

**House Bill 3575**

**Health and Human Services  
Eligibility System Transition Plan**



**Health and Human Services Commission**

**October 2007**

# Health and Human Services Eligibility System Transition Plan

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## EXECUTIVE SUMMARY

The Texas Health and Human Services Commission (HHSC) is implementing a major redesign of the system used to determine if people qualify for Medicaid, food stamps, TANF, CHIP, and Long-term Care Services. The goal is to modernize the system to expand service options for consumers and make better use of taxpayer dollars.

The new system will allow clients to apply for services through multiple channels — in person, through the Internet, over the phone, and by fax or mail. Call centers will receive and process applications and renewals, and consumers will be able to track the progress of their applications through an automated phone system and on-line. A major goal is to better integrate services and provide Texas families with access to a wide array of benefits through a single point of contact. The new system will expand the ways people can apply for services, but it does not change the actual service or the standards that determine if someone is eligible to receive assistance.

The need for change is clear and compelling. The state's current system is badly out of date. It uses a computer system built on a language (COBOL) that colleges no longer teach. Its one-size-fits-all approach makes it especially difficult for working families — Texans who have to take off work to apply for benefits at a local office.

In addition to the system's technical limitations, the current process is expensive to maintain. It is a staff- and resource-intensive model that cannot respond to caseload growth without substantial increases in appropriations. To maintain caseloads at the fiscal year 2002 level, the current eligibility model would require more than 13,000 staff — an increase of 6,300 staff and \$287 million per year over current levels.

In the new system, call centers modernize the business model for eligibility services as they have in many areas of the public and private sector. You can apply for unemployment benefits and Social Security, renew your driver license, or apply for a mortgage over the phone or on-line.

### Legislative Actions

The Texas Legislature directed HHSC to modernize its eligibility system and has reaffirmed that direction over several legislative sessions:

**1999:** 76<sup>th</sup> Legislature authorizes and funds the development of the Texas Integrated Eligibility Redesign System (TIERS).

**2003:** 78<sup>th</sup> Legislature passes H.B. 2292, which directs HHSC to “contract with at least one but not more than four private entities for the operation of call centers required by this section unless the commission determines that contracting would not be cost-effective.” HHSC's eligibility services budget is reduced by \$42.5 million in all funds for the biennium and 901 positions in anticipation of the changes.

**2005:** 79<sup>th</sup> Legislature reduces the appropriation for eligibility services by \$140 million in all funds for the biennium and 3,980 positions.

**2007:** 80<sup>th</sup> Legislature passes H.B. 3575, which directs HHSC to improve client access to services, implement more efficient business processes, reduce staff workload, and simplify the application and enrollment process.

A survey of HHSC clients demonstrated the desire for similar options in social services:

- Eighty percent said they would be likely to use the phone to apply for services.
- Thirty-six percent were interested in applying on-line.
- Eighty-two percent wanted to be able to apply outside of normal work hours and not lose time on the job.
- Eighty-one percent wanted to be able to apply in private “without others around.”

In 2003, the Texas Legislature, faced with a budget shortfall and rising caseloads at state eligibility offices, directed HHSC to evaluate whether call centers would be cost-effective for the eligibility and enrollment process and to contract with a private vendor to operate the call center unless it was determined to not be cost-effective. HHSC evaluated the addition of state-run call centers and an outsourced arrangement. The agency concluded that both options would save the state money, but the outsourced model saved more.

HHSC entered into a contract with the Texas Access Alliance (TAA) in June 2005 after a competitive procurement for call center operations, CHIP processing and eligibility determination, maintenance of the TIERS computer system and enrollment broker services. Some of the functions, including CHIP processing, have long been performed by the private sector in Texas. The critical new elements in the contract included establishing call centers and moving some work currently performed by state eligibility workers to the private sector. In January 2006 a pilot was launched in Travis and Hays counties. As a result of operational problems, the pilot was suspended in May 2006, and HHSC took back some functions from the vendor. In December 2006, HHSC announced a plan to retain additional functions originally envisioned to be performed by the private sector and reduce the terms of the contract. In March 2007, the state and contractor reached a mutual decision to end the contract. HHSC signed short-term contracts with key subcontractors to ensure that services would continue without disruption, and the agency continues to evaluate how those services should be provided in the future.

In 2007, the 80<sup>th</sup> Texas Legislature passed H.B. 3575, which reaffirms the goals for a more modern and accessible eligibility system and establishes a legislative oversight committee to assist HHSC with the transition. H.B. 3575 also directs HHSC to develop a transition plan to keep the Legislature fully informed about the changes taking place and the timeline for those changes. In addition to passing H.B. 3575, legislative leadership requested that the State Auditor’s Office conduct an audit of the TIERS system. The next steps for the transition plan will be informed by the results of the audit, as well as input from federal partners and the legislative oversight committee. As a result, the transition plan will be a dynamic document. It will be updated at least once every four months to coincide with meetings of the Eligibility System Legislative Oversight Committee.

As HHSC awaits the first meeting of the oversight committee, the agency’s current actions include:

- Continuing efforts to stabilize the state’s eligibility workforce. The workforce stabilization efforts have included increasing the number of eligibility staff and emphasizing training, policy support and quality assurance monitoring.
- Creating centralized staff units to relieve workload in field offices. For example, a special eligibility unit was created in January 2007 to process applications for the Medicaid for the

Elderly and Persons with Disabilities Program. This ensures local offices do not see an increase in workload from this program. HHSC will create other such units as needed to reduce the workload at local offices.

- Making enhancements to TIERS, including work to transition CHIP eligibility determination to the new system. Since the program's inception, CHIP cases have been processed using a vendor technology system. Moving these cases into the state's automated system will streamline the transition of cases from Medicaid to CHIP and vice versa. In addition, nearly 40 percent of CHIP families also have a Medicaid or food stamp case. Allowing one state worker to process all of these cases at once will be more efficient for the family and the state.
- Releasing requests for information (RFIs) for CHIP application processing, enrollment broker services, and call center operations and support as the agency develops a long-term procurement strategy to determine the best way to provide these services in the future. HHSC has analyzed the information from the RFI process and is developing draft requests for proposals (RFPs). All interested parties will have an opportunity to review and provide comments on the draft RFPs.
- Staying informed of changes at the federal level. The Food Stamp Program Reauthorization currently underway could potentially impact the eligibility service delivery model by prohibiting the use of private vendors for certain functions.

As HHSC continues efforts to improve eligibility services, the agency will apply the lessons learned from the integrated eligibility pilot in Travis and Hays counties. The eligibility pilot showed that Texas needed to re-balance the roles between the state and private sector to ensure that complex, policy-based tasks remained the responsibility of trained, experienced state employees, while private sector capabilities are used to efficiently perform tasks which support eligibility determination. The new eligibility system will provide improved access for consumers, expand the use of technological tools and modern business practices, and be a cost-effective use of taxpayer's money.

## BACKGROUND

The restructuring of health and human services delivery undertaken by the 78<sup>th</sup> Legislature directed the Health and Human Services Commission (HHSC) to implement integrated eligibility services. HHSC was given responsibility for eligibility determination for the Children's Health Insurance Program (CHIP), Medicaid, Food Stamps, Temporary Assistance for Needy Families (TANF), and Long-term Care for people who are elderly or have disabilities (financial eligibility). In addition to responsibility for administering and streamlining the eligibility process, HHSC was tasked with researching and implementing appropriate and efficient uses of new and existing technology to improve the operation and delivery of health and human services.

There is a clear, compelling need to modernize the eligibility system. The model in existence in most of the state is based on a service delivery framework designed in the 1970s. While private industries, such as travel and banking, have responded to consumer preferences and transformed the way services are provided, access to eligibility services is still primarily provided through face-to-face visits with caseworkers. A survey of more than 1,000 Texans enrolled in Medicaid and other health and human services programs demonstrates the desire for change:

- Eighty percent would be likely to use the phone to apply for services.
- Thirty-six percent would be interested in applying on-line.
- Twenty-eight percent rely on public transportation or someone else to take them to an office.
- Eighty-two percent want to be able to apply outside of normal work hours and not lose time on the job.
- Eighty-one percent want to be able to apply in private "without others around."

Increasingly, client interviews are being conducted over the telephone, but the antiquated office-based telephone systems provide limited client access. Clients attempt to call an eligibility office, but sometimes cannot connect with anyone because the telephone systems are over capacity. In addition, the technology supporting the eligibility system is antiquated and costly to maintain. The automated system used to support eligibility determination was implemented in the 1970s. The eligibility system, both the technology and the business model, is inflexible and unable to respond easily to demographic or workload shifts, consumer preferences, or other external factors.

Hurricane Rita highlighted this weakness. When Hurricane Rita struck southeast Texas, several eligibility offices in the area were closed due to damage from the storm. In addition, many of the eligibility workers from that area were displaced from their homes and unable to return to work. Individuals needing help faced long lines at the offices that were open, and the state had to bring in workers from other areas of the state to help process cases. A more flexible business model would have allowed individuals seeking assistance to apply by telephone or through the Internet. However, the technology currently in place in the majority of the state cannot support that more modern and convenient model.

In addition to the system's limitations for clients, the eligibility structure requires a staff and resource intensive process that cannot respond to workload growth and quality standards without substantial increases in appropriations. In fiscal year 1995 there were 12,487 full-time eligibility determination employees. In fiscal year 2006 there were 5,975 eligibility employees.

If staffed at the fiscal year 2002 workload level, the current eligibility model would require more than 13,000 staff, an increase of 6,300 over current staffing levels. This increase of 6,300 staff would cost more than \$287 million per year in all funds. Strains on the workforce leading to high employee turnover rates contribute to higher error rates, longer processing times, and reduced customer service.

Based on legislative guidance and public input, HHSC established the following vision for the new system:

- **Convenient access for consumers.** Texans will not have to take off work, pay for transportation, or arrange childcare to apply for services. The new system features expanded business hours with assistance available by dialing 2-1-1 from 8:00 a.m. to 8:00 p.m. on weekdays. The new system will also continue to include a robust network of state field offices and state workers stationed in hospitals and other medical facilities.
- **Easier renewal process.** Consumers will be able to renew coverage and make basic changes, such as addresses, without an office visit by using the phone, mail or Internet.
- **One application for many services.** Greater coordination and integration will mean clients will be able to access a variety of services with one application.
- **Increased productivity.** Automated and streamlined forms and processes will increase worker productivity and reduce errors.

Since the 78<sup>th</sup> legislative session, the goal of a modernized system continues to be the direction set by state leadership for the agency. During the 80<sup>th</sup> Legislature, support for redesigning the eligibility system with a focus on client access was affirmed in H.B. 3575. While the goal of modernization through an enhanced eligibility system has been reaffirmed, the approach to achieving the new system is being redesigned. H.B. 3575 added the following goals for the new system:

- Increase the quality of and client access to services provided through the programs.
- Implement more efficient business processes that will reduce processing times for applications for program benefits and reduce staff workloads.
- Implement simplified application and enrollment processes for programs in a manner that is consistent with program goals established by the Legislature.
- Enhance the integrity of and reduce fraud in the programs and ensure compliance with applicable federal laws and rules.

H.B. 3575 directs HHSC to develop a transition plan under which the eligibility system in existence on September 1, 2007, is transformed and enhanced to be more fully functional relative to the needs of eligible Texas residents and to meet the goals cited above.

The transformation of the eligibility system requires significant changes to the business process and to the automation that supports eligibility determination. Next steps will be determined by a number of factors, including the results of an audit of the automation that supports the eligibility process and working with federal partners to obtain necessary federal approvals. Because the transformation of the eligibility system is a dynamic process, the exact timeline for transformation cannot be laid out at this time. As a result, this installment of the transition plan will focus on the vision for the new system and the next steps that have been determined. The plan will be updated periodically to coincide with the schedule of the Eligibility System



Legislative Oversight Committee. Future versions will include more detailed timelines and will specify criteria that will be used to determine if the new eligibility system is ready to move forward.

