



**TEXAS**

Health and Human  
Services Commission

# **House Government Reform Committee Hearing**

July 26, 2006

# Texas' Health and Human Services Integrated Eligibility System

# Eligibility Responsibilities



HHSC is responsible for determining eligibility for state services, including:

- Children's Health Insurance Program (CHIP)
- Medicaid
- Food stamps
- Temporary Assistance for Needy Families (TANF)
- Long-term care for the elderly and people with disabilities (financial eligibility)

# Current Eligibility System



- There is a clear and compelling need to modernize the eligibility system.
- The current model is based on a service delivery framework designed in the 1970s and continues to reflect certain inherent limitations:
  - Outdated computer technology which is difficult and costly to maintain and update.
  - Inflexible office-based system that cannot easily respond to demographic or workload changes, consumer preferences, or other external factors.

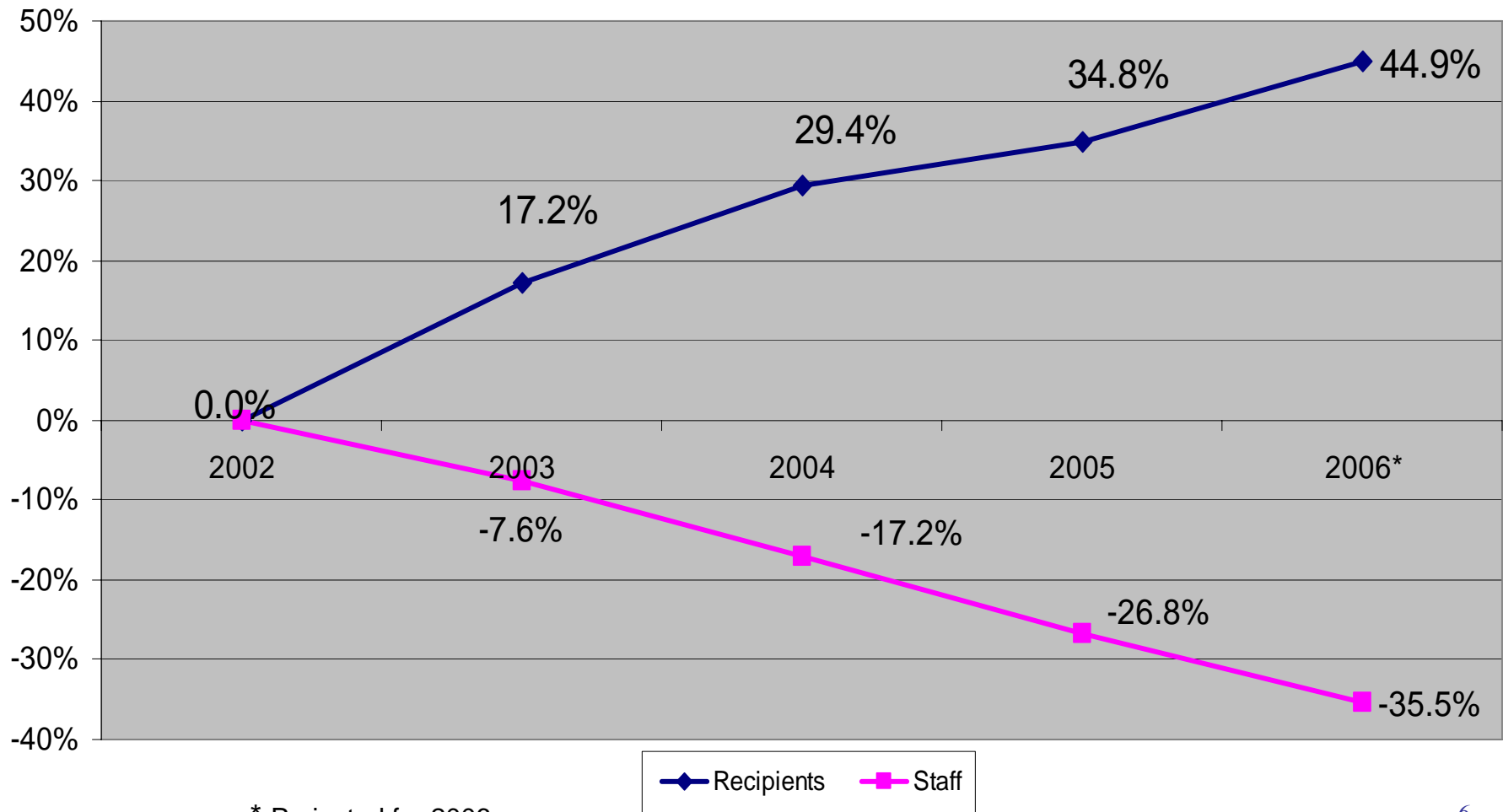
# Current Eligibility System

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- Limited use of technological tools and modern business practices to support eligibility processing.
- Staff and resource intensive process that cannot respond to caseload growth without substantial increases in appropriations.
  - If staffed at the FY 2002 level, the current eligibility model would require more than 13,000 staff – an increase of 7,000 over current staffing levels.
  - This level of staffing would cost more than \$250 million per year in All Funds.

