



Center for Public Policy Priorities

April 26, 2004

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**STATE MOVES FORWARD WITH PLAN TO USE CALL CENTERS TO ENROLL PEOPLE IN KEY SOCIAL SERVICES**

*Radical restructuring would lay off more than 4,500 staff, close 200 local offices*

**SUMMARY**

On March 25, HHSC released a report claiming to make the “business case” for moving most eligibility functions for TANF, Food Stamps, and Medicaid to three call centers.<sup>1</sup> Under the current system, most people apply for these benefits at one of 381 local eligibility offices administered and staffed by the Texas Department of Human Services (DHS). DHS also “outstations” eligibility staff at hospitals and community health centers to assist people in applying for Medicaid. The report proposes to reduce DHS eligibility staff by 57%, from 7,864 workers to 3,377, and close 57% of local offices; the remaining 164 offices would be reorganized as “Benefit Issuance Centers” (BIC). The proposed model describes an integrated eligibility system that is accessible via multiple points-of-entry, including by phone, fax, mail, the Internet, or in person. In addition to the call centers and the skeletal local office network, the model proposes an online application for benefits, expansion of the state’s 211 system (an information and referral hotline), and a heavy reliance on private community-based organizations (CBOs) to assist clients in navigating the new system. TIERS, the new computerized eligibility determination tool for TANF, Food Stamps, and Medicaid being piloted in Travis County, would be the core of the new system.

HHSC estimates that these changes will generate a savings of \$389 million in state and federal funds over five years, 46% of which is state dollars. Only \$31.5 million of these savings would accrue in the current biennium (fiscal 2004-2005). By 2008, HHSC estimates it will spend 41% less annually to deliver program benefits than it spends now. All of these savings are based on the assumption that the current number of clients served and amount of benefits issued by these programs would remain static over the next five years, with no allowance for caseload growth or inflation. HHSC would begin implementing the new system in September 2004—the beginning of the 2005 fiscal year—and complete the overhaul by 2006. However, 34 office closings are scheduled for the fourth quarter of fiscal 2004, which means they could occur as early as June 2004. The first lay-offs are scheduled for the first quarter of fiscal 2005, or as early as September, with a net reduction of 643 staff by January 2005.

<sup>1</sup> House Bill 2292, passed by the 78<sup>th</sup> Legislature, required the Health and Human Services Commission (HHSC) to determine whether call centers offer a cost-effective way to enroll people in the Temporary Assistance for Needy Families (TANF), Food Stamps, Medicaid, Children’s Health Insurance Program (CHIP), Supplemental Security Income (SSI), and community-based and long-term care (LTC) programs, and whether to outsource the operation and functions of the call centers to private companies. For more background on HB 2292, see CPPP’s *Policy Page* #195 at [www.cPPP.org/products/policyanalysis/HB2292.html](http://www.cPPP.org/products/policyanalysis/HB2292.html), and [www.cPPP.org/products/policyanalysis/briefingpapers/brf-hhsc-callcenters.PDF](http://www.cPPP.org/products/policyanalysis/briefingpapers/brf-hhsc-callcenters.PDF) for a briefing paper on HHSC’s eligibility determination discovery report released in February.

Although all of the cost-savings assumptions in the report are based on the state operating and staffing the system, HHSC will release a Request for Offer (RFO) in June to determine whether a private company could operate the call center component of the proposed model more cost-effectively than the state claims it can. Any outsourcing of these functions would mean an even greater loss of state jobs, as well as a potential loss of state control over the number and caliber of workers hired to staff the call center (privatization raises many other concerns, as well, which we address later in this brief).

The Center for Public Policy Priorities supports the general concepts and goals behind the model presented in the report and shares HHSC's vision of creating a system that is easier for clients to use and more economical for the state to administer. We agree that new technology, more efficient processes, and the right mix of call centers, online tools, and local eligibility offices could produce a state-of-the-art eligibility determination system for these programs. However, we question several of the fundamental assumptions HHSC uses to justify such a drastic and immediate reduction in staff. The proposed staffing levels are not based on a valid analysis of the number of staff truly needed to run these programs successfully, and the model ignores the staffing shortages that are responsible for many of the problems at DHS offices now. The implementation timeline is much too aggressive, with inadequate time to test and evaluate the new system, train staff, and educate clients. Beyond the broad assumption that new technology will improve accuracy, the business case pays little attention to the impact the proposed changes could have on program integrity. Finally, we are concerned that such a de-personalized approach to delivering *human* services could lead to less access for certain clients, with the most vulnerable recipients of these benefits the most likely to fall through the cracks.

This policy brief examines HHSC's proposed integrated eligibility model in detail, discusses CPPP's major concerns with the state's plans, and offers recommendations for a more rational approach and timeline for improving Texas' eligibility determination system.

HHSC's full report can be viewed at [www.hhsc.state.tx.us/Consolidation/Projects/IE/BC\\_FinalReport.pdf](http://www.hhsc.state.tx.us/Consolidation/Projects/IE/BC_FinalReport.pdf).

## **KEY CONCERNS**

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CPPP's overarching concern is that the proposed model is precariously perched on layers of assumptions that have not been tested. Yet, the ultimate success of HHSC's model depends entirely on the accuracy of these assumptions, including the ability of the 211 network to handle the increased call volume, the capacity of community-based organizations and their volunteers to assist clients, the potential of clients to access a computer and apply for benefits online, and the availability and reliability of certain technology (including TIERS, which has not yet proven itself a viable tool for determining eligibility in the current environment and must be tested prior to adding new features to the system). The most important assumption—how many staff will be needed—is also the most flawed, in that it ignores the staffing shortages that currently plague DHS offices.