## HISTORY

To assess where HHSC currently stands in the development of the new eligibility system, it is important to review the history. In the framework that was designed more than three decades ago, clients were required to make a trip to a local eligibility office to apply for benefits. They were scheduled for a face-to-face interview with a state worker before eligibility could be determined. Most transactions, such as providing missing information or reporting a change of income or address, were done in person at a local eligibility office. Under this framework, a robust network of eligibility offices is essential. A total of 311 local eligibility offices and 367 out-stationed sites (in hospitals, long-term care facilities, and clinics) are presently operated. The system has evolved gradually as improvements were made to business processes. Some areas in the state streamlined processes by centralizing the function of clients reporting changes to households, income, or address. These “change centers” are call centers that allow clients to report new information affecting their case over the telephone. In addition to streamlining business processes, changes to eligibility policies allow more client transactions to occur over the telephone or through the mail. While some modernization of the system was possible, the technology supporting the eligibility system could not support an eligibility system with multiple channels of access.

### **System for Application, Verification, Eligibility, Referrals, and Reporting (SAVERR)**

Texas was one of the first states to implement an automated system to support field staff in determining client eligibility. Automation of the application process allowed human services agencies to develop searchable client records and provide reports and other documentation to federal funding partners.

The database known as the System for Application, Verification, Eligibility, Referrals, and Reporting (SAVERR) was first deployed in fiscal year 1978 to support eligibility determinations. It is still the primary database used today in 251 counties. SAVERR was designed to support face-to-face client interviews and requires staff to enter data screen by screen, program by program.

During the 73<sup>rd</sup> Legislature in 1993, and after 15 years of operation of the SAVERR system, the Department of Human Services (DHS) made its first appropriations request to fund the replacement of the system. The office-based SAVERR system had many functional limitations. When not processed concurrently, SAVERR requires that case data be entered for each individual program the client wishes to apply for, which often requires workers to enter the same or similar information multiple times for different eligibility processes or for different portions of a single application. Another limitation of the system is that historical client records are often available only via paper archives because historical data in the system is overwritten when new data is entered for a client (address changes, for instance). Further, SAVERR and other automated systems that support the eligibility process were written in programming languages that are considered obsolete, and it was becoming increasingly difficult and expensive to attract and retain computer programmers to work on the systems. SAVERR is a mainframe-based system written in COBOL development language, which dates back to 1959, and the Unisys DMS-1100 database management system. The 1993 request to replace SAVERR was not funded.

## **Texas Integrated Enrollment and Services Project**

The 74<sup>th</sup> Texas Legislature passed H.B. 1863 in 1995, directing HHSC to conduct a review of the eligibility determination functions of health and human services agencies, with an emphasis on the functions within DHS (Medicaid, Food Stamp, TANF, and Long-term Care programs). The purpose of the review was to determine whether services could be integrated and delivered through public and private service providers. The review determined that some or all eligibility and enrollment functions of the various health and human services programs could be integrated in whole, or in part, into a single business process and released for competitive bid.

As the lead agency designated in H.B. 1863, HHSC submitted a planning document in 1996 for the Texas Integrated Enrollment and Services (TIES) project to its federal partners to secure federal financial participation and move forward with the competitive procurement process. Full federal approval was not ultimately attained because of federal requirements that public employees determine eligibility for Medicaid and food stamps.

The 75<sup>th</sup> Legislature passed H.B. 2777 in 1997 to establish the new TIES project. H.B. 2777 specified business process re-engineering as the method for integrating eligibility determination and streamlining service delivery processes for multiple health, human services, and workforce programs. TIES was intended to be an automated eligibility determination, single-state system that would increase program efficiencies by reducing fraud, eliminating duplicate paperwork, streamlining processes for clients, and reducing service delivery costs. TIES was to provide eligibility support to approximately 50 state programs and offer multiple access channels for clients.

H.B. 2777 expanded the scope of prior efforts and provided a significantly different direction in several respects, including prioritization of the design and development of the supporting technology for an integrated eligibility determination system. Including SAVERR replacement as part of the new TIES system was determined to be in the best interest of the state because it would allow state and federal funding to be focused on a single solution rather than two parallel tracks.

## **Texas Integrated Eligibility Redesign System**

As the development process for TIES began, the differing rules and eligibility requirements of the large number of programs posed several policy and technical barriers. During the 76<sup>th</sup> Legislature in 1999, legislators reviewed several options for implementation of the TIES project and ultimately decided to build a single, integrated automated computer system.

A rider within the DHS budget directed the agency to plan and develop the Texas Integrated Eligibility Redesign System (TIERS). The rider removed the focus on a re-engineered business process around multiple access channels and established TIERS as the replacement system for SAVERR. This revision quelled concerns over the local impact of staffing cuts and office closures that had originally been proposed under TIES. Because the business process was not being redesigned with TIERS, its implementation would have minimal impact on staffing levels and local offices.

TIERS focused on redesigning and replacing the automated systems associated with eligibility determination and enrollment functions for the Medicaid, Food Stamp, TANF, and Long-term

Care programs within DHS. Priority was placed on replacing SAVERR and the design of an integrated system that would give DHS workers better tools, including enhanced interfaces to the Texas Workforce Commission, Texas Department of Health, and Office of the Attorney General for improved data sharing. In June 2003, TIERS was deployed as a pilot in eligibility offices in Travis and Hays counties.

### **New Business Model**

With the project to replace the automation system in pilot, the 78th Legislature passed H.B. 2292 directing HHSC to examine ways to streamline the process of determining eligibility for programs such as CHIP, Medicaid, Long-term Care, Financial and Nutritional Assistance, and Community-based Support. This direction came at a time of reduced state revenues and budgets, and H.B. 2292 required HHSC to examine new options for serving clients more efficiently. HHSC was directed to evaluate whether call centers would be cost-effective for the eligibility and enrollment process and to contract with a private vendor to operate the call center unless it was determined to not be cost-effective.

A business case analysis, completed by HHSC in March 2004, concluded that call centers would be a cost-effective way to establish eligibility for services and would improve access to program services and benefits. The new system was designed to allow Texans to apply for a variety of services – including Medicaid, Food Stamps, the Children's Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF) and Long-term Care – in person, through the Internet, over the phone, and by fax or mail. The new call centers would provide assistance from 8:00 a.m. to 8:00 p.m., receive and process applications, and consumers would be able to track their applications through an automated phone system or the Internet.

The change to call centers required changes in the automation system to accommodate the new business model. Having already invested \$279 million in state and federal funds into a state-of-the-art system that was designed to be scaleable and flexible, the decision was made to modify TIERS to support the new business model. Using SAVERR was not an option because it was built on out-of-date technology and could not be modified to support the multiple channels of client access. Further roll-out of TIERS was suspended until the system could be redesigned to support the new approach to delivering eligibility services.

### **Integrated Eligibility Contract Procurement**

After establishing the business case, HHSC issued a request for proposals (RFP). At the time, CHIP eligibility determination, Medicaid, and CHIP enrollment into a health plan (managed care enrollment broker services), and TIERS maintenance were already contracted services. The RFP included these functions in a single procurement. In addition, integrated eligibility services and call center functions for the Medicaid, Food Stamp, and Temporary Assistance to Needy Families (TANF) programs were included in the procurement. Responses to the RFP allowed the state to compare the cost-effectiveness of the proposals to the state-run model proposed in the business case.

HHSC worked with its federal partners (the Food and Nutrition Service and Centers for Medicare and Medicaid Services) during the spring of 2004 to ensure federal participation in the integrated eligibility system. A draft RFP for Integrated Eligibility and Enrollment Services was released for comments in June 2004. HHSC received federal approval to proceed with the

procurement in July 2004. In late July 2004, HHSC published the RFP and invited qualified vendors to submit proposals to provide services for the implementation and operation of the project. In June 2005, HHSC requested approval of the negotiated contract and announced the contract was being awarded to TAA, led by Accenture.

On November 1, 2005, TAA assumed responsibility from the previous vendors for enrollment broker and TIERS maintenance. In December, TAA assumed responsibility from the previous vendor for CHIP eligibility. Call center locations were identified, and TAA executed a staggered roll-out of call and document processing centers in Midland, Austin, Athens, and San Antonio. The Austin call center answers Enrollment Broker calls and performs eligibility determination for CHIP. The Midland call center answers Integrated Eligibility and CHIP calls and houses the mail house and document processing center where applications and other client documents are imaged for conversion into electronic files. The Athens call center answers Enrollment Broker, Integrated Eligibility, and CHIP eligibility calls. The San Antonio processing center creates the electronic case files and supports eligibility determination by state offices and call center staff by scheduling client appointments and performing initial data entry.

These call and processing centers create an infrastructure to support a more modern system. They have answered more than eight million calls from Texans seeking information and assistance, including many after 5:00 p.m. from people taking advantage of the extended call center hours. The centers also support a new website that has allowed more than 88,000 Texans to complete an on-line screening to see if they qualify for state services. Almost 20,000 people have used the website to complete and submit an application for assistance. Several lessons were learned during the pilot phase of the transition. HHSC is currently in the process of applying those lessons and re-engineering the approach to moving toward a more modern eligibility system.

### **Integrated Eligibility and Enrollment Pilot**

On January 20, 2006, HHSC implemented the Integrated Eligibility and Enrollment pilot in Travis and Hays counties, allowing potential clients to apply for services by phone, fax, over the Internet, or in person.

The initial plan called for a full transition to the new system across the state through a series of geographic roll-outs over a 12-month period. The rollout schedule was based, in large part, on the need to implement legislative budget decisions, which eliminated the funding for nearly 4,000 eligibility staff. The first planned roll-out into 20 additional counties was scheduled for April 2006, contingent upon the results of the pilot. Further roll-outs were postponed when it was determined that improvements were needed in call center and processing center operations and technical performance. The expansion of the new model was put on hold in April 2006 until the issues identified in the pilot were resolved.

HHSC worked with TAA to develop an improvement plan for the pilot and scheduled another review for May 2006. The improvement plan included improved training for customer service representatives in the call centers, a process to more quickly escalate and resolve complicated cases, better reporting tools to track cases and workload, and improved data collection.

In May 2006, HHSC suspended the pilot indefinitely because satisfactory progress had not been made toward the goals of the improvement plan. Ongoing evaluation of the new eligibility system and CHIP operations identified several additional problems in the vendor's performance:

- Processing times were too slow, leading to a backlog in the pilot area.
- Unnecessary letters were sent to CHIP applicants requesting more information. A review found that, in some of the cases, the requested information was either on the original application or had been received by the subcontractor and not attached to the case properly or within required timeframes. This issue led the state to implement additional quality control processes that ensure families were not inappropriately disenrolled.
- Errors on food stamp, Medicaid, and TANF cases were too high and resulted in too many cases being returned to the vendor for corrections.
- The quality of information provided to callers involving complex cases was unacceptable. The cases should have been escalated to state staff sooner.

### **Unwinding the TAA Contract**

Based on lessons learned in the pilot, HHSC and TAA announced a plan to restructure the contract in December 2006. The roles of the state and the vendor were to be rebalanced with vendor staff more clearly focused on clerical and support functions. As part of this strategy, the state's eligibility workforce and local office structure were retained and enhanced. Contractor payments and fees were to be adjusted to reflect the reduced role of the vendor in the eligibility system, and \$30 million in state costs were to be recovered through service credits and discounts. HHSC and TAA agreed to renegotiate the contract under this new direction.

When a mutual agreement on specific contract terms could not be reached, HHSC and TAA announced a mutual agreement to terminate the contract on March 13, 2007. By July 1, 2007, HHSC had transitioned all services from TAA, and on September 21, 2007, HHSC finalized negotiations for a purchase of the assets procured by Accenture under the contract. Assets valued at \$28.5 million included computer equipment and software, office furniture and equipment, and telephone equipment. HHSC is continuing to negotiate the transition of leases procured by Accenture. Discussions regarding outstanding liabilities continue.

Following the decision to unwind the contract, HHSC revisited the procurement strategy. Based on responses to the Requests for Information published in the summer of 2007, HHSC determined that it would conduct separate procurement processes for the following functions:

- Eligibility support services, to include CHIP processing and call center operations.
- Document processing functions, to include mail house operation and imaging of documents received from applicants and recipients.
- Enrollment broker services.
- TIERS maintenance and support.

