



SUSTAINING PROGRESS MADE IN ELIGIBILITY SYSTEM WILL REQUIRE ADDITIONAL RESOURCES FOR CASELOAD GROWTH, IMPLEMENTATION OF HEALTH CARE REFORM

We commend Executive Commissioner Suehs and the Health and Human Services Commission for the significant progress HHSC has made in improving the performance of the eligibility and enrollment system over the last year. This progress is the result of the infusion of 850 additional workers and a set of policy and procedural changes designed to improve worker productivity. However, sustaining these improvements will be impossible unless the Legislature gives HHSC the staffing and other resources it needs to handle growing caseloads and the implementation of national health care reform in 2014. HHSC's LAR exceptional items related to staff retention and hiring (#6 and #7) outline these essential needs. Without these resources, the performance of the eligibility system will deteriorate, and Texas will lose out on billions of federal funds that are critical to the health and well-being of our state's residents and economy.

Why an adequately supported eligibility system is so important

Compliance with federal law, integrity require it

The Texas eligibility system delivers over \$25.7 billion in Medicaid, Food Stamp and TANF benefits annually. Almost three-quarters of this funding is from the federal government. In exchange, Texas must maintain an eligibility and enrollment system that is capable of accurately determining eligibility, enrolling eligible families in accordance with federal timeliness standards, delivering the correct amount of benefits, and maintaining a quality control system to deter, prevent and catch fraud. When the legislature has provided sufficient funding for eligibility staff in the past, Texas has proven itself a leader among the states, earning more than \$125 million in federal bonus funds for high payment accuracy from 1998-2005.

Over the past five years, Texas has allowed its eligibility system to decline due to underfunding and bad decisions. This has caused suffering to thousands of Texas' most vulnerable families and exposed the state to litigation and financial sanctions, all of which has come at a huge cost to taxpayers. While HHSC has made commendable progress to rebuild the system in the past year, HHSC has determined that it will be unable to sustain this progress without a significant infusion of additional resources. By fiscal 2013, HHSC projects it will be handling approximately 406,000 new cases, a 15 percent increase over today's caseload. To meet its obligations to the federal government in the 2012-13 biennium, HHSC's staffing analysis shows that it will need 1,932 additional staff, as well as additional funds to reduce overtime and increase the retention of current staff. Without these resources, HHSC will fail to meet federal performance standards, subjecting Texas to further sanctions, litigation, and the potential loss of billions in federal funds. Moreover, the eligibility system will be unprepared to accommodate the nearly two million Texas expected to enroll in Medicaid in 2014 as a result of national health care reform.

It helps needy Texans and supports our economy

More than 6.4 million people get food or health care or temporary emergency cash assistance through these programs. When our eligibility system fails to get help to needy Texans, these families suffer and the entire state loses out on billions of federal dollars that fuel our state and local economies—particularly during a recession when unemployment has risen and consumer spending has dropped. Every \$1.00 in Food Stamp benefits produces \$1.84 in overall economic activity, bringing the total economic benefit of Food Stamps in fiscal 2010 to \$6.6 billion—money that supports Texas' food retailers, farmers, producers, and our sales tax base. Medicaid spending also has a significant economic multiplier effect, generating economic activity including jobs, income, and state tax revenues. The state Comptroller of Public Accounts has estimated that every non-state dollar (from a federal or other out-of-state source) spent in Texas on health care generates \$3.51 in overall spending. In a cost-benefit analysis, adequately funding the system is the smart thing to do. In fiscal 2010, Texas spent approximately \$680 million to run the eligibility system—less than a 3 percent overhead. We need to increase that amount to manage higher caseloads, but in exchange will reap major financial gains.

Policy simplification would increase worker productivity

We recognize that the budget shortfall anticipated for the coming biennium poses tough choices for state lawmakers. Therefore, we also urge you to consider other measures to increase eligibility worker productivity and reduce workload. In its demand for corrective action from Texas to improve Food Stamp timeliness, the federal government has urged Texas to consider specific policy changes that have proven to generate significant time savings in other states, including dropping the asset test and eliminating the requirement that applicants for benefits be finger imaged. States that have implemented these changes have managed to improve worker productivity while maintaining program integrity. In fact, FNS specifically designed these options with the long-term goal of helping states to maintain low error rates while improving access to critical nutrition assistance. Should the Legislature wish to avoid adopting permanent policy changes without a thorough review of their impact on program access and integrity, it could consider authorizing HHSC to enact temporary measures to improve worker productivity in the event that increased caseloads prevent staff from complying with federal performance standards related to timeliness and payment accuracy. This approach would enable the Legislature to reduce workload while evaluating the impact of such changes on caseloads, program access, and program integrity.

Conclusion

In conclusion, we wish to emphasize that an adequately funded, efficient, and effective eligibility system is not only necessary to meet our obligations to the federal government and ensure the health and well-being of Texas' most vulnerable residents, but also generates a significant return on investment for the state. Funding to ensure HHSC is able to sustain and build on the progress made in improving the performance of our eligibility system should be the recommendation of this committee and a top priority for the 82nd Legislature.