While call centers, better technology, online application, and community partnerships all have the potential to improve the eligibility determination process and save the state money, these new tools must first be implemented as an *enhancement*, not a replacement, to the current model and properly evaluated before dismantling the existing system. In a project of this magnitude if just one of the assumptions is faulty, the entire model could fall apart changing the cost savings assumptions dramatically. In addition to the devastating impact that an untested and poorly designed system could have on the 3 to 4 million clients who rely on these benefits, billions of dollars in federal funding for Texas are contingent on the lawful and effective administration of these programs. In fiscal 2004 Texas delivered over \$17 billion in benefits to Food Stamp, TANF, and Medicaid recipients. If flaws in the proposed model reduce client access, even a mere 3% decline in the benefits issued by these programs in the first year would wipe out all of the administrative savings that are estimated to accrue by 2008. Finally, changes of this magnitude are difficult to undo once set in motion, and the decisions made today will affect these programs and the people who rely on them for years to come. For

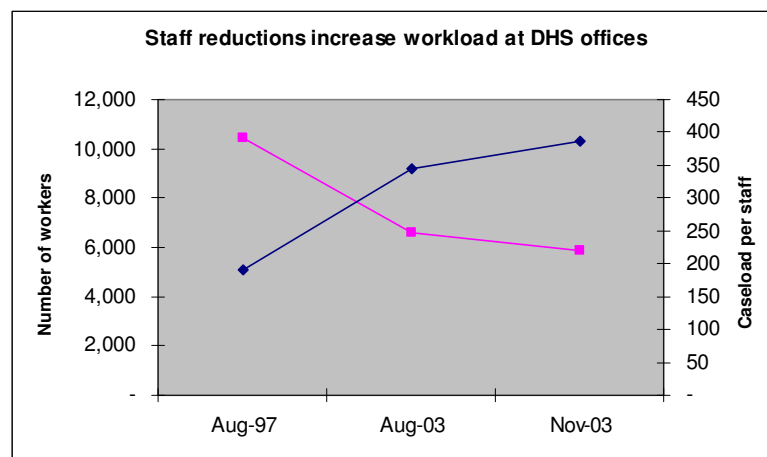
these reasons, CPPP urges the legislature and HHSC to slow down in their approach and test the proposed changes—including any use of call centers, online tools, or new partnerships—*before* shutting down local offices or reducing staff significantly.

**BACKGROUND: WHAT DRIVES THE ELIGIBILITY DETERMINATION PROCESS**

Eligibility determination for these programs is a complicated process, driven by complex federal and state laws (and policy decisions) designed to target the benefits to those who need them most, keep program error or fraud at a minimum, and ensure prudent stewardship of taxpayer money. Because each of these programs serves a distinct clientele, the rules governing each program vary considerably, which makes determining eligibility even more difficult. The people who qualify for these benefits are not easy to serve: the majority of clients have incomes below the poverty level; many are elderly, have disabilities, or grapple with language barriers.

Constant policy changes at the state and federal level also pose challenges for both the state and for clients: eligibility workers face a constantly moving finishing line in the mastering of program rules, while clients perceive a system that is inconsistent and capricious rules that may seem unfair or arbitrary. Resources for the computers, software, and other technology needed to automate and simplify the eligibility determination process have been limited, and any new technology the state acquires must be able to adapt to the constantly changing policy environment.

In recent years a huge reduction in the number of state workers who administer these benefits has complicated Texas’ eligibility determination process even further, with local eligibility offices and staff in a constant struggle to do more with less. Texas Works (Food Stamps, TANF, and family Medicaid) eligibility staff at local DHS offices have been reduced 41% statewide since 1997, with the caseload per worker<sup>2</sup> increasing 101% from August 1997 to November 2003 (the most current data available). In certain DHS regions, workload increases have been even greater, with the Dallas region (DHS Region 3) losing 47% of its staff and the caseload per worker jumping 190%. Inadequate staff levels at DHS eligibility offices have led to lapses in customer service; the deterrence of potential clients; lawsuits; and, most recently, disruptions in services to Medicaid clients as a result of a backlog in the processing of renewals. The following chart shows how the reductions in local office staff from August 1997 to November 1993 have increased workload.



SOURCES: DHS Regional Information and Performance Report, August 14, 1997; DHS Regional Summary Report, July 2003; DHS Program Budget and Statistics, November 2003.

<sup>2</sup> DHS calculates the caseload per worker (known as the "case equivalent" per worker) by taking the total cases times the case weight for each eligibility program, and adding the total applications times the application weight for each program. All case and application weights are relative to the time it takes to process a Food Stamp case and based on time studies.

These challenges have led to problems in the current system, many of which HHSC has highlighted as part of its attempt to develop and justify a model for change. Undeniably, an integrated eligibility process supported by new technologies and simpler program rules would create a more efficient system for workers to operate and clients to access. However, because of the complex challenges of eligibility determination for public benefits, there is no ready-to-wear solution that will benefit all clients, satisfy the state’s need to economize, and guarantee compliance with the laws and policies that govern these programs. Most of the other states interviewed about their eligibility determination systems by HHSC have cautioned that change takes time and money. Innovation and the commitment of significant state and federal resources will be needed to tackle the challenges in the current system, and each step in this process should be taken in a careful and thorough manner, with customer service and the needs of consumers—not just cost savings—a driving force behind the change. While HHSC’s proposed model has presented some very promising solutions to the eligibility determination quagmire, more work needs to be done to test these tools before reducing the state’s human services workforce and local office presence by 57%.

## **HHSC’S INTEGRATED ELIGIBILITY MODEL**

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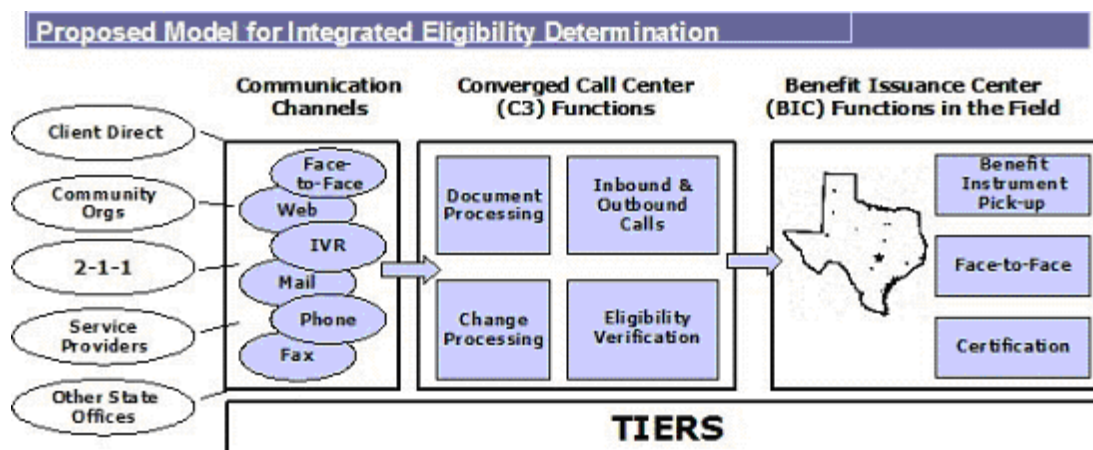
### **How the proposed model would function**