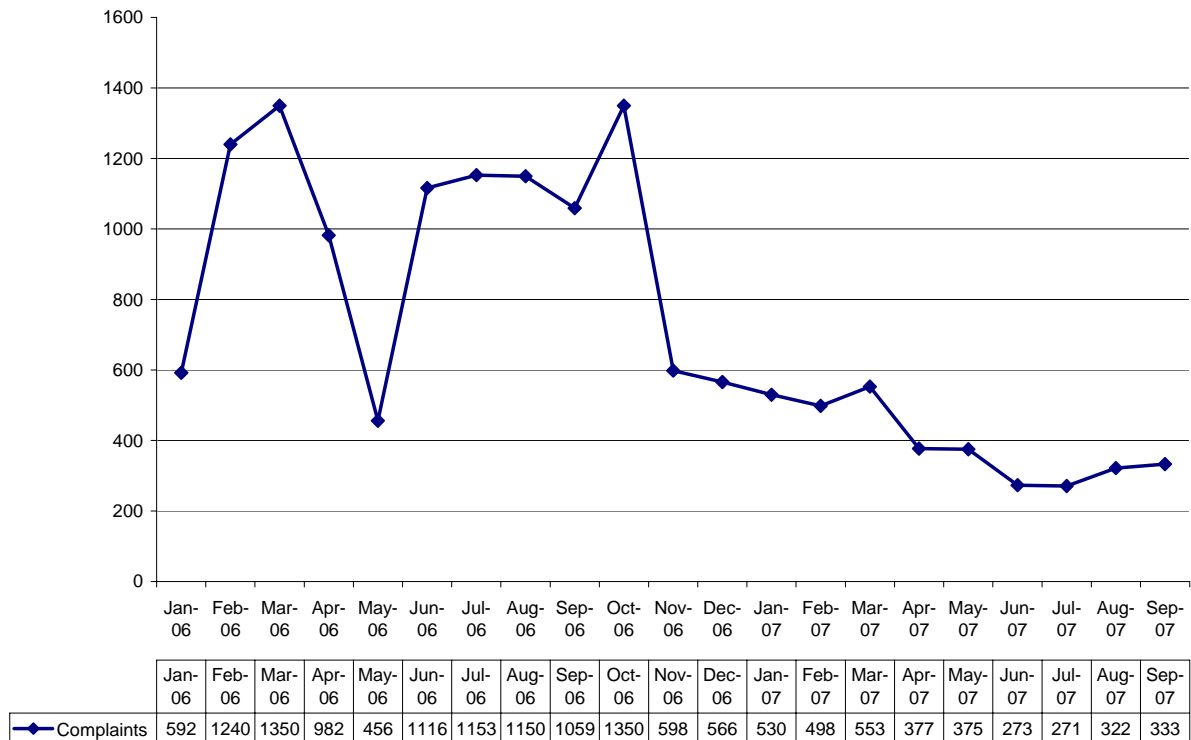
While these procurements are being developed, HHSC received federal approval to execute short-term contracts to ensure that services continue without disruption.

## Transition Plan

### Current System Performance

HHSC continues to monitor the current vendor's performance to ensure that any problems are addressed and remedied as quickly as possible. CHIP eligibility changes adopted by the Texas Legislature in H.B. 109 have been programmed into the vendor's software system and implemented by September 1, 2007, as directed by the legislation. Another gauge of performance can be seen in the number of client complaints the vendor receives. As the graph below illustrates, CHIP complaints decreased in November 2006. Enrollment in the program has increased, but complaints remain low.

**CHIP Complaints Received By Month**



### Division of Responsibilities During the Transition

During the transition, HHSC will continue to evaluate the various functions of the eligibility system to determine whether to assign additional functions to state staff and develop systems for those tasks or to reassign the functions to contractors. State staff has taken over management of call center operations, CHIP administrative reviews and appeals, and processing of fair hearings and appeals for food stamps, TANF and Medicaid. The current vendor, Maximus, will continue to provide the system and employees to process CHIP applications until CHIP is incorporated into TIERS. Several technology functions have been transferred from TAA to other contractors, with state staff assuming responsibilities for maintaining TIERS' supporting technologies; providing help desk and on-site support for call centers and local eligibility offices, system administration, and security; and direct management of the contracts that had been managed by TAA.

Additional examples of state staff roles include, data collection, eligibility determination, biometric collection, and benefit issuance. State staff is also responsible for policy development, training, quality assurance, case reading, TIERS reporting, and help desk functions. Vendor staff roles include mail sorting, imaging, image association, and unidentified mail research. Vendor staff is also responsible for printing, application registration, scheduling/rescheduling clients for appointments, and processing in-bound and out-bound mail (see Appendix A).

### **Business Operations**

<b>Function</b>	<b>Formerly Performed By</b>	<b>Currently Performed By</b>
CHIP application processing, renewals, and complaints	TAA (Maximus)	Maximus
CHIP administrative reviews and appeals	TAA (Maximus)	State Staff
Enrollment broker for Medicaid and CHIP	TAA (Maximus)	Maximus
Call center and processing support (imaging)	TAA (Maximus)	Maximus
Direct management of call center operations	TAA	State Staff

### **Technology**

<b>Function</b>	<b>Formerly Performed By</b>	<b>Currently Performed By</b>
TIERS development	TAA	Deloitte
Systems development and support for vendor's proprietary CHIP eligibility software	TAA (Maximus)	Maximus
Network and telephony supports	TAA and Department of Information Resources (DIR)	DIR Staff (and their Subcontractors)
Data Center support (hardware support for the servers for TIERS and supporting technologies)	TAA	Northrop Grumman
Supporting technologies (applications other than TIERS that support integrated eligibility; such as the state portal, the self-service portal and task list manager)	TAA	State Employees and Staff Augmentation Contractors
Business requirements	TAA and State Employees	State Employees and Staff Augmentation Contractors



## Technology (Cont'd.)

Function	Formerly Performed By	Currently Performed By
System architecture	TAA and State Employees	State Employees and Staff Augmentation Contractors
User acceptance testing	TAA and State Employees (state staff performed testing on features developed internally)	State Employees and Staff Augmentation Contractors
Help desk	TAA	State Employees
On-site support at call centers and local eligibility offices	TAA only at initial roll-out	State Employees
System security	TAA	State Employees and Staff Augmentation Contractors
Systems administration	TAA	State Employees
Contract management, reporting, budgeting, and auditing support	TAA managed its subcontracts and state managed TAA contract.	State Employees Manage all Contracts

HHSC's next steps will be guided by the goals of designing a system around consumer needs and keeping complex decision-making in the hands of experienced state employees. In addition, certain external factors could potentially impact the transition to the new system and the roles assigned to private contractors. Currently, legislation to reauthorize the Food Stamp Program is under consideration by the U.S. Congress. The House passed a provision that would prohibit the use of private contractors to assist with many of the duties related to the application process, including any communications with prospective applicants. Certain exemptions for nonprofit organizations and temporary disaster program staffing are included in the provision. If approved, this prohibition would require Texas to restructure the eligibility model, which would impact existing contracts and upcoming procurements. The prohibition on use of the private sector has not yet been included in the Senate version of the reauthorization legislation. It is anticipated that a conference committee version would not be sent to the President until mid-November 2007 at the earliest.

## NEXT STEPS

### **TIERS Readiness**

The current focus of the project is on assessment and preparation. Several initiatives are underway to test the capacity and functionality of TIERS to determine if it is ready to serve as the foundation for the new eligibility system.

The State Auditor's Office (SAO) is conducting an audit to determine whether the Commission implemented the Integrated Eligibility and Enrollment Systems as specified in H.B. 2292. This review includes the automation systems supporting eligibility determination. The audit will evaluate the functionality and capacity of TIERS to determine statewide eligibility for public assistance programs, determine if changes need to be made to TIERS or agency processes to meet federal requirements, and determine if TIERS processing results in appropriate approval or denial of services. The findings from this audit will inform decisions about next steps in the TIERS roll-out process.

In addition to the audit from the SAO, HHSC is working with federal partners to obtain the necessary federal approvals before moving forward with expansion of the new eligibility system or the new automation system. A letter received April 16, 2007, from the U.S. Department of Agriculture's Food and Nutrition Service (FNS), expressed that FNS continued to have concerns about the issuance of supplemental food stamp benefits through TIERS and the availability of case history information to support the recoupment of improperly received food stamp benefits.

HHSC has taken steps to address these issues and demonstrated to FNS in May 2007 that TIERS does support recoupment efforts. A June 2007 letter (Appendix B) from FNS stated:

During this review FNS did not identify any data items with questionable validity and found an adequate audit trail for these data items. FNS also found that the historical report, which became available since our visit in April, provides sufficient information to support the processing of claims and fraud referrals.

Changes to the TIERS system to satisfy the one remaining concern regarding the issuance of supplemental benefits were made in August 2007. FNS has performed an initial review of those changes and HHSC anticipates a response from FNS soon. In addition, the August 2007 build added a time stamp to any changes entered into a case record by state staff. This functionality had been requested by Office of Inspector General (OIG) staff to assist in documenting fraud. These changes have enabled OIG staff to perform TIERS-related claims processing, which is now underway.

After receiving federal approval for further roll-outs and responding to any issues identified in the SAO audit, HHSC will incorporate any necessary modifications to the TIERS system and then will build on the conversions of Travis, Hays, and Williamson counties by converting cases in the remaining Region 7 counties (Bastrop, Bell, Blanco, Bosque, Brazos, Burleson, Burnet, Caldwell, Coryell, Falls, Fayette, Freestone, Grimes, Hamilton, Hill, Lampasas, Lee, Leon, Limestone, Llano, Madison, McLennan, Milam, Mills, Robertson, San Saba, and Washington). Moving forward, the system will also be expanded based on program conversion, as was done with the addition of the Foster Care Medicaid cases in February 2007. The next planned

expansion is to move CHIP into TIERS, which is scheduled to occur in summer/fall 2008. Currently, CHIP eligibility is performed using a vendor’s proprietary software.

**TIERS Modifications and Enhancements**

The TIERS process is by design a more rigorous and complete look at a household. Because it is designed to support an integrated approach to eligibility, TIERS collects twice as many data elements as SAVERR. This requires some additional time at initial application but simplifies the process of recertification, saving time in the long run; strengthens fraud prevention; and provides a higher level of confidence in the state’s ability to accurately determine a family’s eligibility for state assistance. TIERS is simply a better and more complete system than the antiquated one it is replacing. For example:

- TIERS collects information on the client and then applies policy to determine the programs for which the client may be eligible. When cases within the same household are not processed simultaneously by the same worker, SAVERR requires client information to be entered separately for each program, and eligibility determinations are made one program at a time. Further, SAVERR does not contain crosschecks to ensure that client information such as income is consistent across all programs. SAVERR only applies edits across programs to client demographic information, whereas TIERS uses the same data for all programs to maintain quality control.
- TIERS and its supporting technologies create an electronic record that follows the client. This flexibility also allows casework to be distributed between offices to balance workloads. Changes made in TIERS are real-time, and are instantly accessible to other workers and entities that interface with the system. SAVERR does not provide this flexibility or accessibility.
- TIERS allows tasks, such as basic data entry and casework, to be separated and assigned to the most appropriate staff. SAVERR requires that a case be completed within the same office it was initiated.
- TIERS automatically and uniformly applies all program policies including household composition and budget calculations. SAVERR relies on the worker applying appropriate policy.

As we move to an enhanced eligibility system, additional changes to TIERS have been identified that will enable the execution of the vision for the new system:

<b><u>Enabling Business Process Improvements</u></b>	<b><u>Enabling Technology Improvements</u></b>
Consolidated CHIP Eligibility Processing	CHIP Integrated into TIERS
HealthCare Access Network Coordination	Integration with HealthCare Access Network Partners
Specialized Long-Term Care Case Processing	Conversion of Long-Term Care Cases to TIERS
Recertification and Application Form Improvements	Updated Recertification and Applications Forms
Outreach for Self-Service Alternatives	Improved Processing for Self-Service Portal Applications

The continued development and deployment of TIERS will be carried out over an extended time period. The deployment of TIERS involves the conversion of some eight million records currently in SAVERR and training almost 7,000 staff to use the system. Converting eight million records at once would take a minimum of three weeks of continuous processing and require the eligibility system to completely shut down. To ensure minimal disruption to clients and business operations, conversions performed to date have been strategically planned to complete within 48 hours and were conducted on weekends. Approximately 200,000 cases can be converted during this limited timeframe. Each conversion is carefully tested through “dry runs” and timed to capture the most recent benefit calculations for the data transfer. Once the data are in TIERS, the system calculates the benefit amounts for each case and compares its calculation to the amount issued in SAVERR.

