



September 15, 2003

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No. 204

## HB 2292 UPDATE: HHS REORGANIZATION Transition Legislative Oversight Committee appointed HHSC schedules hearings around the state in September/October

Last week, the Transition Legislative Oversight Committee (TLOC) was appointed to oversee the consolidation of health and human services (HHS) agencies set in motion by HB 2292. Signed into law by the Governor on June 10, HB 2292 mandated the reorganization of 12 state HHS agencies and functions into five new agencies, and consolidated all HHS policymaking authority with the Executive Commissioner of the Texas Health and Human Services Commission (HHSC). The law also provides for the creation and likely privatization of no more than four call centers to determine eligibility and enroll people in Temporary Assistance for Needy Families (TANF), Food Stamps, Medicaid, and the Children's Health Insurance Program, functions that are now performed by more than 11,000 state workers at over 1,000 Texas Department of Human Services (DHS) offices around the state. (HB 2292 also made numerous and significant health and human service policy changes; however, the TLOC was appointed only to oversee the reorganization provisions in HB 2292. For more information about HB 2292, see [www.cppp.org/products/policyanalysis/HB2292.html](http://www.cppp.org/products/policyanalysis/HB2292.html)).

The TLOC is charged with developing a transition plan for the reorganization of HHS agencies and overseeing the development of agency workplans to guide the transition. HB 2292 required the TLOC to hold public hearings on the transition plan, which must be submitted to the governor no later than December 1st of this year. Although HHSC expects the consolidation of HHS agencies to take up to five years to complete, these hearings may be the only opportunity advocates have to offer recommendations for making the consolidation go smoothly and for improving service delivery in Texas' HHS programs before programs start to be shifted around and agencies are abolished. This Policy Page includes the schedule for the public hearings and notes our major concerns with the reorganization of HHS agencies and the privatization of state services, as well as our recommendations for mitigating the effect of these changes on clients. We encourage our readers to voice their concerns about this dramatic shift in how Texas provides services to the neediest people in the state by attending one of the public hearings or submitting written comments on these changes.

### WHO'S IN CHARGE?

The Texas Health and Human Services Commission (HHSC) is the state agency with oversight of the transition process. Questions about the TLOC, its hearing schedule, or transition plans should be directed to Cindy Niles at 424-6538 or by e-mail at [cindy.niles@hhsc.state.tx.us](mailto:cindy.niles@hhsc.state.tx.us).

### TLOC MEMBERS

The TLOC includes two Senators and two Representatives, appointed by the Lieutenant Governor and the Speaker of the House of Representatives, respectively, as well as three members of the public appointed by the Governor. The Executive Commissioner of the Texas Health and Human Services Commission serves as an ex-officio member of the committee.

#### Legislative Members

Representative Arlene Wohlgemuth, Chair  
Representative John Davis

Senator Jane Nelson

*2<sup>nd</sup> Senator to be announced*

#### Public Members

Mr. Noe Fernandez, McAllen

Ms. Chris Kyker

Mr. Kenn George

(For more information about the governor's appointments, see [www.governor.state.tx.us/divisions/press/appointments](http://www.governor.state.tx.us/divisions/press/appointments).)

#### Ex-Officio Member

Albert Hawkins, Executive Commissioner, HHSC

### MEETING/HEARING SCHEDULE

The TLOC held an organizational meeting on September 12 in Austin. Public testimony was not heard at this meeting, which consisted primarily of briefings from agency staff. The TLOC will hold public hearings during the weeks of September 15 and September 22.

<b>Meetings</b>	
Friday, October 3 TBD	Austin, TBD
Week of October 20 TBD	Austin, TBD (Public Hearing on the Draft Transition Plan)
<b>Public Hearings</b>	
Mon., September 15 3:00 p.m. – 7:00 p.m.	University of North Texas Health Science Center Everett Hall 3500 Camp Bowie Boulevard Fort Worth
Tues., September 16 3:00 p.m. – 7:00 p.m.	City of Lubbock Health Department Auditorium 1902 Texas Avenue Lubbock
Thurs., September 18 3:00 p.m. – 7:00 p.m.	Tyler Junior College Regional Training and Development Complex Room 104 1530 SSW Loop 323 Tyler
Mon., September 22 3:00 p.m. – 7:00 p.m.	Valley Baptist Medical Center Woodward Conference Room 2101 Pease Street Harlingen
Tues., September 23 3:00 p.m. – 7:00 p.m.	Texas Medical Center Edwin Hornberger Conference Center 2151 W. Holcomb at Shamrock Boulevard Houston
Thurs., September 25 3:00 p.m. – 7:00 p.m.	El Paso Community College Administrative Service Center Auditorium Building A 9050 Viscount El Paso, Texas

The TLOC plans to hold two additional hearings during the month of October that have not been scheduled yet. The official schedule for hearings is at [http://www.hhsc.state.tx.us/news/meetings/Schedule\\_Transition03.html](http://www.hhsc.state.tx.us/news/meetings/Schedule_Transition03.html)

## MAJOR CONCERNS

HB 2292 mandated a massive consolidation of state HHS agencies that affects not only the organization and delivery of services, but also how public policy is developed and whether the public has the opportunity for input on policy changes. These changes were promoted as consolidating and streamlining the delivery of health and human services in Texas in order to create a more efficient network and save the state money. However, the reorganization provisions of HB 2292 go far beyond simple reorganization. The reorganization of agencies and programs is accompanied by a massive centralization of power at HHSC and with the governor, in which all agency governing boards are replaced with advisory

councils with no rulemaking authority; numerous opportunities for the privatization of state programs and services; and a huge reduction in the ranks of state employees.