HHSC proposes to establish three telephone call centers and 162 “Benefit Issuance Centers” (BIC) for the purpose of determining eligibility for and enrolling people in the Food Stamp, TANF, and Medicaid programs. HHSC has not decided where to locate the call centers and may leave this decision to the private sector, should the call centers be outsourced. HHSC officials also say that they have not yet decided where to locate the BICs, and that this decision will be based on the geographical distribution of clients as well as the lease situation in current DHS offices. The business case report does state that no client will have to travel more than 30 miles to get to a BIC, and that the BICs will probably be distributed according to the following methodology:

<b>Determining the Optimal Number of BICs</b>				
State of Texas Areas	Population	Land area in sq. miles	Travel Distance in miles	# of BICs
Top 10 most populous cities	7,090,226	2,538	5	39
Suburban areas around cities	2,746,369	8,161	15	14
Remainder of state	11,015,185	251,914	30	111
<b>TOTALS</b>	<b>20,851,820</b>	<b>261,914</b>	n/a	<b>164</b>

SOURCE: HHSC’s “Integrated Eligibility Determination, Business Case Analysis” report, page 21.

The chart below is taken directly from HHSC’s report (page 10) and demonstrates how people and information would flow in the proposed model. Clients could access the system in a number of ways: directly (by contacting a call center or requesting a face-to-face interview with an eligibility worker at a Benefit Issuance Center); with the assistance of a community-based organization (generally, a private provider of social services) or other state agency (e.g., a workforce center or WIC clinic); or via 211, an information and referral hotline partially funded by HHSC and operated in many areas by the local United Way.



From any of these entry points, clients could submit an application by phone, mail, fax, or over the Internet. Clients who contact the call center by dialing 211 would hear a recorded message giving them the choice of speaking to a 211 operator or being automatically routed to the call center (via an Integrated Voice Response option—an automated telephone response system). It is expected that CBOs, other state agencies, and the BICs (in the event a client requests a face-to-face interview) would assist clients in the copying and faxing (or mailing) of their documents.

Once at the call center, the application would be directly scanned into the TIERS system using Optical Character Recognition (OCR) technology, which would capture the data from the application and “populate” the TIERS system, theoretically eliminating the need for most data entry. Most of the work involved in eligibility determination would take place at one of three call centers, including application processing, any requests for additional information from the client, verification of information provided, the processing of information changes submitted by the clients, and the processing of benefit renewals. Clients would also have the option to check on the status of their application over the phone or on the Internet.

Once an application is processed and complete, the information would be sent to the BIC. At this point, every client (with the exception of those currently exempted from face-to-face interview requirements) would have to travel to the local BIC, where a staff person would determine eligibility, finger image the client (if applicable), and issue benefits to the client. Applicants would be able to report changes or recertify for benefits over the phone, by mail, or via the Internet, *without* an office visit. **Note:** It is unclear from the model whether BIC staff would be required to sign off on changes, or which staff would be primarily responsible for sanctions, benefit terminations (either as a result of a sanction or household change that renders the client ineligible), or denials.

### HHSC’s methodology for projecting staffing levels and savings in the proposed model

HHSC’s methodology for projecting the necessary staffing levels, overhead, and capital expenditures under the proposed model looked at four factors:

- 1) The **case action migration timeline**, or how long it would take to convert from the current system (e.g., building the system; transferring all client information from SAVERR, the old computer system, to TIERS; educating clients; recruiting CBOs);
- 2) **Resource demands**, the load or demand placed on the various components of the model (e.g., number of calls to 211, number of requests for a face-to-face interview);
- 3) **Client behavior**, whether a client can use the Internet to submit an application, for example; and
- 4) **Processing requirements**, how long it takes to complete a specific activity.

The financial model makes assumptions about 110 business activities (e.g., screen for potential eligibility, capture applicant information, request additional information, etc.) across nine resources. The nine resources include the BICs; call center customer service representatives (“phone reps”), processing staff, and document processing; community resources (CBOs, other state agencies); Integrated Voice Response (IVR), 211 staff, the Internet, and TIERS.

**Note:** The model does not provide an estimate of workload per worker under the proposed model, which is a major departure from how work in these programs is currently measured. This change is symbolic of the move from a “case-oriented” system (in which a caseworker is assigned to a client) to a “task-oriented” system (in which workers are assigned to a specific eligibility-related task). The model also does not take into account whether current staff levels are adequate when projecting future staff levels. CPPP believes this is a significant flaw in the business case, a concern that we discuss in more detail below.

A summary of the model’s key assumptions about the distribution of staff (“FTEs,” or full-time equivalents), funds, and responsibility across each of these resources (once the new system is fully operational) follows.

**Benefit Issuance Centers:** The model projects the need for 162 offices with 820 staff. BIC staff will be responsible for all face-to-face interviews, eligibility determination, finger imaging, identity verification, benefit issuance, hearings and appeals, and quality control. The model projects that these staff will perform 1.2 million hours of work per year. This number is derived by estimating an average number of minutes per case for each of the “business activities”; for example, BIC agents are allocated 25 minutes for a face-to-face interview, 45 minutes for an appeals hearing, 10 minutes to process a food stamp recertification, five minutes to deny an application, etc. (These times are based on time management studies conducted by DHS in 2001 along with actual “transaction counts”—the number of case actions—from 2003.) For each of these activities, the model also estimates what percentage of the time a BIC agent will be expected to perform that activity. For example, in the case of the face-to-face interview, the BIC agent will only be responsible 45% of the time, since the majority of applicants is expected to apply online, via the call center, or through a CBO. In the case of a hearing, the BIC agent is responsible 100% of the time.