Within each conversion, a certain percentage of food stamp and TANF cases do not automatically convert because the benefit calculations do not match to the penny. These cases must be manually reviewed and resolved by state eligibility workers. In the Williamson County conversion, 776 out of 7,176 (12.6 percent) cases contained mismatched benefit calculations. The differing calculations are often the result of variances between the income and household data contained in SAVERR and TIERS.

During this transition period, eligibility policies and regulations continue to change and require modifications to the system. Several of the upcoming TIERS builds are also related to new programs or eligibility changes authorized by the Legislature. In August 2007, TIERS was modified to reflect the eligibility changes for CHIP. In November 2007, TIERS programming will be deployed to support the Foster Care Managed Care model and the Integrated Care Management model. Both of these programs are scheduled to be operational in early 2008.

Another major change planned for TIERS is to add the functionality of determining eligibility for CHIP. This is scheduled to be deployed in summer/fall 2008. At this time, CHIP client files and associated cases will be converted from the vendor’s proprietary software and SAVERR into TIERS. Moving these cases into the state’s automated system will help streamline the transition of cases from Medicaid into CHIP and CHIP into Medicaid. In addition, nearly 40 percent of CHIP families also have a Medicaid or food stamp case. Allowing one state worker to process all of these cases at once simplifies the process for clients and creates greater work efficiency.

Modifications and enhancements to TIERS are ongoing. Monthly TIERS builds are deployed to fix defects that have been identified or add additional functionality to the system. The following enhancements are completed or planned for TIERS:

### **TIERS Builds**

August 2007	To incorporate eligibility changes for CHIP and to provide time stamp for case record changes.
August 2007	Strengthen safeguards that prevent incorrect issuance of supplemental food stamps.
November 2007	To support the Foster Care Managed Care and Integrated Care Management models.

## **TIERS Builds (Cont'd.)**

Summer 2008	To support CHIP eligibility determination and conversion of CHIP client file and associated cases.
November 2008	To provide enhancements requested by eligibility staff to streamline processing eligibility in the TIERS system.

There has been some discussion suggesting that instead of moving forward with deployment of TIERS, SAVERR should be reengineered with a web-based interface. While it is possible, the interface would only change the appearance of the system for the users, but would not improve the outmoded hardware and automation that form the foundation of the system. SAVERR was developed using the now obsolete COBOL programming language, and its associated database management systems are also outdated. Redesigning the user interfaces using a retrofit strategy would provide a new look, but would not facilitate the flexibility and innovation available in the latest programming languages like Java and high performance computing platforms.

SAVERR was designed to maintain an individual's eligibility within separate assistance programs (food stamps, Medicaid, TANF, etc.) rather than by client household. While technically possible to program the integrated eligibility concept into SAVERR, it would not be practical. It would require a costly, time-intensive overhaul of the existing source code and data storage to reorganize the client/case structure into the household structure. Applying a web interface alone will not enable SAVERR to support an integrated eligibility system with multiple channels of access. Because TIERS was designed and programmed to support the integrated approach to eligibility determination, it is best suited to advance the new eligibility system.

A review of hardware dependencies further explains the infeasibility of using SAVERR to implement the enhanced eligibility system. SAVERR is limited by its dependence on hardware within each local office, which makes it susceptible to down time unrelated to the application itself. SAVERR and its related applications are client/server based and rely on three key components in each office to transmit data to and from the central mainframe: a communications server; queue server; and file server. HHSC currently maintains 498 file servers and 1,458 communication and queue servers in the local offices. These components will not be required at the local level once TIERS is fully deployed.

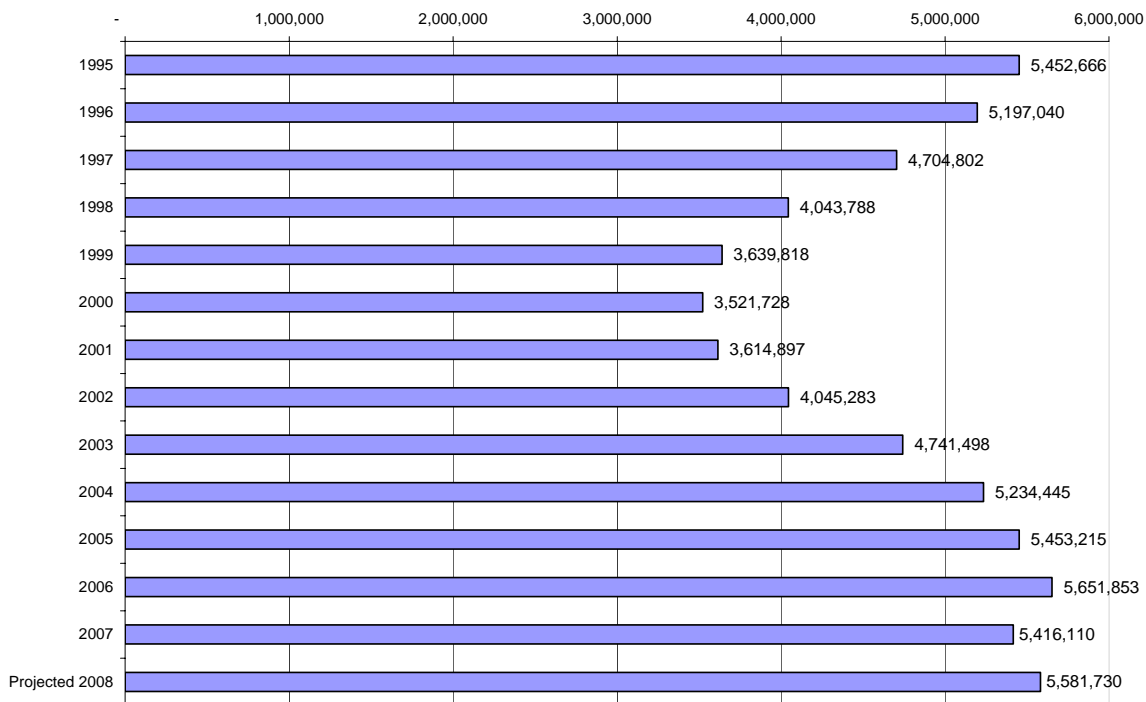
In contrast, staff at the local office will connect to TIERS through a direct link to the web servers across the HHSC wide area network. The only hardware needed at the local office for this connection is a desktop computer and a router. Capacity planning is currently underway to determine the hardware and resources that will be needed to support TIERS statewide. It is estimated that a fully implemented TIERS will require a total of 272 central processing units to operate the web servers, portal servers, application servers, database servers, and the servers needed to support web services for external data trading partners. Compared to the decentralized SAVERR environment, this centralized approach significantly streamlines troubleshooting and maintenance efforts.

## Maintaining and Stabilizing the Workforce

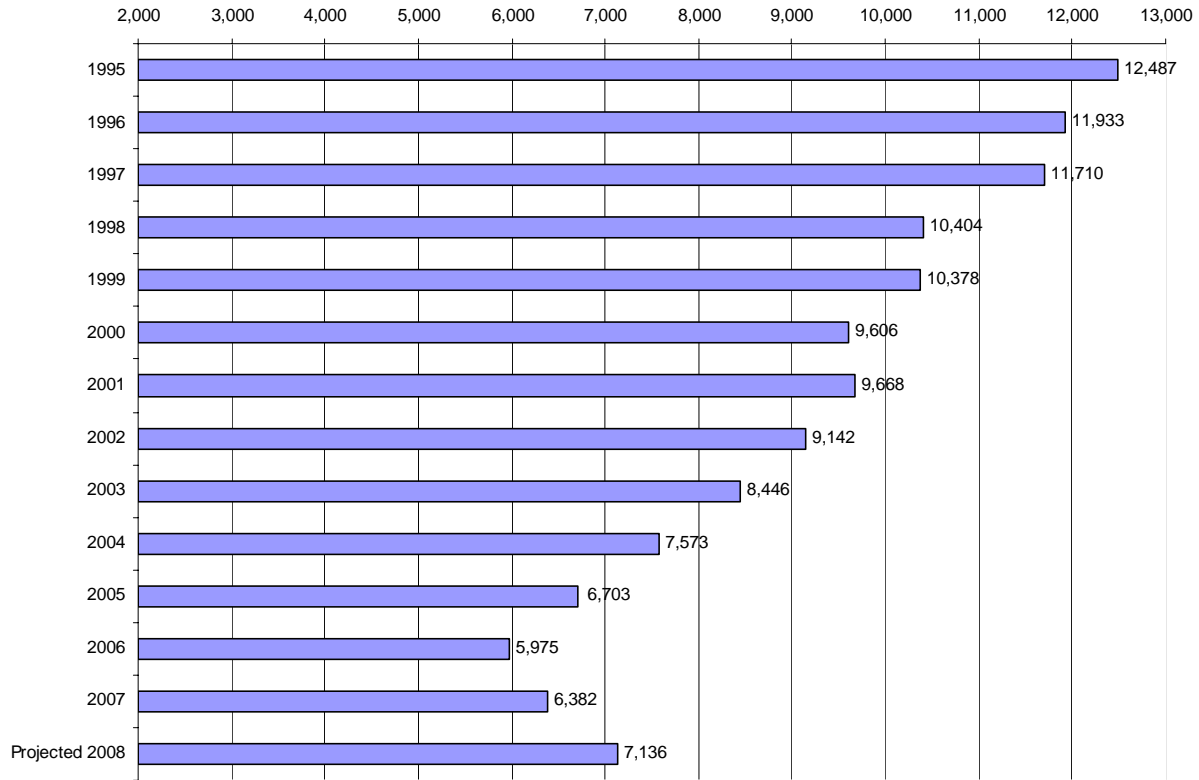
HHSC has taken steps to stabilize the state workforce as the new eligibility system moves forward. Since January 2007, HHSC has strategically converted 1,000 temporary positions to regular status positions across the state to reduce workload and improve client services. HHSC is maintaining a workforce of 6,700 full-time equivalent staff for eligibility determination and has budgeted for a total of 7,136 positions in fiscal year 2008. HHSC has reviewed caseloads in local offices to determine appropriate staffing levels. In addition, H.B. 1, 80<sup>th</sup> Legislature (Article II, HHSC, Rider 54), provides the flexibility to adjust the Commission's full-time equivalent limitation to ensure that any duties assumed by state staff from a contractor are successfully transferred and federal performance standards are maintained.

The need for additional staff is driven by workload, which is illustrated in the following charts. When the state reached a peak of 5.6 million benefit recipients in fiscal year 2006, staffing levels hit their lowest point, and each worker was responsible for an all time high of 946 benefit recipients. Staffing levels increased in fiscal year 2007, and recipients per worker was reduced by 10 percent. The increase in eligibility staff during fiscal year 2008 will further reduce recipients per worker by 17 percent compared to fiscal year 2006 levels.

