

STATE BUDGET PROPOSES TO CUT MORE THAN 4,800 LOCAL ELIGIBILITY WORKERS

Legislators began debating the proposed budget for health and human services programs this week (for fiscal 2006-2007), which includes a reduction of 4,809 eligibility staff at the Health and Human Services Commission (HHSC) by fiscal 2007. The proposed reduction represents a 60 percent cut in staff. These staff are responsible for enrolling people in CHIP, Food Stamps, Medicaid, and TANF. The proposed cuts are related to HHSC's "integrated eligibility initiative," a plan to replace the majority of local eligibility offices with three call centers, an Internet application, and volunteer assistance from community-based organizations. If adequately staffed, HHSC's plan offers some promising ideas for a more accessible and more cost-effective system; however, the model needs to be tested before the legislature approves such a drastic reduction in staff, who have already been cut 37 percent since 1997.

HHSC's INTEGRATED ELIGIBILITY INITIATIVE

Legislation passed in 2003 required 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. HHSC released a study in March 2004 (the "business case") which claimed that call centers would save \$389 million over five years, 46 percent of which was state General Revenue that could be reinvested in services. Most of these savings would be achieved through a 57 percent reduction in staff and local offices.

In July 2004, HHSC released a Request for Proposals (RFP) from private companies that included 1) development and implementation of the new integrated eligibility model, 2) the maintenance and operation of TIERS (the state's new computer system), and 3) Medicaid managed care plan enrollment, and Texas Health Steps outreach (children's Medicaid). If a contract is awarded, it could change the staffing levels proposed in HHSC's cost-effectiveness study—depending on the vendor's proposal—although the savings guaranteed under the

contract must exceed the projected savings in the state's cost-effectiveness study.

CPPP's chief concern with HHSC's plan is not with the model itself: call centers, better technology, online application, and community partnerships all have the potential to improve the eligibility determination process and save the state money. However, we question several of the basic assumptions used to justify such a drastic reduction in the eligibility workforce, which has already been downsized 37 percent since 1997—despite growing caseloads and workload. The new model should first be implemented as an *enhancement*, not a replacement, to the current system and properly evaluated before the legislature cuts the state's eligibility workforce another 60 percent.

- CPPP's analysis of HHSC's cost-effectiveness study on call centers is on our web site at <http://www.cppp.org/products/policyanalysis/brf-businesscase42604.html>.
- HHSC's study and the RFP is at <http://www.hhs.state.tx.us/consolidation/index.shtml>.

CURRENT NUMBER AND DIVISION OF ELIGIBILITY STAFF

As of November 2004, there were 8,021 eligibility staff at HHSC and the Department of Aging and Disability Services (DADS). DADS eligibility staff

make up 14 percent of the total eligibility staff at the two agencies (as of November 2004).

These staff are divided into two areas: Texas Works (Food Stamps, TANF, and Family Medicaid) and Long-Term Care Medicaid (nursing home and community care services). All of the Texas Works eligibility staff are at HHSC. The LTC Medicaid staff are divided between HHSC and DADS: determination of financial eligibility is done by HHSC staff, while DADS staff determine functional eligibility. The following table shows how eligibility staff are currently divided at HHSC and DADS.¹

Number of Eligibility Staff, November 2004

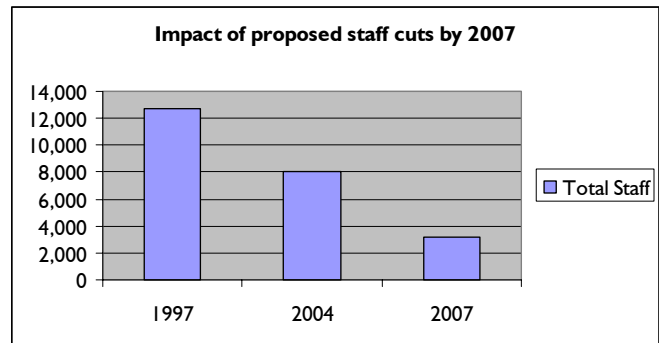
	HHSC	DADS	Total
Texas Works staff	6213.5	N/A	6213.5
LTC Medicaid staff	707.5	1099.1	1806.6
Total	6,921	1099.1	8021.1