# Medicaid, Food Stamp, and TANF Recipients & Staffing Percent Change 2002 - 2006



# Current Eligibility System

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- Inconvenient for clients, who are tied to a specific office that is only accessible in person during business hours.
- Client surveys demonstrate demand for change.
  - 80 percent said they would be likely to use the phone to apply for services.
  - 36 percent said they would be interested in applying online.
  - 28 percent rely on public transportation or someone else to take them to an office.
  - 82 percent wanted to be able to apply outside of normal work hours and not lose time on the job.
  - 81 percent wanted to be able to apply in private “without others around.”

# New Eligibility System



The 78<sup>th</sup> Legislature, 2003, enacted statutory provisions to “achieve the cost savings and revenue necessary to finance certain health and human services.” The legislation in part:

- Directed HHSC to establish call centers, if cost-effective.
- Required HHSC to outsource call centers unless HHSC determined that contracting for the operation of the call centers would not be cost-effective.

Business case completed in March 2004 determined that the use of call centers would be cost-effective.

Competitive procurement through an RFP determined that outsourcing was more cost-effective than state-operated call centers.



# New Eligibility System



- Goals for the new eligibility system:
  - Create options for consumers
    - Can apply in person at over 200 offices
    - Can apply by telephone, Internet, fax or mail
  - Expand the use of technological tools and modern business processes
    - Convert to electronic case files, which creates a more flexible model
  - Cost-effective use of taxpayers' money

# Implementing the New Eligibility System



- HHSC contracted with the Texas ACCESS Alliance (TAA) for multiple responsibilities:
  - Responsibilities assumed from previous vendors:
    - CHIP eligibility
    - Medicaid and CHIP managed care enrollment broker services
    - Maintenance of the Texas Integrated Eligibility Redesign System – TIERS – automated system
  - New responsibilities:
    - Integrated eligibility services for Medicaid, Food Stamps, and TANF
      - Currently in pilot in 4 out of over 300 eligibility offices

# Implementing the New Eligibility System

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- Performance issues have been identified in areas of vendor responsibility.
- Vendor has recognized need for improvement.

# Implementing the New Eligibility System



## Vendor Accountability:

- Financial interests of the state are protected through strong performance-based contract standards:
  - Key Performance Requirements
    - Includes timeliness and accuracy standards
  - Fixed and Variable Costs
    - Payment structure NOT tied to eligibility determination outcome
  - Consequential and Liquidated Damages
    - Vendor liable for sanctions imposed by federal agencies

# Contracted Services in New Eligibility System

# Contract Services



The Texas ACCESS Alliance (TAA) is contracted to provide:

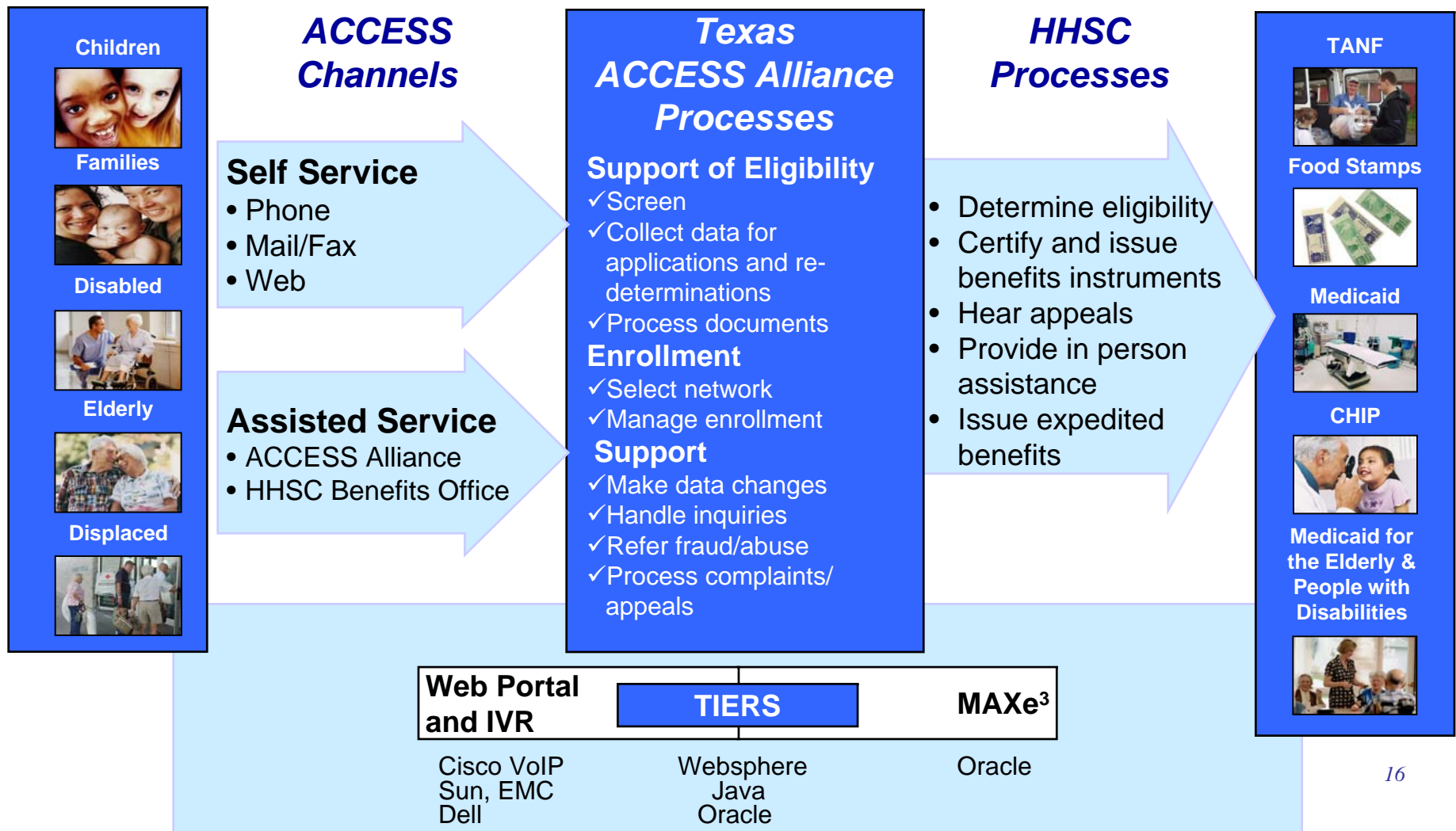
- Eligibility for CHIP
- Integrated eligibility services for Medicaid, Food Stamps, and TANF
- Medicaid and CHIP managed care enrollment broker services
- Maintenance of the new Texas Integrated Eligibility Redesign System – TIERS – automated system

# Implementation Timeline



- Enrollment Broker – Assumed responsibilities from previous vendors on November 1, 2005
- TIERS Maintenance – Assumed responsibilities from previous vendor on November 1, 2005
- CHIP – Assumed responsibilities from previous vendor on December 1, 2005
- Children’s Medicaid Applications statewide – January 1, 2006
- New Eligibility System Pilot – January 2006 – Two counties - Travis and Hays.
  - *All other counties are operating under the old state operated system.*

# Workflow





## Children's Health Insurance – CHIP

# Children's Health Insurance Program

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- CHIP application and renewal services have been outsourced since the inception of the program in 2000.
- TAA assumed responsibility for CHIP operations from a previous vendor.
- Significant CHIP policy and procedural changes were enacted at the same time.

# 2006 CHIP Policy Changes



- New rules to align CHIP with children's Medicaid eligibility and operations effective January 1, 2006
- New enrollment fees effective January 1, 2006 for new applicants, and March 1, 2006 for renewals.
  - Failure to pay the enrollment fee will result in disenrollment from the CHIP program.

# CHIP Enrollment Fee



<u>Federal Poverty Level</u>	<u>Total Amount per Family *</u>
Less than 100%	None
101-133%	None
134-150%	\$25 every 6 months
151-185%	\$35 every 6 months
186-200%	\$50 every 6 months

\*The typical CHIP family has 2 children

# CHIP Alignment with Children's Medicaid Program

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- All children are tested for Medicaid first to ensure enrollment in the proper program and avoid duplicate payments to HMOs.
- Verification of income and expenses required at every 6-month renewal.
  - Family must re-enter and attest to information about income, expenses, and assets on renewal form.
- Third party verification (Data Broker) used to confirm income and assets.
- Family group clarified – siblings over age 18 not counted in family size for purposes of determining financial eligibility.