These changes raise the concern that customer service may deteriorate and HHS policy decisions will become less open to the public—in particular, the advocates who look out for the interests of the people these programs serve—and more subject to political considerations.

During the session HB 2292 received limited public input and legislative scrutiny, nor was there much discussion of the impact such a massive downsizing of the safety net would have on state employees, clients, and local communities. Although HHSC is posting information about the TLOC hearings on its web site and has set up a form to receive comments online, it is unclear whether materials related to these hearings (and the transition in general) will be made available to the public in advance of decisions being made.

Because of this uncertainty, **public input into the reorganization process is critical!** These hearings provide an important opportunity to let the TLOC and HHSC hear how these changes will affect real people. Specifically, we urge our readers to join with us in raising the following concerns and offering these recommendations:

**Public input.** Urge the TLOC and HHSC to maintain a process for HHS agencies to receive adequate public input on proposed policy and rule changes.

**Privatization.** Explicit in the streamlining of HHS programs and services in HB 2292 is the intent to privatize—to the extent that it is cost-effective—many of the services state employees now perform. Privatization raises concerns about client access; the loss of state employee jobs, particularly in rural areas; and the state's ability and commitment to protect client rights and hold private companies accountable for their performance in operating these programs.

- ❑ HHSC should exercise great care when deciding whether to turn over state-run programs and services to private companies, and the quality of customer service should be a top priority in any decision to privatize.

HHSC has already awarded seven contracts in association with HB 2292 reorganization, which can be viewed at <http://www.hhsc.state.tx.us/news/announce.html>.

**Call centers.** HB 2922 mandates the use of call centers to determine eligibility for the major health and human services programs (including TANF, Food Stamps, Medicaid, and CHIP) in the state and requires private contractors to operate these centers, if deemed cost-

effective. While call centers have the potential to improve access to services for clients, the opposite is also possible—an unwieldy operation that leads to poor service to consumers. Call centers could also result in the lay-off of thousands of state employees.

- ❑ HHSC should consider carefully how many call centers to establish and where to place them.
- ❑ In the event that HHSC considers privatizing these centers, for the reasons outlined above, HHSC should develop objectives that must be met before it decides to contract with a private entity. These objectives should include increasing access to and improving services for clients; achieving savings by streamlining service delivery and eliminating the duplicating of services; and improving fraud prevention and payment accuracy in eligibility determinations.
- ❑ HHSC should conduct a detailed cost-benefit analysis prior to awarding a contract to confirm that these objectives will be met, and make this analysis available to the public.
- ❑ To the extent possible, any large-scale privatization should be preceded by a pilot that is independently evaluated.

**Note:** Federal law still requires that only state employees make Food Stamp and Medicaid eligibility determinations. If Texas decides to privatize these call centers to the extent envisioned in HB 2292, the Bush administration would have to grant a waiver of this law before such privatization could occur. Although no state has requested to hand over operation of these programs completely to a private company, a few states have received federal approval to test the privatization of certain Food Stamp and Medicaid enrollment functions on a limited basis. If Texas did receive a waiver to administer Food Stamps and Medicaid through privately operated call centers, it would establish a significant precedent that could influence whether other states will ask for similar waivers and whether federal authorities will approve them.

For more on these concerns and HB 2292's reorganization provisions, see

[www.cppp.org/products/policypages/191-210/html/PP195.html](http://www.cppp.org/products/policypages/191-210/html/PP195.html)

[www.cppp.org/products/policyanalysis/2292final-analysis.pdf](http://www.cppp.org/products/policyanalysis/2292final-analysis.pdf)

#### HOW TO COMMENT

Meeting and hearing agendas as well as other planning materials can be found on HHSC's website at [www.hhsc.state.tx.us/news/78\\_post.html](http://www.hhsc.state.tx.us/news/78_post.html).

In addition, HHSC's website has been set up to answer questions and receive comments about the reorganization of health and human services and the transition plan. To ask a question or make a comment, go to [www.hhsc.state.tx.us/Consolidation.asp](http://www.hhsc.state.tx.us/Consolidation.asp).

If you have any questions or need help drafting your comments, please contact Celia Hagert ([Hagert@cppp.org](mailto:Hagert@cppp.org)) or Anne Dunkelberg ([Dunkelberg@cppp.org](mailto:Dunkelberg@cppp.org)) at (512) 320-0222.

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