The model also provides for a pilot project in which four mobile units would assist clients who have difficulty getting to a BIC.

**Call center customer service representatives and processing staff:** A total of 1,753 staff are allocated to three call centers. These staff will be responsible for handling inbound and outbound calls with clients, managing all inbound and outbound documents (including document scanning), and all manual aspects of eligibility verification (those not handled by TIERS). Customer service representatives are expected to handle 4.1 million calls annually and spend, on average, seven minutes per call.

**Call center document processing:** This division of the call centers is expected to handle 186 million pages by mail and 29.2 million pages by fax annually. One issue not addressed in the model is who will pay for the copying and faxing of documents to the call center. In the current system, many clients take their documents to the eligibility office, where they are copied. In the proposed self-service model, much of these costs may be shifted to the client, or to an unspecified outside organization expected to assist the client in the application process.

**Other staff:** In addition to the staff allocated to the BICs and the call center, the model projects the need for 286 support staff and 517 hospital-based workers (the same number of hospital-based workers in fiscal 2004). The model does not explain what will happen to the regional DHS offices and staff that now oversee local office staff. **In sum, 3,377 FTEs will staff the new system, down from 7,864 workers now.**

**Community resources:** The model assumes that an unspecified number of unidentified community-based organizations (CBO) will devote 1 million hours and 627 volunteers annually to assist people in filling out their applications and navigating the eligibility system. The budget allocates \$3 million per year to these CBOs for “marketing and outreach” and the purchase of computers and Internet technology. Presumably, “marketing and outreach” refers to education activities that inform low-income residents in the community that the CBO is available to assist them. There is no money allocated for the recruitment of staff or volunteers, and it is assumed that the volunteers would be unpaid.

**Integrated Voice Response/211:** The model projects that the 211 IVR network will handle 39 million calls annually (2 million hours in call time), and that 211 staff will handle 2.6 million more calls (298,666 hours in call time, or an average of seven minutes per call) annually than they answer now. The budget allocates \$4.9 million annually for an additional 194 staff at 211 to handle the increase in call volume, in addition to a one-time expenditure of \$1.9 million for training.

**The Internet:** It is estimated that 15% of applications for benefits will be submitted over the Internet, or 25.8 million Internet sessions annually. For those clients without home computers, it is assumed that schools, libraries, and community-based organizations with computer labs and fax/copy machines will be available to assist applicants in submitting their applications and paperwork. It is unclear from the report what costs are associated with the development of an Internet-based application.

**TIERS:** The model assumes that TIERS will be the core of the eligibility determination system, which means that all applications for benefits—whether submitted by mail, fax, phone, in person, or over the Internet—will be entered into TIERS, and TIERS will determine the person’s eligibility for benefits. It is estimated that TIERS will handle 128.7 million transactions annually.

### **The implementation timeline**

The timeline for making these changes is extraordinarily aggressive: the business case calls for the design and development of the call centers this summer (2004) with a start-up date in September 2004. The call centers would begin by accepting recertifications only; current clients would have their cases converted to TIERS and transferred to the call center at their regularly scheduled recertification. Beginning in January 2005 the call centers would begin accepting new applications. The call centers are expected to be fully operational by the state’s 2006 fiscal year, which starts in September 2005. All of the other components of the model, with the exception of the Internet application, would be phased in beginning in September 2004 and are expected to be complete by the beginning of fiscal 2006. Internet applications are expected to start flowing in December 2004. The first local office closings are scheduled to occur some time this summer (2004), with staff layoffs beginning in September 2004.

### **Plans for outsourcing**

The business case is built on the assumption that the state will run and staff the proposed eligibility determination system, including the call centers. However, HHSC will release an RFO in June to determine whether a private company can operate the call center component of the model in a more cost-effective manner. If a proposal is accepted, HHSC plans to award a contract in September 2004. Even if the state does decide to outsource the call centers, the Benefit Issuance Centers would still be staffed by state employees. Any decision to outsource the jobs or functions of the BIC workers would require a waiver of federal law, which requires that food stamp and Medicaid benefit determinations (including recertifications, denials, and terminations of benefits) be done by a state employee. It is considered unlikely that the federal Food Stamp agency (USDA’s Food, Nutrition and Consumer Services, or FNS) would approve a waiver request to fully privatize food stamp eligibility determination statewide; although it might grant a request to test such a model as a demonstration project, which would have to be time-limited, probably targeted to a specific geographic area, and be followed up with an evaluation of the project.

## **CPPP'S MAJOR CONCERNS WITH HHSC'S MODEL AND ASSUMPTIONS**

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### **The model proposes drastic reductions in the human services workforce despite several indicators that there are not enough workers now to manage the workload in these programs.**

If a doctor at a public health clinic spends only five minutes with each patient because the only other doctor was let go a year ago for budgetary reasons, and this is the only way to manage the increasing number of patients, does that make five minutes an adequate amount of time to treat a patient? If this same clinic treats 30 patients per day, but leaves 30 patients unseen in the waiting room, how many doctors are needed to see every patient? Asking how much time it takes a worker to complete a certain task—the measure used to determine staffing levels in HHSC's model—is very different from asking whether there are enough workers now to handle successfully the total volume of work in these programs—an analysis that is critical for HHSC to accurately determine the *necessary* staffing levels under a new system.

As noted above, several indicators suggest that current staffing levels are not adequate and that staff shortages at eligibility offices are the root of many of the problems in the current system. HHSC acknowledges that workload is heavy in the current system, but blames the labor-intensive, case-oriented approach to working with clients, the “wide-ranging responsibilities” of caseworkers, and low staff morale for the heavy workload, rather than addressing the underlying cause—too few workers. Adding an online application, making other long-overdue investments in new technology, enlisting the help of outside providers, and shifting the bulk of the work involved in eligibility determination from local offices to call centers could, in the long run, produce a more efficient, cost-effective model that requires fewer staff. However, attempting to fix the problems in the current eligibility determination system while ignoring the most obvious problem—inadequate staffing levels at DHS offices—is neither an intellectually sound nor a wise approach to improving Texas' health and human services' delivery system. HHSC must address the problem of staffing shortages in the current system and, based on this analysis, revise its estimates of how many staff will be needed in the proposed model.

