



Capitol Forum on Integrated Eligibility “Call Center” Initiative

Panelists voice concerns, offer recommendations on role for community-based organizations in the Health and Human Services Commission’s proposal to replace local eligibility offices with privatized call centers

On October 19, 115 people crowded into two capitol hearing rooms for a public forum to discuss the role for nonprofit and faith-based organizations in the Health and Human Services Commission’s (HHSC) proposal for a new system to enroll people in CHIP, Food Stamps, Medicaid, and TANF cash assistance. Hundreds more watched the forum on the capitol’s web cast, which reached its full capacity of 400 viewers. At the center of the debate was HHSC’s proposal to rely on one million volunteer hours from community-based organizations to help clients navigate the new system and enroll in these programs. The forum, co-sponsored by the Senate Health and Human Services Committee and the United Ways of Texas, brought together state officials with community-based organizations from around the state to discuss the opportunities and challenges in HHSC’s proposal. A panel of leaders from the nonprofit, philanthropic, and business communities shared their perspectives and concerns on the new role for community-based organizations and offered recommendations to HHSC and the legislature. This *Policy Page* summarizes the major points made during the forum and recaps CPPP’s concerns about the role outlined for nonprofits in the integrated eligibility initiative.

Background

In 2003, the Texas legislature directed HHSC to explore whether “call centers” offer a more cost-effective way for enrolling people in Food Stamps, Medicaid, TANF (cash welfare), and CHIP. Under the current model, people enroll in these benefits at local (state-run) eligibility offices. In response to the legislature’s mandate, HHSC developed a “business case” for call centers that would dramatically overhaul the current enrollment process. The proposed model includes:

- Replacing the majority of local eligibility offices with three centralized call centers.
- A 57% reduction in state human services staff, and the potential to privatize the remaining jobs.
- An Internet application.
- Expansion of the 211 information and referral system to serve as the main portal to the call centers.
- **Over 1 million volunteer hours annually from nonprofits to help clients access the new system.** The proposal includes \$3 million per year to these organizations for “marketing and outreach” and the

purchase of computers and Internet technology; but no funding is allocated for paid staff or for the recruitment and supervision of volunteers.

- Estimated administrative savings of \$389 million over five years (46% is state dollars) and a 41% reduction in annual spending by 2008.

HHSC released the proposal in March 2004. In July, they released a “Request for Proposals” (RFP) to the business community to determine whether private companies could offer even greater savings. HHSC plans to award a contract in December.

What is the Right Role for the Nonprofit Community?

Many community-based organizations have responded enthusiastically to HHSC’s proposal and the chance to assist clients in applying for government benefits, because of their commitment to serve people in need but also because, in many cases, they already play this role, only with no compensation. Others have been more skeptical, concerned that the increased

responsibility would force them to divert funds from the delivery of vital services. Many local governments and several chambers of commerce have responded by adopting resolutions that oppose the 2003 legislation (HB 2292) that initiated these changes.

The public forum provided an opportunity for the nonprofit community to comment directly on its capacity and willingness to shoulder the responsibilities outlined for them in HHSC's proposal.

Panelists included King Davis, Executive Director of the Hogg Foundation for Mental Health; Diane Gillit, Vice President of South Plains Community Action; Gary Godsey, President of the United Way of Metropolitan Dallas; Suzii Paynter, Director of Public Policy of the Baptist General Convention; Joe Rubio, Vice President Advocacy & Parish Relations of Catholic Charities; and Sandy Thurman, Executive Director of PediPlace, Inc.

A summary of HHSC's presentation and panelists' comments and recommendations follow.

HHSC's Description of the CBO Role

HHSC staff described the role for community-based organizations as assisting with the "front-end" of the application process. The state would provide tools to local organizations to help clients with the screening and application processes. Examples of these activities include assisting people in filling out an application over the Internet; screening potential clients to see which benefits they might be eligible for; explaining the new system to clients; and assisting clients with their paperwork. HHSC emphasized that community-based organizations would not be taking or processing applications; that would be done at the call center or "Benefit Issuance Center"—the new term used to describe a local eligibility office. Staff explained that an organization could choose the level of involvement that fits its resources, and that participation in the new system would be voluntary.

HHSC assertion that nonprofit participation would be voluntary overlooks the unofficial role most nonprofits already play in helping clients navigate the current eligibility system: for example, by publicizing the programs to their clients, helping people with their paperwork, or advocating for clients when things go wrong. Should the state's new system turn out to be less accessible than what we have now, the burden on these organizations will only increase—even if they have not have agreed to serve in an official capacity by

signing a contract with the state. Regardless of the model, no eligibility system can function without an adequate number of staff. Indeed, current staff shortages at local eligibility offices are to blame for many of the problems that the proposed model purports to fix. This is why a valid analysis of the number of staff needed to run these programs successfully is so important to improving the system. Unfortunately, HHSC's proposal fails to address this critical issue, which increases the risk that an even more understaffed system will add to the burden already shouldered by the nonprofit community.

