

## **Integrated Eligibility and TIERS Implementation Subcommittee Report**

The House Committee on Human Services is charged with the oversight of the Health and Human Services Commission(HHSC) as it relates to welfare programs and their development, administration, and control in providing health and human services to the people of Texas. In response to concerns of failures to adequately provide health and human services by programs under HHSC, the House Committee on Human Services formed the Subcommittee on Integrated Eligibility and TIERS Implementation on March 1, 2007.

The Subcommittee is charged with formulating recommendations with respect to the actions that occurred in the TIERS rollout in conjunction with Integrated Eligibility. The goal of the recommendations is to ensure continuous health services are available to eligible individuals in a fiscally responsible manner that best utilizes taxpayer dollars. The most cost efficient approach that ensures eligible individuals continue to receive uninterrupted, reliable and dependable services should be utilized whether it is through private industry or the State. While the Subcommittee's responsibilities included reviewing, analyzing and questioning the contractors involved in the delivery of services, the scope of this subcommittee's recommendations do not address the issue of outsourcing or privatization in general. However, in the scope of the tasks assigned to this Subcommittee, the Subcommittee's purpose was to identify flaws in the Integrated Eligibility and Enrollment System (IE) and the Texas Integrated Eligibility Redesign System (TIERS) and provide direction to HHSC in developing an enhanced approach in providing health and human services.

### **Background**

TIERS is the technology base intended to consolidate integrated eligibility determination applications for key health and human services programs, such as CHIP and Temporary Assistance for Needy Families (TANF). In 1997, Department of Health Services (now HHSC) began developing TIERS in an attempt to provide an enhanced computer technology system to replace the existing system, System of Application, Verification, Eligibility, Referral and Reporting (SAVERR), which was initially created in the 1970's. TIERS was developed in response to a Legislative mandate. On June 30, 2003, HHSC began its TIERS rollout in two pilot counties, Travis and Hays, to replace the SAVERR system and integrate eligibility and enrollment services.

Furthermore, during the 78th Legislative Session, HB 2292 mandated a statewide overhaul of the major health and human services agencies. The newly-passed legislation redirected the Health and Human Services Commission's approach to providing services and determining eligibility. The legislation required a streamlined and cost-efficient approach to providing the required services, including call centers and online access, as well as telephone and fax applications in lieu of face-to-face visits. The result of this overhaul was a vast new approach in formulating the combined implementation of TIERS and IE, as mandated by HB 2292.

Unfortunately, as complaints of the system still remain, the Legislature, the recipients of the services and other key parties have learned that TIERS and IE, as they were implemented have thus far not reached the original objectives of the program.

The Subcommittee on Integrated Eligibility and TIERS Implementation has formulated several key recommendations to ensure that the delivery of health and human services provided by the state improve and become dependable, reliable, and accountable. The intent of these recommendations is not only to ensure the state of Texas meets federal guidelines, but to implement more reliable, effective and efficient delivery mechanisms to ensure adequate healthcare and services to those individuals that qualify and desperately rely on those benefits.

### **Subcommittee Recommendations**

#### ***Delay of TIERS/IE Rollout***

##### Overview

The Subcommittee recommends that any further expansion of the TIERS and Integrated Eligibility and Enrollment System be delayed until a transition plan is established and all standards and goals of that plan are met to reach full functionality of the system.

##### Transition Plan

A transition plan should be developed by the Commission and submitted to the Legislature and public no later than June 19, 2007. The plan should include the transformation of and enhancements to the TIERS and IE system before and after September 1, 2007. The transition plan should further include:

- input from the public through hearings.
- a definite timetable for the plan to meet specific goals.
- descriptions of the Commission's responsibilities in developing an enhanced eligibility system.
- descriptions of the responsibilities and role of contractors (those contracted before 09/01/2007) in making the transition and implementing an enhanced eligibility system.
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- benchmarks and performance measures, along with the timetables to gauge the progress of the system.

Full Functionality includes but is not limited to:

- Improvement of access to services by simplifying the application process and program rules in a manner that is consistent with program integrity goals.
- Proof that the system takes full advantage of available technology and develops more efficient business processes to improve efficiencies and effectiveness with the goal of reducing application processing times and staff workload.
- Enhancing program integrity
- Processing applications in accordance with federal timeliness standards.

- Making accurate determinations of eligibility and issues benefits in compliance with state and federal laws.
- Complying with state and federal civil rights laws related to equal accommodation for persons protected by the Americans with Disabilities Act, Section 504 of the Civil Rights Act, and the Food Stamp Act [7 USC Sec. 2020 (c)] and has the functionality necessary to monitor compliance with these laws.
- Developing the functionality necessary to enable timely processing of claims for overpayments due to fraud and error.

In addition to the actions taken by the committee in the transition period, in accordance with the plan established, the Commission's office of inspector general and the Quality Assurance Team, as established by Section 2054.158, Government Code, should establish a schedule to periodically monitor the eligibility system during the transition period.

During the contract and vendor selection process, thorough consideration should be given to compatibility and like exchanges between HHSC and any contractors. To accomplish the rigorosity necessary during the contract selection process, HHSC should solicit a third party procurement specialist to validate large-scale contracts so the risk of premature renegotiations is reduced and the ratio of price-to-service level is appropriately aligned. Additionally, the contractor chosen through a competitive bidding procurement process should be given opportunities to offer expertise to HHSC in benchmark developments and reporting significant setbacks, which may threaten the functionality of the system.