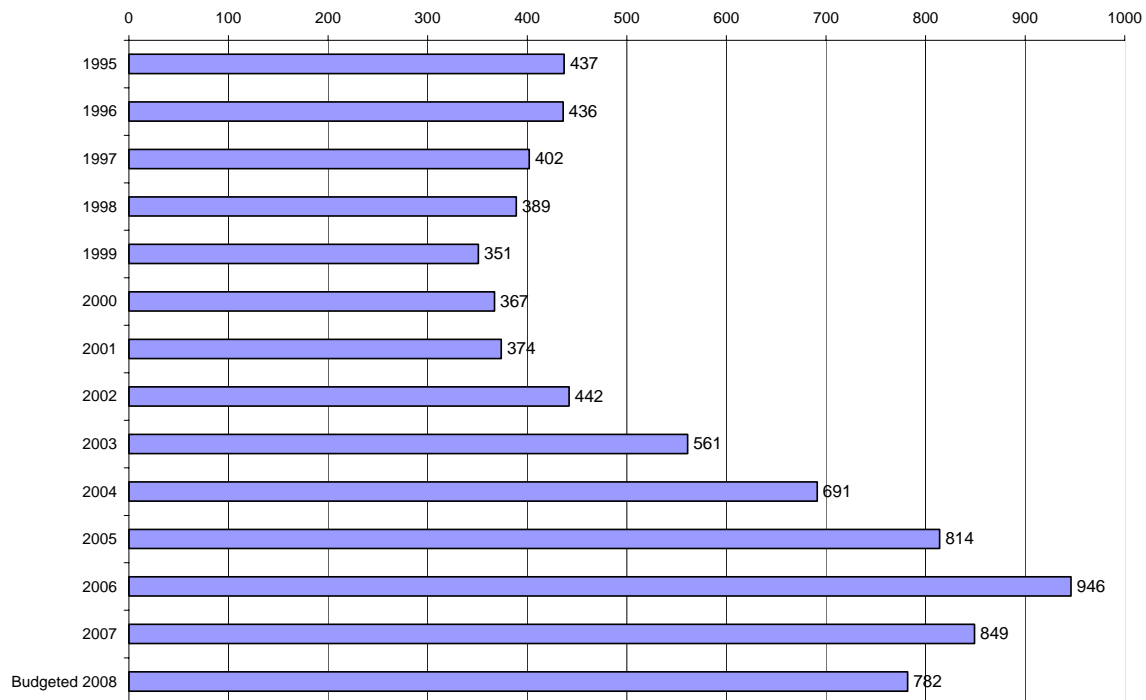
**Total Medicaid, Food Stamp and TANF Recipients  
Fiscal Years 1995 through 2008**



### Average Annual Filled Eligibility Determination Positions Fiscal Years 1995 through 2008



### Number of Medicaid, Food Stamp and TANF Recipients Per Eligibility Determination Filled Position Fiscal Years 1995 through 2008



To increase efficiencies, centralized staff units are being used to relieve workload in field offices. For example, a special eligibility unit was created in January 2007 to process applications for the Medicaid for the Elderly and Persons with Disabilities (MEPD) Program. Statewide staff specializes in MEPD eligibility programs to ensure that MEPD cases are managed in a prompt and efficient manner. The MEPD center ensures that local offices do not experience increases in workloads from this program. HHSC will create other specialized units and centralized processing as needed for implementing new programs and to reduce the workload at local offices.

In addition to the MEPD unit, the following centralized units have been established since January 2006:

- Customer Care Centers in the Call Centers: The centers process client and agency-generated changes for statewide TIERS clients. In addition, the centers process applications and renewals for children's Medicaid-only TIERS cases. Customer care centers were implemented with the Integrated Eligibility and Enrollment pilot rollout in January 2006.
- Assistance Response Team (ART): ART manages the maintenance of TIERS cases for households in non-TIERS counties. This includes applications and renewals. The assistance response team was implemented for the Integrated Eligibility and Enrollment pilot rollout in January 2006.
- Women's Health Program: This unit processes Women's Health Program applications statewide. Members of this unit are housed across the state in local benefits offices. Women's Health Program processing units were centralized with the implementation of the program in January 2007 and have been effective in managing the workload for this new program.
- Fair Hearings Units: The newly-established fair hearing units manage case preparation and provide agency representation for fair hearings statewide. This process includes case preparation and agency representation at hearings. The units began in September 2007 and currently process TIERS fair hearings. The units are scheduled to also cover SAVERR cases beginning in January 2008.

HHSC has additional centralized casework units to balance the workload of local eligibility offices. The following specialized units were in place prior to January 2006:

- CHIP Processing and Referral Unit: This unit processes all Medicaid referrals received from the CHIP vendor. Staff in a centralized Austin location process Medicaid applications to ensure children are Medicaid-eligible the month after their CHIP coverage ends. The first unit was implemented in 2002 and was expanded in 2006.
- Centralized Benefit Services: Processes food stamp cases for Supplemental Security Income-only households using specialized automation that reduces verification requirements for these households. In addition, the unit also processes Special Nutrition Assistance Program food stamp cases.
- Children's Medicaid ("Kids Med") Centers: Located in five regions across the state, the centralized kids Medicaid centers process applications and/or renewals for children's Medicaid. Centralized processing ensures a streamlined, timely approach. These centers/units are present in Grand Prairie, El Paso, the Rio Grande Valley, San Antonio, and Houston. The Houston center was expanded in September 2007 to include a second site.



- **Centralized Change Centers:** Located in three regions of the state, these centers process client reported and agency generated changes to existing cases. These changes include TANF sanction requests received from the Texas Workforce Commission and the Office of Attorney General. These centers are in Grand Prairie, San Antonio and Houston.
- **Pregnant Women Application Unit:** Located in the Houston region, this center processes applications and performs case maintenance on pregnant women Medicaid cases for the Gulf Coast Region.

Another component of stabilizing the state workforce is providing ongoing assurances to state staff that no reduction in force will be necessary. HHSC is confident the transition to the new system can be completed without any reduction in force and within the agency's new baseline appropriations levels. Included in the efforts to stabilize the state workforce is an emphasis on training, policy support, targeted case reading and quality assurance monitoring. HHSC is designating specialized staff at the field staff level to focus on service improvement initiatives. Management training for field supervisors is in development to rebuild and support expertise at the unit level.

### **Procurement Strategy and Schedule**

As previously noted, with the unwinding of the contract with TAA, HHSC is taking a new approach to the procurement of services to support the eligibility process. Four separate procurement processes will take place as detailed below. In May 2007, Requests for Information were published, and in June 2007 vendor conferences were held to provide the vendor community additional information on the planned procurement process. Prior to issuing each RFP, a draft will be released for public comment.

### **Eligibility Support Services (includes CHIP Processing and Call Center Operations)**

The roles performed under this contract will support eligibility determinations for health and human services programs. In addition to providing and operating call centers, the vendor will perform support functions that include creating electronic files, registering applications and other client documents, and scheduling/rescheduling eligibility appointments.

The successful vendor will perform these functions in accordance to federal standards for timeliness and accuracy.

The vendor will:

- Offer multiple access channels to support client inquiries, including effective call center operations. Call center operations will use current TIERS, state portal and 2-1-1 telephony infrastructure, and vendor staff to respond to inquiries from clients and applicants and assist clients and applicants with case information, as well as provide information on eligibility procedures and rules.
- Perform functions in support of final eligibility determination by skilled state workers for Medicaid, food stamps, TANF, and long-term care.
- Efficiently and effectively gather information and verification and evaluate applicant information against eligibility requirements to support a determination of eligibility for CHIP benefits by vendor staff.

- Leverage state investments in call center facilities, equipment, and telephony infrastructure and application capabilities by proposing a solution that uses resources available to the state.
- Implement a comprehensive operations performance management, monitoring, transformation, and governance framework to enable successful leverage of current HHSC call center assets (TIERS, state portal, and telephony infrastructure).

State staff will:

- Evaluate the information contained on the application and the supporting documentation and determine eligibility (with the exception of some CHIP cases).
- Determine eligibility for CHIP for families that are eligible or receive other HHS benefits (approximately 40 percent of CHIP cases).
- Continue to perform analysis of the case, client interviews, and certification or denial of eligibility.

### **Timeline**

<b>Issue Request for Information</b>	<b>May 2007</b>
<b>Issue a Draft Request for Proposals</b>	<b>October 2007</b>
<b>Issue Final Request for Proposals</b>	<b>January 2008</b>
<b>Contract Award</b>	<b>September 2008</b>
<b>Federal Review of Contract</b>	<b>July-September 2008</b>

### **Document Processing Services**

Document Processing Services provide a solution for managing inbound documents through the mail received from applicants and existing clients, such as verification documents, applications, requests for recertification, and change requests. The document processing function includes imaging of in-bound documents and is defined as the process of scanning and saving documents as electronic images in the eligibility system for on-line access and viewing.

The in-bound document processing function includes provisions for expedited document handling in circumstances where applicants and existing clients must have their eligibility determined in an expedited manner in accordance with state and federal requirements. Document processing services also manage documents from HHSC offices that support the current eligibility status of active clients.

The vendor will:

- Provide document processing services at the Midland document processing center and up to three additional sites in Texas.
- Accept delivery of incoming documents from all carriers including Fed Ex, UPS, and DHL.
- Open incoming mail, sort according to state defined methods, and send to imaging within the same day received.

- Store images in electronic format on the HHSC provided server for retrieval and association by the CHIP processing, call center operations, and eligibility support vendor, and retain according to HHSC specifications.
- Ensure quality of image is usable by the image association staff and HHSC staff.

#### **Timeline**

<b>Issue Request for Information</b>	<b>May 2007</b>
<b>Issue a Draft Request for Proposals</b>	<b>October 2007</b>
<b>Issue Final Request for Proposals</b>	<b>January 2008</b>
<b>Contract Award</b>	<b>September 2008</b>
<b>Federal Review of Contract</b>	<b>July-September 2008</b>

### **Enrollment Broker Services**

The Enrollment Broker procurement will include enrolling Medicaid and CHIP eligible beneficiaries effectively and efficiently and transmitting the enrollment information to trading partners in a timely manner. The enrollment process includes policies, procedures, and business rules for the various managed care programs operated by the state, e.g., STAR, STAR+PLUS, NorthSTAR, CHIP and CHIP Perinatal. Processes will accommodate new health plans, including behavioral health plans, new Medicaid managed care programs, and new service areas as determined by HHSC.

The vendor will:

- Continue the enrollment program for Medicaid managed care and CHIP that, through effective call center operations, helps beneficiaries select a health plan or primary care physician.
- Maintain an enrollment program that focuses on the specific needs of beneficiaries and adapts to their specific needs. This includes processing and reporting of enrollment fees and refund services for CHIP beneficiaries.
- Perform Texas Health Steps (THSteps) outreach and education programs that provide effective and thorough information to THSteps beneficiaries about available programs and services and encourages these beneficiaries to appropriately access and utilize those services.

HHSC will continue the current contract for enrollment broker services until June 2010 under an interim contract. The contracted vendor also provides all the automated systems, information technology, and processing necessary for effective and efficient operations

#### **Timeline**

<b>Issue Request for Information</b>	<b>May 2007</b>
<b>Issue a Draft Request for Proposals</b>	<b>August 2008</b>
<b>Issue Final Request for Proposals</b>	<b>December 2008</b>
<b>Contract Award</b>	<b>December 2009</b>

## **TIERS Maintenance**

The success of the enhanced eligibility system depends on an automated system that supports multiple access channels for clients. TIERS has been designed to support the enhanced eligibility system and ensures the integrity of eligibility determinations. A TIERS maintenance contract will be procured to assist HHSC IT staff with ongoing improvements and developing new system builds that are necessary due to changes in policy or to accommodate new program eligibility coming into TIERS. HHSC will continue the current contract for TIERS maintenance services until August 2010.

The vendor will:

- Provide a technical team for TIERS application enhancements.
- Provide maintenance services and include deficiency corrections.
  - Analyze and repair TIERS application deficiencies.
  - Work with the HHSC help desk team to analyze, determine root causes, and resolve support requests.
  - Execute and monitor TIERS nightly batch processing.
- Establish a quality assurance team to review process, deliverables, and traceability to ensure the project adheres to established standards, guidelines, and templates.
- Perform testing of each enhancement and maintenance release.
- Provide technical support.
  - Develop a project plan for the vendor's responsibilities. This will entail delineating tasks; expected duration; work effort required; dependencies, where appropriate; and resources required to complete those tasks.
  - Develop and maintain a log of risks and mitigation strategies associated with the delivery of services. These risks will be documented using the HHSC approved tool for risk management.
  - Develop and maintain a log of issues and resolutions for issues identified with the delivery of services. These issues will be documented using the HHSC approved tool for issue management.
  - Define and implement a process for responding to change requests with an impact analysis.
  - Develop a monthly status report for all areas of service delivery.