### **Assumptions about the number of call center staff and the number and duration of calls handled by the call centers are unrealistic, given the diverse needs of clients and the complex nature of eligibility determination in these programs.**

HHSC has pointed to industry standards and data provided by 211 and Unemployment Insurance call centers to justify its assumptions about the number and duration of calls that will be handled by the call centers, which in turn drive the assumptions about the number of workers needed to answer the calls. However, the kind of work performed by business call centers, and even 211 and the state's Unemployment Insurance (UI) call centers, may have very little relevance to the scope of work required to determine eligibility for public benefits. Although 211 deals with a similar client population, it is essentially an information and referral network that connects callers with local services; operators do not need to ask for extensive information from the caller to make an appropriate referral nor do they determine eligibility for government programs that have complicated rules and requirements. Although the UI system is more comparable in terms of the kind of work involved, it is a much simpler program, and call center operators only process claims for a single program. Yet, in HHSC's model the customer service representatives are expected to handle a “call caseload” (2,382 per CSR) that is 64% higher than the call caseload at Texas' UI call centers, where 550 staff handle 800,000 claims annually (1,454 per CSR).<sup>3</sup>

HHSC's projections for how many call center staff will be needed is based on the assumption that clients will enter the system better prepared than they do today and be more likely to submit completed applications,

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<sup>3</sup> “Texas Workforce Commission's Tele-Center Network,” Prepared for the UI Information Technology Support Center, University of Maryland; available at [http://www.itsc.state.md.us/PDF/Tele\\_Center\\_Network.pdf](http://www.itsc.state.md.us/PDF/Tele_Center_Network.pdf).



thereby eliminating the need for most data entry and follow-up contact with the client. In reality, as HHSC observed in its observations of interactions between workers and clients at DHS offices, 72% of all cases are now pending for additional verification. This is because clients do not, or cannot, provide all of the necessary information up front. Although enlisting volunteers to help clients fill out their applications correctly and thoroughly and submit all of the required documentation may eliminate some of the work involved in processing an application, it is highly unrealistic to expect that the majority of clients will submit a completed application with no required follow-up. It is more likely that call center staff will have a similar level of contact with clients as caseworkers do now, unless the federal and state laws and policies that drive the application process and documentation requirements are changed.

Finally, assumptions about workload at the call center and the skill level of call center staff are dependent on the reliability of TIERS and other technology to eliminate a lot of the manual work now required of DHS workers. Yet, while it is imperative that this technology function smoothly for the model to be successful, TIERS is still in a pilot stage (in only a handful of DHS offices) and has yet to prove itself a reliable tool in any environment. For example, one assumption is that TIERS will shorten the time it takes to complete a recertification by sending out a “pre-populated” form to clients (a computer-generated form that contains the client information collected by the system during initial application). However, TIERS is unable to perform this function now, and it is unclear when the system will have this functionality. The model also assumes that Optical Character Recognition (OCR) scanning technology will reduce manual data entry as well as the need for contact between call center agents and clients. However, a quick review of industry experience with OCR shows varied results; the technology has proven to be only 25% effective in certain cases, with handwritten documents the most difficult to scan correctly.

**The proposed number of local offices and staff appear inadequate to manage the number of clients and amount of work assigned to them, and the model does not propose any policy changes that would decrease this workload.**

One of the stated purposes of the integrated eligibility project is to allow experienced eligibility staff more time to spend with clients and on activities that require more skill and policy expertise—what HHSC calls “value-added, non-clerical” tasks. (Arguably, the face-to-face interview is probably the best example of such an activity, which is eliminated in the proposed model). Yet, even with the elimination of the face-to-face interview and the transfer of application processing to the call centers, the Benefit Issuance Center staff will still shoulder multiple responsibilities and a heavy workload. Each of the 162 BICs will have, on average, five staff. Assuming that most newly approved applicants will be required to visit a BIC, these 810 staff will still see at least 1.2 million clients per year (the number of clients whose Medicaid applications were approved in fiscal 2003), plus they will remain responsible for all eligibility determinations (including, most likely, all recertifications, sanctions, denials, and terminations), hearings, and quality control—in addition to conducting face-to-face interviews with any client that needs or requests one. In addition, Texas will soon be required to undertake a major new expansion of outreach and enrollment activities, because states are required to serve as the enrollment agent for the subsidy available to low-income Medicare beneficiaries (150% of poverty or lower) under the new Medicare drug benefit. The state will also be responsible for ensuring that all of the elderly Medicaid clients who are also Medicare recipients get enrolled in a new Medicare drug plan.

Recent policy changes from the 2003 legislative session also have greatly increased the workload of eligibility staff in several areas, and the proposed model gives no indication that any of these policies (or any other policy, for that matter) will be amended in an effort to decrease workload, which would have the added benefit of simplifying the process for clients. For example, a new asset verification policy in the Children’s Medicaid program requires caseworkers to verify the information provided about a family’s assets prior to issuing or renewing their children’s Medicaid benefits. Despite the obvious impact that this new policy would have on workload, no new workers were authorized, nor was any additional time built into the renewal process to allow for the additional time parents would need to complete the forms, or for the time workers would need to

investigate any discrepancies identified. As a result, significant numbers of children have had their coverage terminated automatically at their renewal—despite having filed all the required documents. In another example, stricter sanction policies in the TANF program have greatly increased the workload of DHS hearing officers who have experienced a significant increase in the number of appeals from clients who have lost their benefits as a result of a sanction.

It is also likely that the work required of these eligibility staff (and the call center staff) will increase over the next few years. HHSC states that it would be impossible to predict how the amount of work required by staff in the proposed model will change over the next five years (and presumably, therefore, staffing needs) and, as a result, the agency has not made any room for caseload growth or inflation in its model. This is a somewhat surprising claim considering that HHSC historically has projected caseloads for at least three years in its quarterly caseload forecasts.