In response to questions about the nonprofit community's ability to donate the one million volunteer hours included in the business case, HHSC responded that the state is not asking for one million *new* volunteer hours; this number includes time that community-based organizations *already* devote to these tasks under the current system. HHSC staff did not know how many of the one million hours were new, but indicated to the panel that they would provide this breakdown. HHSC also pointed out that the model is intended to be flexible and that "different community needs will not affect" the overall system. If the statewide nonprofit community is unable to donate one million hours, or certain communities in the state do not have the resources necessary to offer any assistance, HHSC believes the model will still work. It was unclear whether this means HHSC will devote additional resources in other areas, or that the system already has the resources to work without any assistance from the nonprofit community.

HHSC also mentioned using mobile benefit units to assist clients who will not be able to get to a local office or nonprofit agency for assistance.

There was no discussion of whether funds would be available to these organizations for hiring or training staff.

Comments from the Panel and the Audience

In general, panelists acknowledged the need for reform in the current eligibility system and expressed support for HHSC's broad goals of improving access and reducing cost through new enrollment channels, better use of technology, and public-private partnerships. However, most panelists were skeptical of their ability to play the role outlined for them in HHSC's business case and voiced concerns about the proposal's potential negative impact on the nonprofit community. Specific comments, concerns, and criticisms follow:

The one million hours: Do nonprofits have the capacity to take on this responsibility with no new resources?

- *Nonprofits already are doing more with less.* The weak economy has increased the demand for their services and reduced the resources of their major donors. At the same time, their liability, property, and health insurance costs are going up. As a result, nonprofit agencies are concerned that it will be impossible for them to take on any additional work.
- *New responsibility for nonprofits must be accompanied by new resources.* Government should not abdicate its role to help the needy.
- *Cooperation from the nonprofit community will be essential and critical to making the proposed system work.* HHSC's model outlines a significant role for the nonprofit community. The business case requests almost as many volunteers and staff time from nonprofit organizations (627 staff; one million hours) as it allocates for paid state staff at the local Benefit Issuance Centers (820 staff; 1.3 million hours) Although participation may be voluntary, the proposed system may fail without this assistance.
- *Nonprofit providers must not be asked to stretch their limited I&R resources further.* In general, nonprofit providers receive little funding for information and referral (I&R). They do their best to lead clients through the maze of health and human services with these limited dollars. Asking them to do more without additional resources is unrealistic.
- *Local governments also do not have the resources to take on additional responsibility.* An analysis by the city of Killeen found that the city would need \$40,000 annually (money it doesn't have) in staff time to assist its residents with the front-end of the eligibility determination process, as envisioned in the business case.
- *The new responsibility envisioned for nonprofits could interfere with their ability to comply with current government contracts.* Many nonprofit providers receive a majority of their funding from government contracts. These contracts are increasingly performance-based, which means nonprofits are reimbursed according to how many people they serve; the higher the volume, the more money they receive, and vice versa. An increased in demand for

I&R services, with no additional funding to meet this demand, could threaten providers' ability to maintain the same volume of services under their performance-based contracts.

- *Nonprofits and faith-based organizations have limited resources to provide critical services and should not be a revenue source for government.* Nonprofit providers provide services that are not offered by the state. Their limited resources should not be diverted to support the state's eligibility system. Indeed, funders might withdraw their support from nonprofits over concerns that their grants could be diverted to support the state's eligibility system.

The viability of using volunteers instead of paid staff.

- *Volunteers are not free.* Nonprofit organizations must spend money for recruitment, coordination, and training of volunteers.
- *Using volunteers to perform highly sensitive tasks raises liability issues for the nonprofit community.* One panelist offered as an example the liability insurance needed by faith-based organizations whose congregations provide volunteer services to foster children.
- *Volunteers are not well suited for certain services; capable volunteers will be hardest to recruit in the areas of the state that will most need them.* Well-trained, skilled, and paid staff may offer a better source of labor than volunteers to assist clients with the eligibility process. Effective volunteers must be matched to their position. In order to recruit enough suitable volunteers for a specific purpose, it is often necessary to recruit four times as many as are actually needed.

Potential liabilities for community-based organizations.

- *Nonprofits could face liability with their grantors if they use funds dedicated for other purposes to support the new eligibility system.* For example, a nonprofit with a government contract to provide health screens to the uninsured would be prohibited from using the staff or other resources supported by these funds to help clients through the state's eligibility system.
- *Do nonprofits face any liability if they contract with the state or a private vendor to perform government functions?* For example: will a church that enters into a contract with the state to take applications for Food Stamps or Medicaid be subject to the same

due process requirements the state is? If so, will the church face liability if it violates a client's rights to due process? Will a nonprofit that contracts with the state face liability for harm caused to a client? (In general, the court does not grant the same immunities to a private worker carrying out a government function that it does to a government entity.) These issues should be resolved prior to signing a contract with a private company or otherwise proceeding with implementation of the new system.

do not understand what is being asked of them. Clients should not be expected to decipher complex forms and processes for enrolling in benefits.