State staff will:

- Perform technical oversight of vendor performance.
- Define business requirements for any changes made to TIERS.
- Perform user acceptance testing on any changes made to TIERS.
- Define technical architecture direction for the TIERS application.
- Provide system administration functions for the TIERS application.

## Timeline

<b>Issue Final Request for Proposals</b>	<b>November 2008</b>
<b>Contract Award</b>	<b>February 2010</b>
<b>Federal Review of Contract</b>	<b>December 2009-February 2010</b>

## TRANSITION CHALLENGES

### **Operating Two Eligibility Systems**

As HHSC continues to assess the readiness of the TIERS system for expansion, there is no certainty to the roll-out timeline. In this interim period, the state continues to use and maintain both SAVERR and TIERS

Maintaining two systems that support the eligibility process places operational stresses on clients and eligibility staff:

- System and policy changes are required in both systems.
- Training must be developed and delivered to support both systems.
- Scheduling TIERS clients in offices outside of the TIERS pilot area requires staff to be proficient in both systems.

Despite the fact that no new geographic areas have been converted to TIERS since November 2006, its usage across the state has increased. As clients move from the pilot area to other areas of the state, their cases remain in TIERS. In addition, as new programs are created and added, it no longer makes sense to program them into both automated systems. As a result, some programs, such as the Women's Health Waiver Program, have been programmed only into TIERS. This also leads to an expanding TIERS population throughout the state.

Because of the need to serve TIERS clients in all eligibility offices, HHSC is conducting TIERS training for staff across the state. Increasing this knowledge base in each eligibility office will help prepare staff for future roll-outs.

### **Local Office Telephone Systems**

As state workers in local offices increase the use of telephone interviews for hardship cases and recertification, telephone systems in the local eligibility offices become a major communication channel. Capacity limitations of these antiquated telephone systems make client access difficult. HHSC has identified systems in 22 offices that need immediate replacement. HHSC requested federal approval to replace those phone systems in an Advance Planning Document Update submitted to the federal government in June 2007.

### **Timeliness**

The Food and Nutrition Service (FNS) has established standards for the Food Stamp Program requiring client applications to be processed within 30 days of receipt (7 days for expedited food stamp applications). While the federal standard for expedited food stamps is 7 days, Texas law

requires expedited food stamp benefits to be issued within 24 hours of application receipt.). The major urban areas of the state have struggled to achieve the federal standards, and FNS requested that Texas develop a corrective action plan to bring timeliness to the required federal standards. To meet this expectation, 95 percent of all applications received must be processed within the established time periods.

During fiscal year 2007, Texas processed 87.6 percent of statewide food stamp applications within federal standards. In February 2007, the state submitted a corrective action plan to FNS laying out the steps that would be taken to ensure that applications are being processed timely. Actions undertaken by the state to improve timeliness include:

- Stabilizing the workforce to retain experienced knowledgeable workers.
- Monitoring each region's monthly application timeliness reports and requiring regional management to submit a plan to improve timeliness.
- Conducting internal office reviews if a regional office falls below the 95 percent tolerance level for three consecutive months. The findings of the reviews are used to evaluate corrective measures.
- Training on timeliness standards is delivered and tracked to ensure all eligibility staff are trained.

The Dallas-Fort Worth, Houston, and Austin regions' timeliness levels are generally lower than the other regions of the state. Events such as natural disasters have had a profound effect on timeliness due to unplanned office closures and increased demand for services. These three metropolitan areas experience high attrition rates due to their diverse economies and robust job markets. As new staff are brought in and trained, timeliness can suffer as a result of the workers' inexperience with the programs and policies. Added to the challenge of meeting timeliness standards is the operation of two disparate automated systems. Down time for the SAVERR mainframe results in down time for offices statewide, and averages less than two hours each year. However, because SAVERR depends on a configuration of multiple servers in each office, the offices are prone to additional down time when the outdated hardware fails. Local offices using SAVERR and its supporting technologies experienced a total of 2,663 hours of down time from October 1, 2006 through September 30, 2007. During down time, the office can only process applications by hand on paper, and the cases must be entered into the system when the system issues are resolved. Overtime must be authorized to complete the cases and to minimize the impact on timeliness.

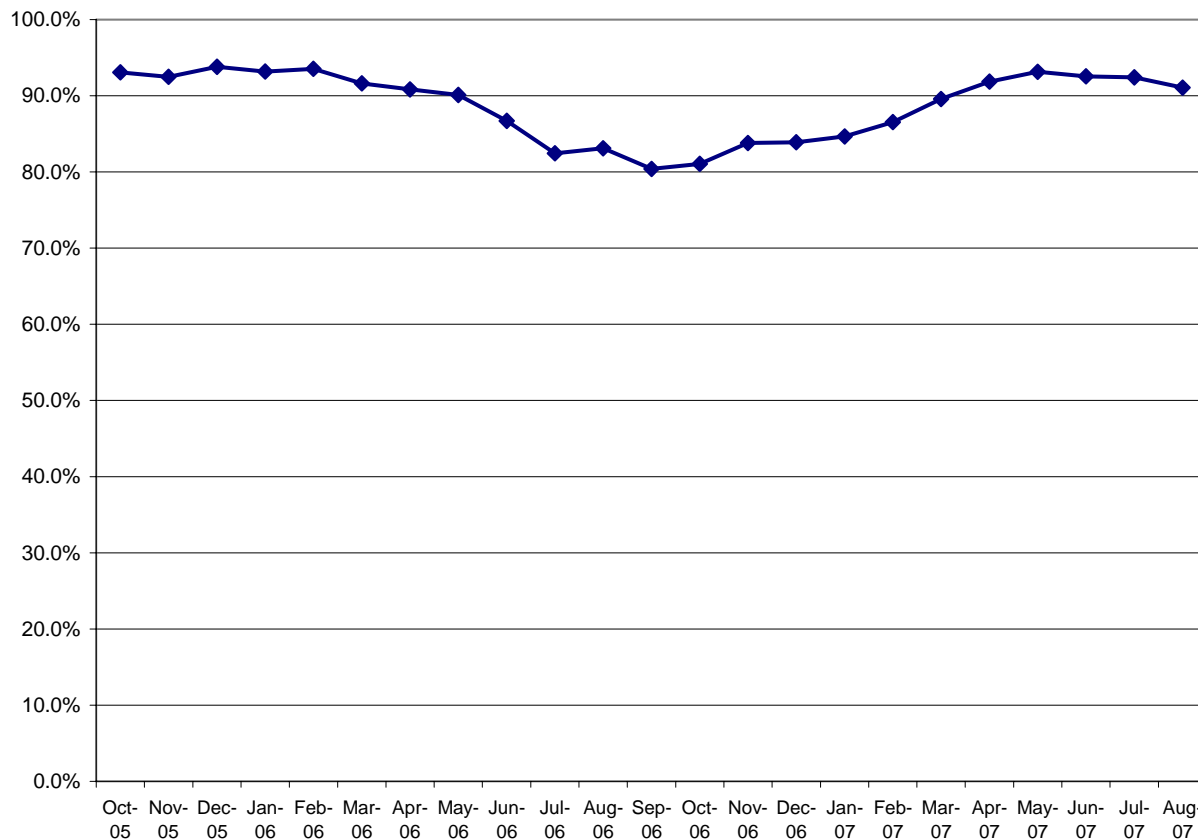
Because TIERS is a centralized web-based system, local offices have minimal hardware dependencies and experience greater system reliability. This past July, TIERS experienced an uncharacteristic 27 hour period of down time due to failures on the data storage devices. The failures occurred because a hardware system correction had not been implemented in a timely manner prior to the transition of system responsibilities to state staff. Excluding that period, TIERS offices experienced less than six hours of down time between October 1, 2006 and September 30, 2007.

The Austin area experienced sharp declines in timeliness as a result of vendor performance during the integrated eligibility pilot. Specialized units were brought in to work through the backlog of cases which helped the region stabilize. Although Region 7 performance has

improved in recent months, timeliness is achieved more often for SAVERR cases than for cases worked in TIERS.

HHSC is researching the causes of the differences in timeliness. Possible actions to ensure that timeliness issues are resolved to meet the federal timeliness standards include expanded and improved training for staff, exploring the expanded use of centralized units to help relieve workload pressures at local offices, implementing system enhancements as quickly as possible, and continuing to monitor and adjust staffing levels within appropriated levels.

**Statewide Food Stamp Application Timeliness: October 2005 – August 2007**



Texas in the past has been awarded enhanced federal funding for meeting food stamp quality standards. After an estimated \$10.2 million sanction by FNS in 1994 the Texas Food Stamp Program’s payment error rates began improving in 1995. As a result of these improvements, Texas received a total of \$135.1 million in performance bonuses between 1998 and 2002. Those improvements can be attributed to a robust workforce, lower recipient-per-worker ratios, and changes in the business process. Texas implemented an additional review of applications by supervisors or more experienced workers to reduce incorrect issuances, and began certifying benefits for a shorter period (three months) to ensure that changes in income and household composition were reported more frequently by clients. The majority of cases prior to this had been certified for six months, which is the most common certification period currently provided to clients.

The Food Stamp Act of 2002 amended certain provisions concerning quality control, and the system of enhanced funding payments was eliminated and replaced with a national total of \$48 million per year in new performance bonuses available to all states (effective October 1, 2002).

This change significantly reduced the amount of funding available to states. In the current system, high performance bonuses are made to states demonstrating high or most improved performance in administration of the Food Stamp Program. There are seven categories for these bonus payments, including lowest combined error rate, most improved participant access rate, and best application processing timeliness rate. Texas received enhanced funding totaling \$17.4 million in 2003 and 2004 for being one of the seven states with the lowest combined payment error rates. Although Texas has not received bonuses since 2004, the state continues to have the strongest performance in the southwest region.



## ENHANCED ELIGIBILITY SYSTEM PROPOSED TIMELINE

May 2007	Published Requests for Information for Enrollment Broker, CHIP Processing, Call Center Operations, and Eligibility Support services.
August 2007	TIERS build to incorporate eligibility changes for CHIP and to strengthen safeguards to prevent erroneous food stamp supplements.
September 2007	Transfer responsibility to the state for processing client requests for appeals related to eligibility determinations in Texas Works and long-term care.  Implement more robust Independent Validation and Verification (IV & V) that provides separate and more in-depth reviews of business operations and technical/automation operations  HHSC Council Eligibility System Subcommittee meeting to obtain public input on the draft transition plan.
October 2007	Submit transition plan to the Eligibility System Legislative Oversight Committee (LOC).  Publish draft RFP for Eligibility Support Services for external review.  Publish draft RFP for Document Processing Services for external review.
November 2007	Enhancement added to provide option to pay CHIP enrollment fee by credit or debit card through Texas On-line.  TIERS build to support the Foster Care Managed Care and Integrated Care Management models.
January 2008	Issue final RFP for Eligibility Support Services to include CHIP eligibility processing, call center operations, and other functions in support of eligibility.  Issue final RFP for Document Processing Services.
February 2008	Submit updated transition plan to the LOC.
Summer/Fall 2008	TIERS build to support CHIP eligibility determination and conversion of CHIP client file and associated cases.
June 2008	Submit updated transition plan to the LOC.
July-September 2008	Award contract for Eligibility Support Services after federal review.  Award contract for Document Processing Services after federal review.
August 2008	Publish draft RFP for Enrollment Broker contract for external review.
October 2008	Submit updated transition plan to the LOC.

## **ENHANCED ELIGIBILITY SYSTEM PROPOSED TIMELINE (CONT'D.)**

November 2008	TIERS build to provide enhancements requested by eligibility staff. Issue final RFP for TIERS Maintenance contract.
December 2008	Issue final RFP for Enrollment Broker contract.
January 2009	Transfer Eligibility Support Services to a new vendor. Transfer Document Processing Services to a new vendor.
February 2009	Submit updated transition plan to the LOC.
December 2009	Award contract for enrollment broker.
December 2009- February 2010	Award contract for TIERS maintenance after receipt of federal approvals.
June 2010	Transfer Enrollment Broker services to new vendor.
By September 2010	Transfer TIERS Maintenance services to new vendor.