The most important question is whether the few remaining eligibility staff will have time to conduct a thorough review of a client's application in order to make a reasoned and meaningful determination of eligibility—presumably their primary responsibility. This raises the suspicion that the primary reason these workers are being retained is only to satisfy the federal requirement that a state employee determine eligibility—with the actual decision being made by lower-skilled, private contractor staff at the call center. This approach to satisfying the federal law reduces the eligibility determination decision to a rubber stamp process and could threaten program integrity through an increase in improper certifications, incorrect benefit levels, terminations, and denials.

**It is unclear to what extent the model actually reduces burdens on clients, who will face many of the same requirements in the new system as they do now.**

There are certainly new features in the proposed model that will benefit clients: for example, the ability to apply online and check the status of an application or report changes via an automated phone response system. However, many of the features of the model promoted as providing a new benefit to clients are not, in fact, new. For example, automated screening tools are already available to clients at [www.txstars.net](http://www.txstars.net). Clients are already able to report changes over the phone, via fax, or by mail; many choose not to for fear that their information will be lost and they will be penalized. HHSC suggests that clients must make multiple trips to a DHS office every year to apply, recertify, report changes, etc. In reality, the maximum number of visits a client must make is two, and many clients—for example, children on Medicaid, SSI recipients on food stamps—never have to go to a DHS office; again, many clients choose to go to an office because this is the only way they are confident that their information will get there. There is nothing in the model that will change this perception (at least not immediately), and clients will still be required to go to an office to sign for their benefits and be finger imaged, if required—only, now, they may have to travel twice as long to get there. Finally, one of the most difficult challenges clients face in the current system are the extensive documentation requirements; yet, HHSC does not propose to eliminate or simplify these requirements, which in many cases is an option under federal law.

**There is no discussion in the model of how benefit denials, terminations, or sanctions will be handled; inadequate numbers of high-skilled, policy-knowledgeable staff could lead to a higher level of improper decisions in these areas, which would negatively affect both clients and program integrity.**

Although the model emphasizes that the remaining 820 local office staff will have policy expertise, it is unclear what percentage of the call center staff will be knowledgeable about policy. Because call center staff will be responsible for the bulk of information gathering and processing and contact with clients, the potential for error will be highest at the call centers. Without the proper number of skilled staff at the call center, and an adequate number of BIC staff to review the applications coming out of the call center, it is likely that the level of improper eligibility decisions will increase. We are also concerned that an inadequate number of skilled staff

will lead to a “survival of the fittest” system, wherein only the most highly functioning clients ever make it to the BIC to get their benefits. The less educated, lower functioning clients (for example, seniors, persons with learning disabilities, or persons with language barriers) may fall through the cracks without the opportunity for a knowledgeable staff person to review their case.

**The blanket elimination of the face-to-face interview could affect the state’s ability to gather accurate information from certain clients, which would affect eligibility determinations and program integrity.**

Moving the majority of personal interactions between caseworkers and clients to a call center environment could, in certain circumstances, make it more difficult for workers to gather the information they need to process a client’s application. Clients may be less likely to understand what is being asked of them or, in some cases, more unwilling to provide information over the phone or via the Internet. (This is why previous efforts to eliminate the face-to-face interview have met with opposition and exemptions sometimes have been granted on a case-by-case basis only or, with certain client populations, never.) For example, switching to call centers could have a significant negative impact on the collection of child support in TANF cases. The primary factor that slows down the processing of child support collections in TANF cases is that caseworkers lack the information they need from clients to process the case. The information needed to process a child support claim requires caseworkers to probe into an applicant’s personal life and ask highly sensitive questions that the person may be fearful or reluctant to answer. When this same conversation takes place over the phone, clients may be even less forthcoming with the personal details of their private lives. As a result, the number of TANF applications with missing child support information will increase, which would cause the state to lose money in child support collections.

**The lack of human interaction in the proposed model could alienate the clients with the most need for a more personal approach to human service delivery.**

The move from a case or client-oriented system to a task-oriented system eliminates the role of the caseworker and with it the personal connection many clients now have with their DHS worker. While such an approach may be beneficial to the majority of clients—who may, indeed, desire less interaction with the system—many DHS clients need and rely on this interaction to navigate the eligibility process. Although HHSC insists that any client who wants or needs an in-person interview will be granted one, the model does not provide any detail about how clients will be informed of this option. Since the model is so dependent on a minimal level of face-to-face contact between workers and clients, we are concerned that clients will be actively discouraged from seeking an in-person interview.

**Expectations about clients’ ability to use the Internet, apply for benefits over the phone, or benefit from a “self-service” model are untested, at best, and unrealistic, at worst.**

Although the model claims to be “client-centered” little research has been done with clients to support HHSC’s expectations about their ability to access the Internet and navigate a phone-based system without live support. For example, the model expects that 15% of clients will complete an application online. In contrast, Pennsylvania’s online application, which was implemented in 2001, only receives 3% of total applications for benefits. And, clients who apply via the Internet in Pennsylvania are still required to have a face-to-face interview after submitting their application to ensure the accuracy of the information they provided online.

Researchers at the University of Texas at Austin have shown that “Texans who are poorer, older, or African American or Latino are less likely to use computers and the Internet.”<sup>4</sup> As a result, they recommend, “E-government services should be aware those populations may be the least able to use the new services and

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<sup>4</sup> University of Texas at Austin, “E-Government Services and Computer and Internet Use in Texas, A Report from the Telecommunications and Information Policy Institute,” June, 2000.

consider alternative strategies to make them accessible.” The national research is fairly consistent in its findings that households with lower incomes and less education have significantly lower computer use.<sup>5</sup> While research does show that the percentage of households with computer and Internet access is growing—increasing even faster among lower-income populations—UT’s research shows that 17.5% of Texas households don’t use a computer or the Internet. This rate is even higher among Hispanics, African Americans, and seniors. While only 14.2% of Anglos in Texas do not use the Internet, 32.8% of African Americans and 28% of Hispanics fall into that category. About 50% of people 66 and older neither use a computer or the Internet. UT’s study recommended that “If e-government services cannot assume that everyone has a computer or Internet access, then providing widespread access to computers that are linked to the Internet is important.”