General questions and concerns about the proposed model, the implementation process, and impact of the proposed changes on local communities.

- *The implementation timeline doesn't allow time to resolve the questions and problems raised by the proposed model.* The model looks "great on paper," but needs a lot more work before it becomes a reality.
- *How can the state award a contract in December when so many details related to the proposed model have not been worked out?* HHSC officials responded that the private vendor, if selected, would help them to work out these details.
- *How can the nonprofit community plan collectively to ensure no negative impact without the opportunity for piloting or testing the proposed changes?* HHSC responded that the system would be flexible enough to accommodate changes if necessary.
- *How will moving the eligibility process to call centers affect screening for domestic violence, disability, and other issues?* Will nonprofit staff/volunteers receive the same level of training that state workers do now? HHSC staff responded that the training would carry over, but that they have not worked out the details for how the screening process would occur in a call center environment. One panelist asked if HHSC had determined how much time was spent now on screening and questioned whether adequate time or staff were allocated in the proposed model to ensure the same level of screening would be possible.

Support for simplifying policy and processes for staff, providers, and clients.

- *The state must take advantage of every opportunity to simplify policy and processes in the new model.* Some of the problems in the current system are a result of staff who do not understand policy, or clients who

- *More client education is needed.* Clients need assistance both in how to enroll in benefits but also in how to use them (for example, choosing a health care provider).

Recommendations from the Panel and Audience

- HHSC should develop a volunteer recruitment program and incorporate it into the model.
- HHSC should consider funding paid volunteer staff coordinators.
- HHSC should conduct a comprehensive analysis of how much money the nonprofit community will need to play the role envisioned for them in the business case and allocate resources accordingly.
- HHSC should allocate more state staff to the Benefit Issuance Centers to prevent community-based organizations from being overwhelmed with requests for personal assistance.
- HHSC should appoint a formal advisory council of community-based organizations to assist in the development and implementation of the new system.
- The legislature should mandate state court judicial review of client appeals (of adverse actions by the state) to deal with the likely increase in improper denials.
- The state should commission an objective analysis of the proposed changes from an independent research institution before implementing them. The state should be prepared to share the results of this research, regardless of the findings.
- Each of the proposed changes should be piloted and tested separately, with adequate time to evaluate and make changes as needed. The system should be designed to allow for constant modification as it is rolled out.
- The legislature should be involved in every major decision related to the new system and maintain strong oversight as the changes are rolled out.

- The nonprofit community has a responsibility to their clients to get involved in the decisions related to the new system. Nonprofits should be prepared to help their elected officials understand how the proposed changes will affect them and their clients.
- HHSC should consider using teleconferencing to gather more input on the proposed changes from the grassroots.
- HHSC should look at the experiences of other mobile units before investing any resources in them. This panelist remarked that mobile units had not worked as a service delivery mechanism for her organization. She recommended providing state staff at a centralized location, instead, and suggested the state explore shared office space as an alternative to permanent, full-time offices.
- The state should convene representatives from foundations to help them understand the role envisioned for the nonprofit community.

What's Next?

HHSC plans to award a contract in December, although the size of the award and scope of work is unknown and won't be revealed until a contract is signed. The Request for Proposals soliciting bids from the private sector asked vendors to submit proposals in three areas: 1) Implementation and operation of the eligibility determination system as outlined in the business case; 2) Maintenance and operation of the state's new computer system that supports eligibility determination, known as "TIERS" (this system is currently being piloted in Travis County); and 3) Health plan enrollment and EPSDT (Early Periodic Screening, Diagnosis and Treatment) services. HHSC has received three qualified proposals in response to the RFP; two of the proposals each represent a large consortium of private companies.

HHSC insists that there will be enough flexibility within the contract to work out the remaining details in the model, resolve problems as they arise, and reallocate resources if needed. Once a contract is awarded, however, any change will have to be negotiated with the vendor. At this point the cost of making the change and the need to achieve certain savings could prevent necessary modifications (or improvements) to the system from being made, which could hinder efforts to ensure client access or improve customer service.

For these reasons, CPPP has urged HHSC to work out all of the details prior to awarding a contract. Members of the nonprofit community and representatives of local governments should voice their concerns now if they want their input to be considered.

For More Information

HHSC's business case proposal is available on its web site at <http://www.hhs.state.tx.us/consolidation>. The RFP can be downloaded at http://www.hhsc.state.tx.us/Consolidation/Contracting/52904334/rfp_docs.html.

CPPP's analysis of HHSC's proposal is available on our web site at <http://www.cppp.org/products/policyanalysis/brf-bizcase4-26-04.pdf>.

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