## CONCLUSION

Texas is in the midst of modernizing how individuals and families apply for benefits and update information in its major health and human services programs: Food Stamps, Medicaid, Children's Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF), and services for persons who are elderly or have disabilities (MEPD).

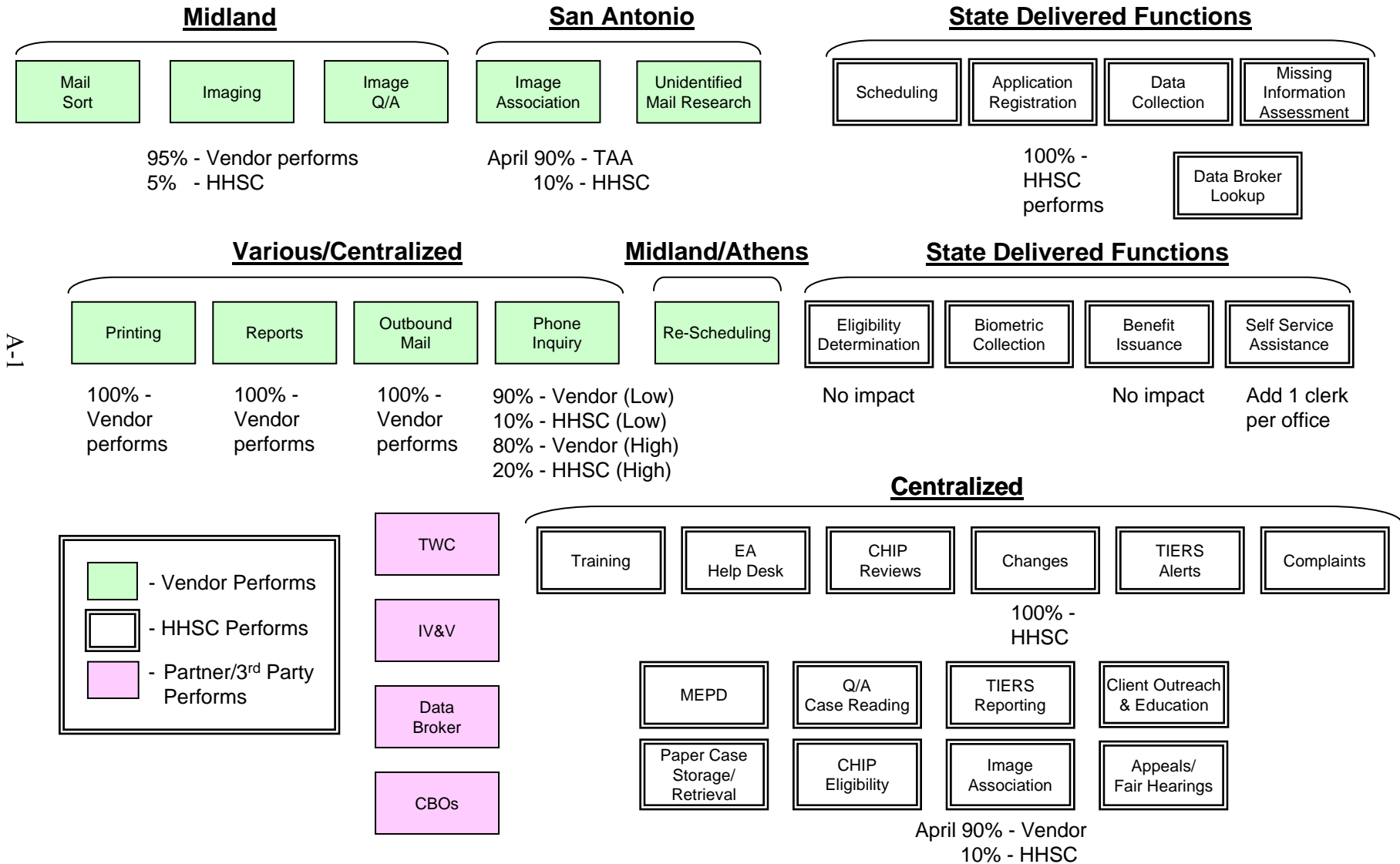
The Texas Legislature directed the development of the Texas Integrated Eligibility Redesign System (TIERS) in 1999 based on a thorough analysis that concluded the legacy System for Application, Verification, Eligibility, Referral and Reporting (SAVERR) would soon be unable to meet the state's needs. Since 1999, \$279 million in state and federal funds has been invested in the development of TIERS, and the system is now being piloted in three counties. TIERS does more and costs less than similar systems in other large states. With passage of H.B. 3575, the 80<sup>th</sup> Texas Legislature has provided an opportunity to continue to enhance the eligibility system to be more fully functional relative to the needs of Texas residents eligible for health and human services programs.

The need to modernize the eligibility system in Texas is clear. The current model is based on a service delivery framework designed in the 1970s and continues to reflect certain inherent limitations, such as outdated computer technology and business processes. HHSC is redesigning its programs around consumers, with extended hours and multiple ways Texans can apply for services at times and places that are convenient to them. The new system will efficiently support state workers and keep complex decision-making in the hands of trained, experienced state employees. (Appendix C visually illustrates the two systems.) The eligibility pilot showed that HHSC needed to redraw the line between the state and private sector to clarify that the private sector is there to provide support to the state staff. The new eligibility system will provide improved access for consumers, expand the use of technological tools and modern business practices, and be a cost-effective use of taxpayer's money.

As Texas determines its next steps, the state's goals remain aligned with those outlined in legislation which serves to increase access to services, implement efficient and simplified business processes, reduce fraud, and ensure compliance with federal law. HHSC submits this first transition plan to summarize events leading up to where Texas is now with integrated eligibility and benefits determination and provide a high-level overview of anticipated next steps. This transition plan will be updated periodically to correspond with public hearings conducted by the Eligibility System Legislative Oversight Committee, with future transition plans containing more specific detail regarding steps needed to achieve the goals of the enhanced eligibility system.

# **Appendices**

# Redistribution of Vendor and State Staff Roles



I-V

APPENDIX A

- Vendor Performs  
 - HHSC Performs  
 - Partner/3<sup>rd</sup> Party Performs



APPENDIX B

JUN 26 2007

United States  
Department of  
Agriculture

Mr. Albert Hawkins, Executive Commissioner  
Texas Health and Human Services Commission  
Office 7100, MCBH-1000  
P.O. Box 13247  
Austin, Texas 78711

RECEIVED

JUN 29 2007

OFFICE OF THE HHS  
EXECUTIVE COMMISSIONER,

Food and  
Nutrition  
Service

Southwest Region  
1100 Commerce  
St.  
Dallas, TX  
75242

Dear Mr. Hawkins:

The Food and Nutrition Service (FNS) is working to resolve issues that affect the Agency's support for the further rollout of the Texas Integrated Eligibility Redesign System (TIERS). FNS staff, along with consultants from Booz Allen Hamilton (BAH), made a follow-up visit on May 7-9, 2007 to meet with staff of the Texas Health and Human Services Commission (THHSC). The main focus of this trip was to evaluate how claims collection is supported in TIERS. A second focus of the visit was to review erroneous supplemental issuances that persist in the system. The assistance provided by your staff during this visit was greatly appreciated. FNS has determined that the issue for processing claims in the TIERS system has now been resolved; our review and future expectations are noted below. However, we continue to have an outstanding issue with erroneous supplemental issuances; our review and expectations are also found below.

Claims – FNS staff and its consultants followed the processing of a claim in TIERS to identify what information is readily available to support this process and to validate the data that is being used. We reviewed several case scenarios and looked at various data sources and rules.

During this review FNS did not identify any data items with questionable validity and found an adequate audit trail for these data items. FNS also found that the historical report, which became available since our visit in April, provides sufficient information to support the processing of claims and fraud referrals.

While FNS concludes that TIERS now can support the program requirement to establish and collect claims for improper payments, it is our understanding that fraud and claims referrals for TIERS cases are not presently being acted upon and that no attempt has been made to do so since April of 2005. It is imperative that the State begin to actively pursue these claims. If the State does not immediately begin pursuing collection activities in accordance with requirements contained in 7 CFR Section 273.18(a) (2) of the Food Stamp Program regulations, FNS will pursue the formal warning process for suspension/disallowance of administrative funding under Section 276.4 of these regulations.

Erroneous Supplements – FNS' review of the issuance of erroneous supplemental benefits revealed that serious problems still exist. Despite extensive training of staff and second party reviews of their work, there still appears to be a significant number of supplemental benefits being issued erroneously in TIERS.

Our review of the supplemental issuances that THHSC identified showed that in some cases the benefits being issued are for time periods greater than 12 months from when the supplementals are authorized. This is a violation of FNS regulations.

Agency staff also determined that many of the supplemental issuances that THHSC determined to be correct were actually incorrect. This resulted in an understatement of the problem. More problematic, however, is that FNS identified discrepancies in the supplemental issuance report that THHSC provided to us at our last visit. In essence, that report was not capturing all of the supplemental issuances. Thus, at this point the extent of the problem is still unknown.

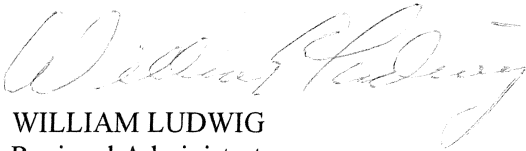
FNS appreciates that the State has taken measures with staff to alert them that the system allows benefits to be issued for time periods greater than 12 months from when the supplementals are authorized. In addition, the State has acknowledged that the supplement report the State has been using has errors that need to be corrected and is working to obtain an accurate report. Given that FNS cannot determine the extent to which supplemental issuances are a problem, and that the corrective action implemented to date does not appear to have solved the issue, we are unable to approve further rollout of TIERS at this time. Before FNS can approve further rollout of TIERS, our staff will need to get a report that shows the full extent of the supplemental issuances and validate that the report indeed does capture all such issuances. We will also need to validate that the supplemental issuances have been reduced to an acceptable level and are in compliance with Program rules.

We appreciate the actions taken by the State thus far to address this problem, and know that you share our concern that the system must be issuing accurate benefits before it is allowed to roll out. It is critical that this issue be resolved as quickly as possible to contain the State's potential liability related to the overissuance of benefits.

We also want to remind you that an Implementation Advanced Planning Document Update (IAPD-U) is due to us by June 21, 2007. As stated in our correspondence to you of March 23, 2007, our support for the further rollout of TIERS is also contingent on our approval of this plan.

If you would like to discuss these issues further, please feel free to contact me or any of my staff.