PROPOSED ELIGIBILITY STAFF REDUCTIONS

Senate Bill 1 (the state budget bill) proposes to reduce eligibility staff by 4,809 “full-time equivalents” (FTEs) by fiscal 2007: 829 FTEs in fiscal 2006 and 3,980 FTEs in fiscal 2007. These FTE reductions reduce HHSC’s budget by \$168.1 million in fiscal 2006-2007, \$65 million of which is General Revenue. HHSC is allowed to allocate up to 7 percent of these FTE and funding reductions to the Department of Aging and Disability Services (DADS);² however, there are separate FTE reductions proposed in DADS budget, as well.

SB 1’s proposal would cut eligibility staff 60 percent by fiscal 2007, which would reduce the total number of staff to 3,211. If the legislature includes these cuts in the final budget, eligibility staff will have been downsized 75 percent since 1997, when there were 12,670 staff.

The following graph illustrates the decline in eligibility staff since 1997 and the impact that the proposed FTE reductions will have by 2007.³



Note: Both HHSC and DADS are requesting additional FTEs above the number allocated in each of their budgets as part of their “exceptional items” requests (these are agencies’ requests for any funds they recommend above their base budget). HHSC’s exceptional item asks for all of the \$168.1 million in savings related to the integrated eligibility initiative. Presumably, HHSC included this request to give the commission flexibility to either slow the implementation of the new system and/or allow them to modify their assumptions about the savings and FTE reductions that are possible under the new model.

How will the staff reductions be achieved? It is unknown how the reduction in staff will be divided between Texas Works and LTC staff, or shared by HHSC and DADS. It is also difficult to estimate how these cuts will be distributed across the state, given that the decision about where to locate the three call centers has not been made. The following table estimates the distribution of HHSC and DADS staff by 2007 assuming each region were to bear a proportionate share of the cuts—based on the current percentage of staff in that region.

¹ HHSC Eligibility Services Staff by Region 11/4/04; DADS CCAD Staffing Summary Staffing Summary, November 2004.

² SB 1, Article II, HHSC, Rider 54

³ DHS (now HHSC) Regional Information and Performance Report, Aug. 14, 1997; HHSC Eligibility Services Staff by Region 11/4/04; DADS CCAD Staffing Summary Staffing Summary, November 2004; LBB’s Summary of Legislative Budget Estimates

Region	Number of Eligibility Staff (Nov. 2004)	Potential Staff Reduction under SB I	Number of Staff by fiscal 2007
Region 1 - Lubbock - High Plains	299	179	120
Region 2/9 - Abilene - Northwest/West Texas	516.6	310	207
Region 3 - Grand Prairie - Metroplex	1430	857	573
Region 4 - Tyler - Upper East Texas	461	276	185
Region 5 - Beaumont - Southeast Texas	352	211	141
Region 6 - Houston - Gulf Coast	1430	857	573
Region 7 - Austin - Central Texas	871	522	349
Region 8 - San Antonio - Upper South Texas	836.5	502	335
Region 10 - El Paso - Upper Rio Grande	478	287	191
Region 11 - Edinburg - Lower South Texas	1346	807	539
Total	8020.1	4809	3211.1

HHSC plans to accomplish as many of the proposed staff cuts as possible through attrition and reassignment to other divisions or agencies within the health and human services system.

