced the number of eligibility workers over the last decade, despite increasing caseloads and workloads. HHSC eligibility staff numbered around 12,000 in 1996 (when both caseloads and application rates were lower than today). By 2003, the number of staff had fallen to 8,000.

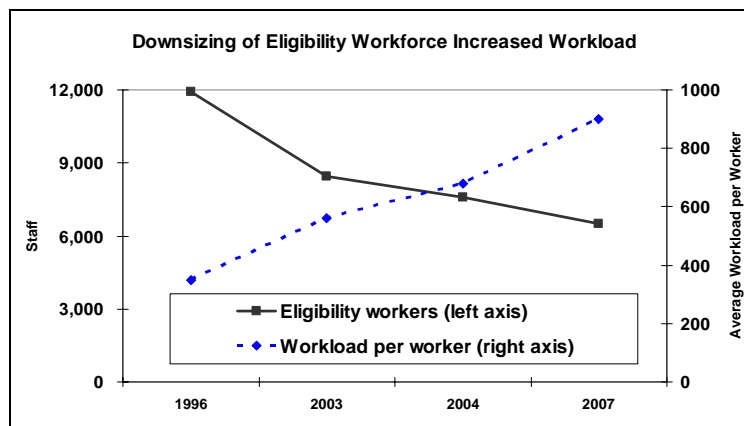
³ See <http://www.cppp.org/research.php?aid=654&cid=6> for more detail on HHSC’s budget.



WHY MORE STAFF ARE NEEDED

Several measures are used to determine whether the eligibility system has enough staff. These include *staff workload*, *timeliness in application processing*, and the *accuracy of benefit determinations*. On all of these counts, it is evident that more staff are needed.

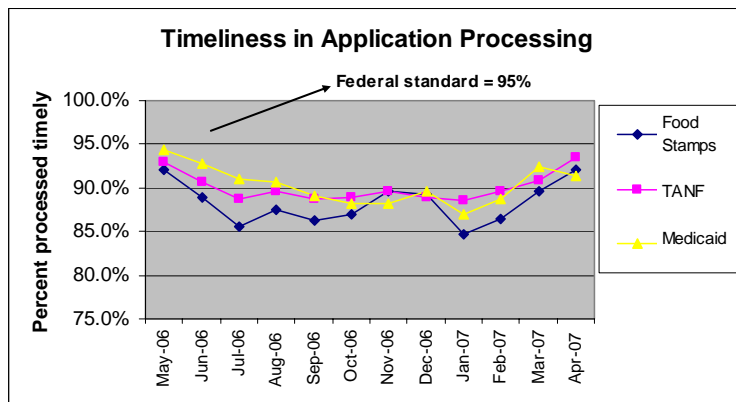
Workload has increased dramatically over the last two years, from an average workload per worker of 700 cases to almost 1,000 cases. This is the result of the loss of state staff and delays in the rollout of the new system.



Timeliness in initial application processing has been well below federal standards for all programs since May 2006, and possibly longer (this is when HHSC first posted the statistics, so earlier 2006 values are unknown).⁴ The Central Texas, Dallas-Fort Worth, and Houston areas all have reported deeply sub-standard rates, with Central Texas reporting rates from 50 to 68% of timely applications from July 2006 to January 2007. February and March 2007 saw the first signs of improvement, but the average rate statewide for all programs is still below 95%.⁵

⁴ Federal law requires that Food Stamp and Medicaid applications be processed within certain timeframes (30 days for Food Stamps and 45 for Medicaid). States must process 95% of applications within these timeframes.

⁵ HHSC, <http://www.hhsc.state.tx.us/research/FMTtimeliness.html>



The effect of the staffing shortages—combined with poor contractor performance—on children’s health enrollment has been well documented. Children enrolled in Medicaid plummeted by 100,000 from December 2005 to April 2006. HHSC reports confirm that computer systems automatically closed cases of children when workers were unable to process their renewal papers on time. Texas children’s

Medicaid enrollment remains in trouble, as March 2007 enrollment is still 71,615 children below December 2005 enrollment.

Percent of New Applications Processed on Time April 2007			
Region	Food Stamps	Medicaid	TANF
01	97.7%	98.7%	98.3%
02	95.5%	96.0%	96.9%
03	86.6%	90.8%	90.7%
04	95.8%	95.4%	98.0%
05	95.4%	96.3%	97.2%
06	92.4%	91.8%	94.7%
07	86.4%	84.6%	85.0%
08	95.9%	96.6%	98.0%
09	97.5%	97.8%	98.0%
10	97.7%	96.4%	97.9%
11	95.1%	91.6%	94.3%

Food Stamps error rates are also above the national average for the first year since 1998. For the last seven years, state eligibility workers have helped Texas qualify for more than \$130 million in federal bonus funds for achieving a high level of accuracy in Food Stamp benefits determinations. If performance does not improve this fiscal year and next, Texas could face the threat of financial penalties in 2008.

These problems won’t go away until the new eligibility system is implemented statewide and the efficiencies promised for the past two years have been realized. In the meantime, more staff are needed to put an end to the delays in application processing, avoid financial penalties, and support the transition to the new system.