#### USDA

The United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) program has repeatedly warned and advised HHSC of inadequacies in the system. To date, FNS is also withholding approval of TIERS and IE, as well as not supporting any future contracts if a proper plan is not introduced, which includes a timeline for open bidding.

Thus, this is yet another reason why further rollout of TIERS and the Integrated Eligibility and Enrollment system should be delayed.

#### ***Staffing Analysis: Staffing Requirements and Scope of Services***

In order to provide the most reliable services to recipients of the health and human services, qualified and sufficient staff must be hired to insure that services are readily available. Prior to implementing or executing a long-term contract to implement a new business model, HHSC should conduct an analysis of staffing needs in the new model. HHSC is charged with developing and performing a thorough in-house staffing analysis, including state and contractor staff, to establish the necessary staffing numbers and needs to achieve full functionality and to ensure that there will not be a lapse in services.

The staffing analysis, and any subsequent staffing analyses, must be concluded before TIERS and IE are expanded. As required in reaching full functionality, the staffing analysis should include:

- an assessment of the number of staff needed to comply with federal and state related program access (i.e., timeliness, expedited food stamp services, seamless transfers of children between CHIP and Children's Medicaid).
- an assessment of the staff needed to comply with performance standards and benchmarks established by the commission.
- an assessment of the workload per worker permitted while still achieving the above standards.
- clear standards defining division of labor for workers, both contractor and state.

Subsequent staffing analyses are required to be updated if HHSC projects will reduce workloads and result in overall staffing reductions, or if there is a reduction in the number of knowledgeable and experienced staff. HHSC should also provide a detailed rationale for how reductions in workload will be achieved, along with a plan for testing these assumptions. HHSC should refrain from making any reductions in staff until staffing levels in the new system are determined to be adequate to achieve the performance measures set.

Furthermore, based on lessons learned with previous contractors, HHSC should consider limiting the use of contract staff in the application process or eligibility decision-making proceedings and instead rely on contract staff to perform standardized tasks such as application intake (i.e., helping an applicant provide the basic information needed to start an application for benefits), document scanning, imaging and processing, and other mail center functions. Should HHSC decide to use contract staff in the eligibility processing system, HHSC should be required to provide a detailed plan of how contract staff will be trained and monitored to ensure a high level of performance. The analysis is to include a financial review along with minimum qualifications for contract staff, and a knowledge of how the work of state and contract staff will be coordinated to ensure a seamless and accessible system for applicants and clients. Management functions of services should remain with policy knowledgeable state workers to ensure that the most efficient and adequate services are provided to the recipients of these benefits.

### ***Legislative Oversight Committee***

A Legislative Oversight Committee should be created to monitor and advise the Commission of actions related to TIERS and IE programs. The Committee will support the Commission's implementation of an enhanced eligibility system to minimize any negative impact on the delivery of health and human services by the state.

Along with representation from the House of Representatives and Senate, oversight committee should include preferably two members from the public, one with relevant expertise in the delivery of health and human services to clients and another with expertise in the use of technology to improve the delivery of services to clients.

The Committee should conduct a hearing at least once every four months, to properly review information pertaining to the transition plan, the progress made in implementing the plan, and determining whether the eligibility system is progressing toward achieving full functionality. Recommendations of all involved parties (Commission, OIG and Quality Assurance Team) should be thoroughly reviewed to make all components of the system functional.

The Committee is additionally required to provide recommendations to the Legislature not later than December 1, 2008 regarding any legislative action necessary to support the implementation of the enhanced eligibility system that minimizes any negative impact. After implementation of the enhanced eligibility system, the Committee should continue to monitor and regularly report the effectiveness and efficiency of the system.

The Legislative Oversight Committee is subject to sunset review in 2011. However, the oversight committee should continue if full functionality of the enhanced eligibility system has not been achieved at the end of 2011.

### ***Independent Audit***

An audit of HHSC services, which included TIERS and IE, was conducted by KPMG. This audit found that the system is lacking appropriate technology design at the database level to properly meet material compliances and improve system weaknesses.

Original audits provided by KPMG, provided more in depth failures and non-compliance measures of the TIERS system. Therefore, the Subcommittee recommends a fully independent audit of TIERS and IE programs before expansion is executed. The Legislative Oversight Committee will be able to review any initial drafts of the audit before edits are suggested by HHSC.

The independent audit is required to evaluate and assess:

- the functionality and capacity of TIERS to serve as the sole computer system for CHIP, Medicaid, Food Stamps, and TANF for the entire state;
- the usability of TIERS by staff and HHSC trading partners;
- the ability of TIERS to determine eligibility in compliance with state and federal laws;
- the ability of TIERS to process reports in compliance with state and federal laws; and
- the progress toward resolving the major concerns raised by HHSC's OIG, USDA, USDA's technical consultant, Booz Allen, and KPMG.

The results of this audit can then be used by an oversight committee and HHSC when determining recommendations to the Legislature pertaining to expansion and progress of TIERS.

The Subcommittee is optimistic that with the cooperation of each stakeholder, the State can achieve and maintain delivery of these services to eligible Texans in a manner that is fair, efficient, easy to navigate, and which makes the best possible use of taxpayer resources.