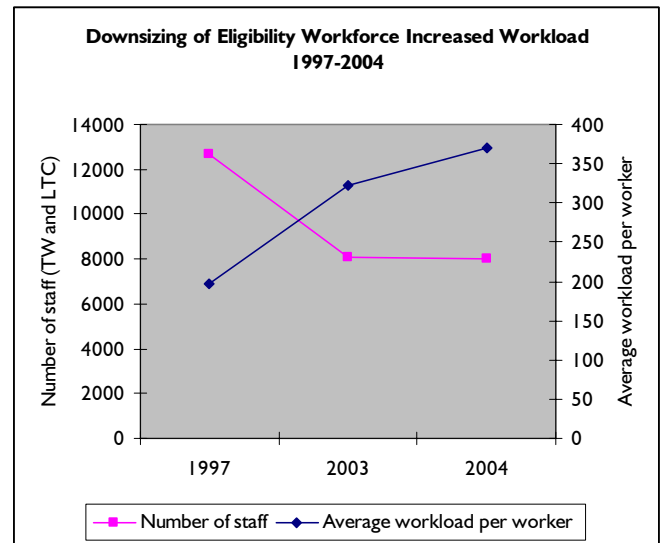
THE DOWNSIZING OF ELIGIBILITY STAFF SINCE 1997

Between 1997 and 2004, the legislature cut eligibility staff 37 percent. These reductions have increased the workload per worker by 102 percent, on average, for Texas Works staff, and by 46 percent for LTC staff. DADS' budget documents show that the workload per worker of its LTC eligibility staff increased 106 percent between 1995 and 2004.⁴

Texas Works eligibility staff were cut more severely than LTC staff between 1997 and 2004, falling 44 percent and 20 percent, respectively. However, the number of LTC staff fell significantly between 2003 and 2004—by 18.8 percent, while the number of Texas Works staff increased slightly, by 6 percent.

⁴ DADS presentation to the House Appropriations Subcommittee on Health and Human Services, February 9, 2005.

The following graph illustrates the impact of these cuts on the workload per worker.⁵



In certain regions of the state, the increase in workload has been even more pronounced, with the Dallas region losing 47 percent of its Texas Works staff and the caseload per worker jumping 190 percent.

This massive downsizing in the eligibility workforce has complicated Texas' eligibility determination process, with local eligibility offices and staff in a constant struggle to do more with less. An inadequate number of staff at eligibility offices has 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. In his testimony before the Senate Finance Committee this week, HHSC Commissioner Albert Hawkins addressed the problem of current staffing shortages in certain parts of the state, noting the commission's effort to mitigate these shortages through temporary hires—HHSC cannot hire permanent staff as a result of a hiring freeze. One reason for this staffing

⁵ DHS (now HHSC) Regional Information and Performance Report, Aug. 14, 1997; DHS State Office Program Budget and Statistics, November 2003; Data Access Reports, DHS LTCS Website; DHS Legislative Appropriations Request for Fiscal 2004-2005; HHSC Eligibility Services Staff by Region 11/4/04; DADS CCAD Staffing Summary Staffing Summary, November 2004; DADS presentation to the House Appropriations Subcommittee on Health and Human Services, February 9, 2005;

shortage is the recent exodus of staff concerned they will lose their jobs when the integrated eligibility initiative is implemented.

HOW WILL THE PROPOSED CUTS AFFECT WORKLOAD?

In past state budgets, the average workload per eligibility worker (known as the “case equivalent per worker”) was included as a performance measure. There are no such measures in SB 1’s proposed budget for 2006-2007. In DADS’ presentation to the Senate Finance Committee this week, however, staff did provide an estimate of the expected increase in workload as a result of the FTE reductions proposed in its budget. They expect the workload per worker to increase 16 percent by fiscal 2007— from 384 cases per worker to 445 cases per worker.

HHSC’s cost-effectiveness study for call centers also did not address how the workload per worker would change under the integrated eligibility model. Although heavy workloads in the current system have caused many of the problems highlighted by HHSC in its attempt to develop and justify the new model, the proposal completely ignored the staffing shortages that plague eligibility offices now.

CONCLUSION

An integrated eligibility process supported by new technologies, more efficient processes, and the right mix of call centers, online tools, and local eligibility offices could produce a state-of-the art system. However, no model—no matter how genius—will work without an adequate number of staff. Should HHSC decide to implement the proposed model— with or without the help of a private contractor—the new system should be implemented in phases, with full testing and evaluation of each component and its impact on clients, workers, program integrity, and cost-savings assumptions. These pilots will give HHSC and the legislature *accurate* information about the necessary number of staff and local offices. The decision to drastically reduce staff should be put on hold until this process is complete.

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