Sincerely,

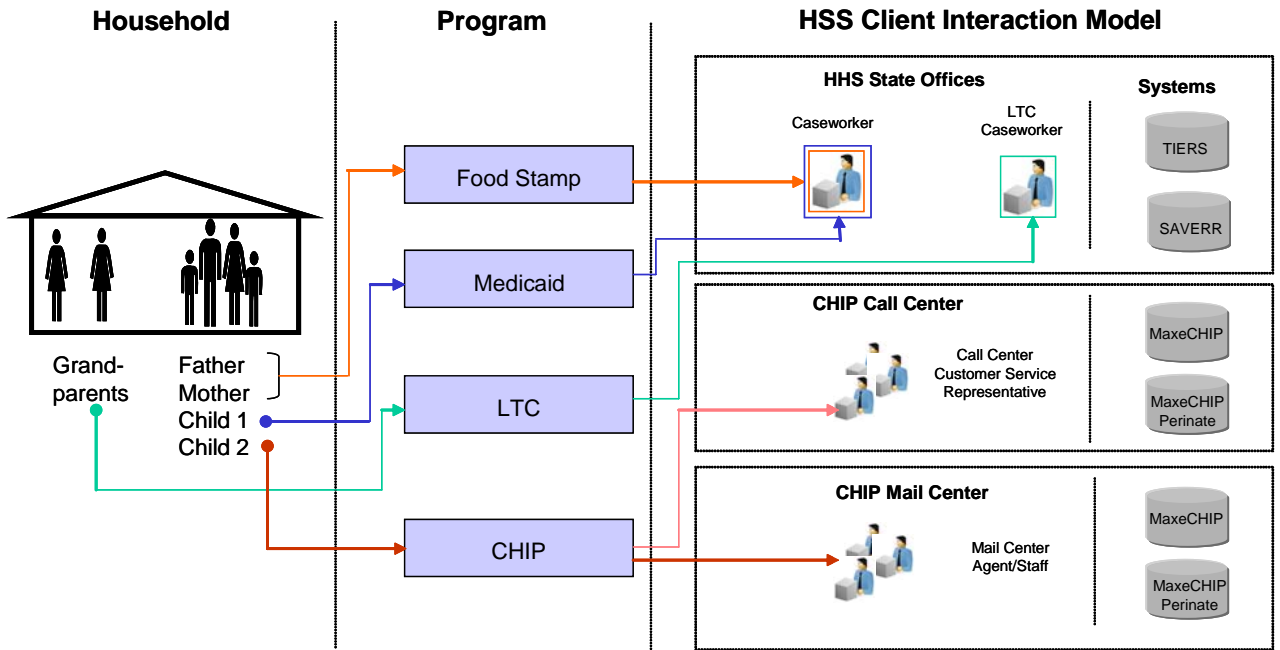


WILLIAM LUDWIG  
Regional Administrator

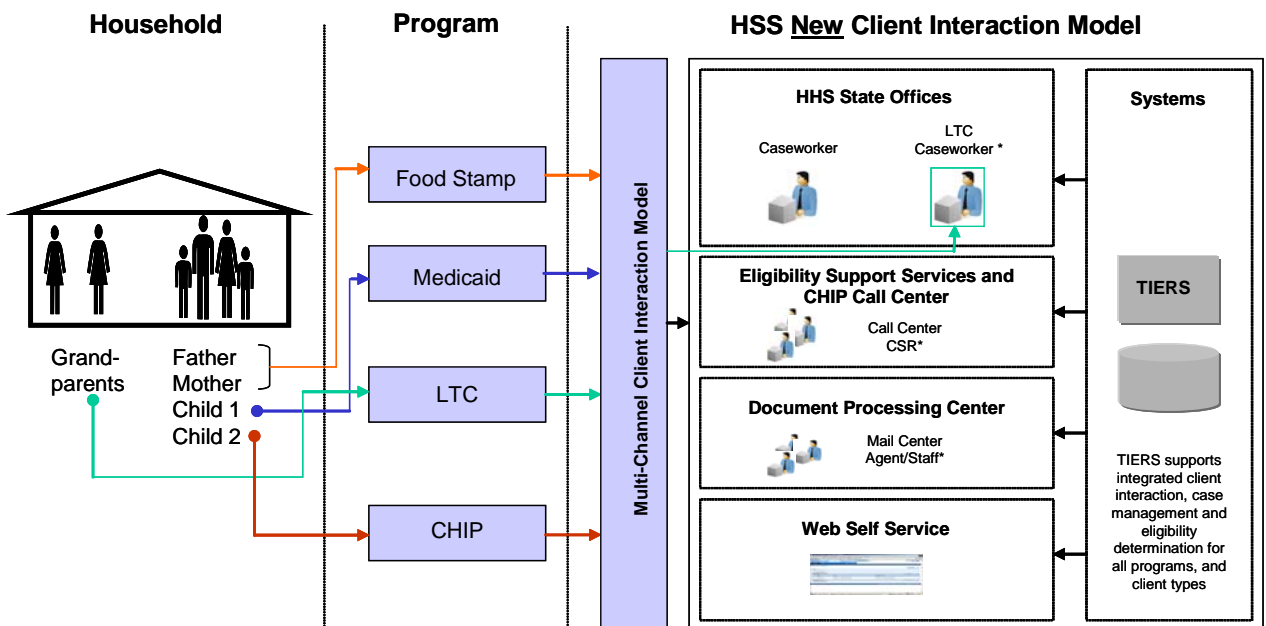
cc: Anne Heiligenstein, S/A  
Aurora LeBrun, S/A

# APPENDIX C

## CURRENT ELIGIBILITY SYSTEM



## FULLY IMPLEMENTED ENHANCED ELIGIBILITY SYSTEM



\* LTC eligibility will still be handed by specialized caseworkers.



## APPENDIX D

### SUMMARY OF PUBLIC COMMENTS RECEIVED ON THE TRANSITION PLAN

**HHSC solicited public comments on a draft version of the H.B. 3575 plan. Oral comments were received by a subcommittee of the HHSC Council in a public hearing on September 21, 2007. In addition, written comments were accepted.**

At the subcommittee meeting, verbal testimony was received from four people. A summary of the comments are below.

- An individual commented that there were errors in judgment in the initial rollout of the new eligibility system, and she expressed support of the new transition plan.
- Comments received from a representative from the Texas State Employees Union indicated that the transition plan does not move quickly enough to address problems with timeliness. He stated the concern that there is not enough state staff to perform the current work, more staff should be hired in regional offices, and that training should be increased. He testified against having the private sector perform functions to support eligibility services. He expressed his opinion that clients are best served by face-to-face interaction with state employees. He expressed the belief that TIERS rollout should be stopped. He encouraged that SAVERR should be examined to see if it could be web-based. (Also submitted written comments.)
- An HHSC caseworker from the Houston area testified that her experience with TIERS is that it is too time consuming and cumbersome to use.
- Testimony received from a representative from the Center for Public Policy Priorities noted the issues the state is having related to achieving federal timeliness standards, particularly in Region 7 where the pilot for TIERS and the new eligibility system took place. She noted that they did not believe the initial business case was adequate; for example, it did not contain any staffing analysis. She observed that in terms of analyzing future staffing needs, as the client population grows, staffing should also increase. She requested additional public input prior to the release of RFP. She noted improved performance over the past six months, but expressed concerns that the eligibility system is still in crisis, primarily due to understaffing and lack of staff with adequate policy knowledge.

At the subcommittee meeting, written comments were submitted by the Texas State Employees Union on behalf of eight HHSC employees. Their comments are summarized below:

- An eligibility worker from San Antonio advocated bringing back the system to how it once was so that workers have face-to-face interactions with staff. This employee

requested additional staffing levels instead of investing any more money into the new eligibility system.

- An eligibility worker advocated for additional staff in the eligibility offices. The employee observed that overtime is required to work cases and that staffing issues impact customer service.
- A temporary worker in an eligibility office stated that training was not adequate and that staffing levels are not sufficient. This worker requested that more temporary positions be converted to permanent status.
- An eligibility worker expressed concerns about TIERS and commented, “If it ain’t broken, why fix it?”
- An eligibility worker submitted comments relating to TIERS system and the amount of information that must be entered to determine eligibility.
- An eligibility worker stated concerns about TIERS assigning a client case number before the case is certified.
- An eligibility worker from Houston stated concerns with the procedures clients must use to obtain information and services. This worker requested additional TIERS training for staff, and stated concerns about depth of policy knowledge of call center staff. He stated support for the concept of a call center but believes clients should talk to state employees.
- An eligibility worker from Dickinson expressed concern that the new system isn’t meeting the needs of Texans.

After the subcommittee meeting, written comments were also submitted by six individuals. They are summarized below:

- A comment was received stating that TIERS is a roadblock to getting timely benefits.
- A comment was received disagreeing that a call center system is better. This individual noted that many clients don’t have computers and will not submit applications on-line.
- An eligibility worker who has used the TIERS system since June 2006 commented that he believes TIERS is an excellent system that is constantly improving. In his current position he works cases in both SAVERR and TIERS and noted that he prefers TIERS. He also stated support for the multiple channel of access available to clients to apply for benefits in the new model. He noted that additional state staff is needed to speed up processing of cases.

- Comments submitted by an attorney with Texas RioGrande Legal Aid, Inc., noted that populations frequently served by HHSC programs may not have access to telephones, fax machines, and computers. She also noted that applicants may need assistance navigating and completing the application process. She notes that private sector solutions are not necessarily designed for the social service sector.
- Comments submitted by the National Academy of Elder Law Attorneys, Texas Chapter, caution that automating the application and recertification process for long-term care benefits must not create barriers to the elder population. They comment that the application is not designed appropriately for this population. They note that TIERS requires a complete new application for annual recertification, and SAVERR does not.
- Comments received from an attorney were similar to the comments noted above.

## APPENDIX E

### GLOSSARY

<b>Glossary Term</b>	<b>Definition</b>
Call Centers	Established by H.B. 2292, call centers serve support the state's new eligibility system. These centers answer calls related to CHIP, Integrated Eligibility, and Enrollment Broker and have state-of-the-art document imaging and processing.
Certification	Determination of client eligibility or meeting certain program standards for a benefit.
Client	An individual desiring benefits or services or an individual receiving benefits or services.
Children's Health Insurance Program (CHIP)	Authorized and funded pursuant to Title XXI of the Social Security Act (42 U.S.C. 1397aa-1397ii) and administered by the Texas Health and Human Services Commission. CHIP is a joint state-federal program that provides medical coverage to eligible children up to age 19, who are not already insured.
Commission	Health and Human Services Commission (HHSC), responsible for determining eligibility for state services including CHIP, Medicaid, Food Stamps, TANF, and Long-term care for the elderly and people with disabilities (financial eligibility).
Denial	A negative action taken against a request and/or application submitted for services.
Eligibility Determination	The act of determining if a client is entitled to benefits or services relative to a set of predetermined rules, procedures, or legislative mandates.
Eligibility Staff	HHSC staff involved in the eligibility process.
Enrollment	Once eligibility is determined for Medicaid or CHIP, beneficiaries are enrolled into a managed care health plan. Beneficiaries are free to choose a health plan within the individual program for which they qualify.
Enrollment Broker (EB)	An agent that enrolls Medicaid and CHIP eligible recipients into a managed care health plan.
Food Stamp Program	Program administered by HHSC that provides assistance to low-income families to help purchase nutritious food.

Glossary Term	Definition
Independent Validation and Verification (IV&V)	Independent validation and verification (IV&V) services provide performance monitoring and evaluation of the eligibility program and the information technology and data processing systems.
Long-Term Care Services	Services provided to persons who are elderly and those with a disability who need long term assistance and supports to remain as independent as possible.
Managed Care	A program where health maintenance organizations manage medical services for Medicaid and CHIP beneficiaries.
Medicaid	The Texas Medical Assistance Program administered by HHSC that provides medical coverage to eligible needy persons. The federal Medical Assistance Program as described in Title XIX of the Social Security Act.
Medicaid for the Elderly and People with Disabilities (MEPD)	Medicaid program that offers a variety of services to individuals who are elderly as well as adults and children with disabilities
System for Application, Verification, Eligibility, Referral and Reporting (SAVERR)	Legacy computer system designed to process eligibility for TANF, food stamps, and some Medicaid programs. It is a mainframe, LAN-based system deployed in 1978 and built on technologies available at that time.
State Portal	Consists of web pages that act as the entry point into the new eligibility system and includes functions for scheduling, complaints, and task/workflow management.
Self-Service Portal	HHSC's Internet based portal, located at <a href="https://www.yourtexasbenefits.com">https://www.yourtexasbenefits.com</a> that provides secure client access to screen and apply for the following programs: Food Stamps, Temporary Assistance for Needy Families (TANF), Medicare Savings Program, Community-Based Long-Term Care Services and Support, and Medical Assistance including Medicaid and Children's Health Insurance Program (CHIP).
Temporary Assistance for Needy Families (TANF)	Provides time-limited cash assistance to needy dependent children and the parents or relatives with whom they are living.

<b>Glossary Term</b>	<b>Definition</b>
Texas Integrated Eligibility Redesign System (TIERS)	Automated, web-based system established by the 76 <sup>th</sup> Legislature to redesign and replace multiple client eligibility determination systems and administer complex eligibility processes. TIERS is required to support the enhanced eligibility system.
TIERS Builds	Modifications and/or enhancements to TIERS to add new programs, redesign programming, add functionality, or fix identified defects.
Texas Integrated Enrollment Services (TIES)	Established in part by the 74 <sup>th</sup> Legislature and expanded upon by the 75 <sup>th</sup> Legislature to re-engineer business process as the method for integrating eligibility determination and streamlining service delivery processes through an automated single-state system.
Women’s Health Program	The Texas Women’s Health Program provides low-income women with gynecological exams, related health screenings, and birth control through Texas Medicaid.