HHSC’s model assumes that clients without access to a computer and the Internet at home will be able to go to a local library or school that offers Internet access to the public free of charge. HHSC describes how this might work in one of the “before and after” client profile scenarios in the business case report:

“If no home computer is available, (mom) could be directed to several locations where a computer would be available for her use to apply online such as the local school. There could be people to assist with the online process, available in the evenings and weekends, and possibly a place for the children to play. She could also use this computer to check the status of her application. At this site she could photocopy original documents and send a facsimile.” (Page 13)

Although many communities around the state may have libraries and schools that offer these services to the public, this is a major assumption that should be tested through a survey of local libraries and schools. As noted earlier, the staffing levels at the call centers are built around the assumption that clients will submit completed applications. Easy and free access to the Internet is an important part of this assumption.

Reliable phone access is another assumption in the proposed model. Clients who don’t have a phone won’t be able to use the call center and will potentially have to travel a much longer distance to get to a Benefit Issuance Center than they have to travel now to a DHS office. Texas statistics on phone access show that 6% of renter households have no telephone service (157,469 households), and 1.6% of owner occupied households have no phone (77,440 households). At the county level, there are at least 20 counties (mostly in West and South Texas) where 7.4 to 17.2% of occupied housing units have no phone service.<sup>6</sup> The vast majority of these households are low-income. Since it may be even harder to walk into a local school or library and ask to use the phone than it is to ask to use a computer, and many public phones don’t allow toll-free calls, limited phone access must be considered when projecting the number of BICs and local office staff in the proposed model.

**The model shifts a lot of responsibility to local communities with no assessment of the capacity or willingness of these communities to shoulder this responsibility.**

Many community-based organizations will jump at 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. However, it does not appear from HHSC’s report that any effort has been made to recruit these organizations, make sure that there are enough willing to participate, and that these organizations will be available in every community. It is also worrisome that volunteers, rather than paid staff, are expected to serve this function. Although volunteers are an extremely valuable resource for these organizations (most emergency food providers say they could not exist without them), they are not a reliable labor force. In addition, there does not appear to be any money allocated to training these volunteers—training that would have to be repeated regularly due to high volunteer turnover—which is critical to give them the skills they would need to help clients navigate the eligibility process. Moreover, there is no evidence that these organizations have anything near the capacity to jump from the relatively limited number of clients they assist

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<sup>5</sup> U.S. Department of Commerce, “A Nation Online: How Americans Are Expanding Their Use of the Internet,” February 2002;

<sup>6</sup> 2000 Decennial Census, U.S. Bureau of the Census.

today to coping with the significant number of clients the model assumes will access benefits through CBOs in the future.

**The model transforms the current 211 system from an important—though underfunded—community resource and referral network to the portal through which all phone access to the eligibility system will funnel.**

The model's major reliance on the 211 system is wholly untested. The current call volume through 211 is around 5 million calls per year, yet the model envisions nearly 40 million calls per year flowing through this number. Further, the business case dismisses certain functional problems with 211. The 211 number is not currently available from cell phones and cannot be dialed from institutions and businesses that bar certain types of outgoing calls—like 411. While the model includes some funding for the 211 system it is unclear exactly what it will be used for and whether it will be adequate. Small, but important issues such as how the phone tree will route callers automatically to the call centers, as opposed to directing them to a live 211 operator, could make a huge difference in the number of calls or callers that ultimately must be handled within the existing 211 infrastructure. The current 211 centers are neither call centers, nor eligibility centers; they pride themselves on quality interactions with individuals seeking help, often taking as much time as necessary to assist a person in crisis. Unless this aspect of the model is tested adequately there is a significant and likely risk that the current infrastructure would be quickly overwhelmed, which would threaten the integrity of the service now provided by 211 staff.

**While there are no comparable efforts in other states, there are some valuable lessons to be learned from states that have attempted or are engaged in efforts to improve their eligibility determination systems.**

Several states use on-line application for benefits, and many use web-based screening tools. A handful of states use call centers to process recertifications, accept changes (like Texas' change centers), or as hotlines to provide information about benefits or help clients when they have problems with their EBT cards. In these states, the call centers are generally limited to a specific geographical area, are only used for one program, or serve as an overflow center for the local eligibility office. Some states have experimented with integrating and automating eligibility determination for multiple programs in one computer system, similar to TIERS, with varied results. No state uses call centers to determine initial eligibility for these benefits or as a replacement for an interview with a state worker.

Several of the states interviewed by HHSC have cautioned that these changes take time and money; others have urged Texas to think carefully before turning over control of their programs to private companies. Although states that use call centers for certain aspects of their eligibility determination process have had positive results, several states report similar problems in their call centers as they experience in their local offices. For example, in one state, staff shortages at its recertification processing center led to a much higher Food Stamp error rate than in the local offices. In another state, backlogs in document scanning at the call center caused clients who faxed their information too close to their renewal date to lose their benefits because their documents weren't scanned in time.

None of this means that Texas shouldn't attempt meaningful reform of its eligibility determination system. But the experiences (or lack of experience) in other states do suggest that Texas should proceed more cautiously in an undertaking that **will** affect the local services network and economy of hundreds of communities, **could** affect the jobs of over 7,000 state employees, and so radically **alters** customer access and service delivery in these programs.

**The implementation timeline allows no time to test, evaluate, or improve the various components of the new system before dismantling the local office network.** The timeline is perhaps the riskiest element of the plan. Transforming a system that serves millions of clients and distributes billions of

dollars in benefits calls for a tested approach and a thoughtful rollout process. When Texas implemented its UI call centers the system was fully tested and piloted before being rolled out statewide. State officials and contractors also involved front-line delivery staff and state subject matter experts in the development and refining of the system, and solicited client feedback at each phase of the project. If adequate time is not given to implement the proposed changes to Texas' eligibility determination system in phases, with time to test the model's assumptions and functionality, major problems are almost unavoidable. This could lead to a system that functions worse than the one we have now, reduces access for clients, and costs the state money—first, from the loss of federal benefits dollars, but ultimately from the cost to the state of fixing the system it broke.

## RECOMMENDATIONS

- **Analyze whether current staffing levels are adequate and revise assumptions about staffing levels in the proposed model based on this analysis.**
- **Test each of the assumptions driving the model's projections about staffing levels and allocation of resources and revise the model, cost-savings projections, and timeline accordingly.** HHSC should use client demographic data, review research about client populations, and conduct surveys of clients, service providers, advocates, and caseworkers to determine whether and what portion of the people served by these programs could use, or would benefit from the proposed model. This testing should include:
  - A *survey of clients* that assesses their ability to thrive in the proposed system, including their access to phones, the Internet, community-based organizations, and the extent to which they rely on a human being to navigate the eligibility process;
  - An evaluation of *the willingness and capacity of community-based organizations to play the support role* envisioned for them within the resources allocated to them in the model, followed by a formal enrollment process for agencies and organizations identified as willing and able to commit their volunteers and resources;
  - An analysis of *the capacity of the 211 system to be the gateway to the call center system*, with input from 211 staff on the best way to design and support such a model.
  - *In-depth interviews with veteran eligibility staff* at DHS to seek their input on how to improve the eligibility determination process for clients and workers, as well as how to make the system more cost-effective for the state.

The results of this research should guide HHSC in determining the right mix of local offices, call centers, web-based applications, and any other new tools.

- **Revise the implementation timeline and implement the proposed model in phases, with full testing and evaluation of the impact each change has on clients, workers, program integrity, and cost-savings assumptions.** The new timeline should be dependent on the outcome of the testing of the assumptions proposed above. The implementation schedule should include specific checkpoints at which a "Go-No Go" scenario is employed to determine whether to proceed to the next phase and what improvements are needed before moving on. No new feature should be added to the system until TIERS is fully operational, has been thoroughly tested, and is running smoothly.
- **Evaluate how the elimination of personal contact and the face-to-face interview will affect program integrity and the ability of staff to collect accurate and timely information from clients.**
- **Limit the outsourcing or privatization of eligibility determination to clearly identifiable, standardized tasks, such as data processing and scanning or computer systems design.**

HHSC should examine carefully the impact of outsourcing current state employee jobs on client access; state control; program integrity; and liability before issuing a Request For Offer (RFO).

- **In the event that the state decides to outsource certain functions to private companies, HHSC should retain an adequate number of experienced state eligibility workers who have sole responsibility for decisions that affect benefit levels, denials, terminations, and sanctions.**
- **Develop and publish the call center performance standards and monitoring measures required by HB 2292 and hold a public hearing on these standards prior to issuing an RFO.** These standards should include strict performance measures related to timeliness, due process, protecting client rights, expedited benefit issuance, hold times, dropped calls, etc. These performance standards should also include specific measures related to hard-to-serve populations, for example rural residents, persons with disabilities, seniors, and people with language barriers. The RFO should require bidders to demonstrate in their proposals how they will meet these standards.
- **In the event that the state decides to outsource certain functions to private companies, contract negotiations should clearly set forth the private company’s responsibilities, penalties for noncompliance, mechanisms for identifying when contractors are failing to fulfill their obligations, remedies that compel compliance, and remedies available for clients.**
- **Develop a revised business case based on an eligibility determination model that has received full input from DHS workers, experts in call center and related technology, clients, advocates, and other stakeholders.** The revised business case should be conducted by HHSC, not by private contractors who could benefit from the outcome of the analysis. In developing the model, HHSC should consult with representatives of industries with experience in the marketplace using the technology and systems being considered.

**OPPORTUNITIES FOR PUBLIC INPUT**

The Texas Health and Human Services Commission (HHSC) will conduct 10 public hearings concurrently across the state to receive public comment on its plans to use call centers for eligibility determination as well as the proposed rules that have been filed to implement call centers (the proposed rule was published in the Texas Register on April 9, 2004, and is available on HHSC’s web site at [www.hhsc.state.tx.us/Consolidation/Projects/IE/IE\\_Rule.html](http://www.hhsc.state.tx.us/Consolidation/Projects/IE/IE_Rule.html)).

Each public hearing will take place from 3 p.m. to 8:30 p.m. on April 30, 2004 at the following locations.

<b>Lubbock</b>	Lubbock Memorial Civic Center, Room 107 1501 6th Street, Lubbock, TX 78401
<b>Abilene</b>	Abilene Christian University, Biblical Studies Building Hart Auditorium - Room 100 1850 Teague Boulevard, Abilene, TX 79699
<b>Grand Prairie</b>	Ruthe Jackson Center, Ballroom 2 3113 S. Carrier Parkway, Grand Prairie, TX 75052
<b>Tyler</b>	Holiday Inn Select, Ballroom 2 and 3 5701 South Broadway Avenue, Tyler, TX 75703
<b>Beaumont</b>	Jefferson County Courthouse, Jury Impaneling Room 1001 Pearl Street, Beaumont, TX 78758

<b>Houston</b>	Northeast Harris County Community Center, Main Meeting Room 10918 ½ Bentley, Houston, TX 77093
<b>Austin</b>	Commons Center, Pickle Research Campus, Auditorium - Room I.102 10100 Burnet Road, Austin, TX 78758
<b>San Antonio</b>	University of Texas at San Antonio, Downtown Campus W. Rikling Auditorium - Room FS1.406 501 W. Durango Boulevard, San Antonio, TX 78297
<b>El Paso</b>	Holiday Inn Airport, The Ballroom 6655 Gateway West, El Paso, TX 79925
<b>Edinburg</b>	University of Texas-Pan American, Media Auditorium 1201 West University Drive, Edinburg, TX 78541

Written comments may be delivered in person at the public hearing or delivered to HHSC headquarters until 5 p.m., May 16, 2004. Written comments should be delivered to:

**Attention:** Angie Nelson-Wernli, Health and Human Services Commission  
**Hand delivery:** 4900 N. Lamar Blvd., Austin, Texas 78751  
**Mail:** P.O. Box 13247, Austin, Texas 78711-3247.  
**E-mail:** [angie.nelson-wernli@hhsc.state.tx.us](mailto:angie.nelson-wernli@hhsc.state.tx.us) or  
**Fax:** 512-424-6669