# 2003 Policy Changes



- Gross income used for eligibility calculation – deductions eliminated for CHIP determination (still allowed for Medicaid)
- 90 day waiting period
- 6 month term of coverage
- Use third party data sources and verify income at renewal for children's Medicaid
- CHIP asset test for families with income above 150% FPL (implemented August 24, 2004)
- Stricter cost sharing policy

# Policy Impact on CHIP Enrollment Levels



DATE	Caseload	Net Caseload Change from Sept 2003	Policy or Process Change	Total Policy Impact (may span multiple months)
September 2003	507,259		<i>3 month waiting period</i>	(24,000)
November 2003	458,166	(49,093)	<i>Income disregards elimination</i>	(16,170)
January 2004	416,302	(90,957)	<i>Change to 6 month eligibility</i>	(78,000)
September 2004	355,528	(151,731)	<i>Assets Test</i>	(34,000)
September 2005	326,557	(180,702)		
		<b>Net Change</b>	<b>CHIP Policy Changes</b>	<b>Total Policy Net Impact</b>
<b>TWO YEAR Caseload Difference</b>	September 03- September 05	(180,702)	90-day waiting period; Use of gross, not net income; 6-month term of coverage; Assets test	(152,170)

# CHIP Disenrollments



- Since December 2005, CHIP caseload has experienced a net decline of 24,167.
- During this time period, new enrollments have totaled 158,045.
- Renewals completed and deemed eligible have totaled 142,640.
- Renewals completed but deemed ineligible totaled 52,873.
  - Of these, just over half were Medicaid eligible.



# CHIP Performance Issues



- Call handling – timeliness & accuracy
- Unnecessary requests for missing information
- Processing delays
- Insufficient time to pay enrollment fee
- Inadequate process for resolving more complex cases

# HHSC Actions



- Extensive monitoring & Quality Assurance
- Clarification of business rules and required verification
- Improved training curriculum
- New direction for accepting information by phone
- Revised renewal timeline
- Extended period for payment of enrollment fee
- Review and revision of correspondence and application
- Enrollment extensions
- Children's Health Insurance outreach

# Children's Health Insurance Outreach

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An expanded outreach campaign to increase awareness of CHIP and Children's Medicaid and the application and renewal procedures has been implemented:

- Strong grassroots effort to reach the families of school children and those in day care.
- Paid media campaign with an emphasis on Spanish-language radio and other publications that serve minority communities.
- Earned media campaign with an emphasis on weekly newspapers, morning TV shows, and Spanish-language TV stations.
- Development of public-private partnerships as appropriate to enhance the state's effort.

# Children's Health Insurance Outreach

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The project will be implemented in three phases:

- A spring campaign to better inform the public of recent changes to the CHIP re-enrollment process and the availability of CHIP and Children's Medicaid.
- A fall campaign to coincide with the start of school.
- An ongoing public awareness effort that will continue throughout fiscal year 2007.

# Integrated Eligibility Pilot: Travis and Hays Counties

# In the New System, Consumers Decide



HHSC is redesigning our programs around consumers, with extended hours and multiple ways Texans can apply for services at times and places that are convenient to them. Application options include:

- In person at a field office (8 am - 5 pm, Monday - Friday)
- By phone by dialing 2-1-1 (extended hours, 8 am - 8 pm, Monday - Friday)
- Over the Internet (24 hours a day, 7 days a week)
- By fax or mail

# Convenient Access



- Convenient access for consumers through multiple channels including phone, fax, Internet and mail. Texans will not have to take off work, pay for transportation or arrange child care to apply for services.
- Easier recertification process – consumers will be able to complete most re-certifications and make basic changes, such as addresses, without an office visit.
- One application for many services – clients will be able to access a variety of services – even across agency lines.
- Field offices strategically located across the state providing in-person services.

# System Design



The new eligibility system is designed so that TAA call center staff image applications for services into the system and collect any additional information needed from the client to process the case.

Once a case is complete, TAA sends the case to a state worker who determines if the applicant is eligible for assistance.

This design means all cases – except CHIP – eventually are sent to state workers. CHIP cases have always been processed from start to finish by a private contractor.



# Improved Customer Service



## Objectives:

- Self-service options combined with a streamlined and integrated screening, eligibility determination, and enrollment process will reduce the time clients spend applying for services.
- Clients will be able to check the status of their application 24/7 through an Integrated Voice Recognition system and the Internet.
- Any call center customer service representative or eligibility worker will be able to supply clients with immediate information on their cases, as all client records will be electronic and easily accessible to staff.

# Face-to-Face Service Still Available



More than 200 field offices are strategically located across Texas for consumers who want or need to handle part of the application process in person:

- 167 full time, full service state field offices.
- 44 offices open on certain days of the week.
- Resource centers offering self-serve information and instruction.
- State eligibility staff in 300 hospitals and other medical facilities across the state.
- In-home visits and traveling eligibility units for clients who are elderly, frail, disabled, or face other transportation challenges.
- 99 offices will be closed with services provided at other nearby locations.

# Office Locations



- Office Locations were established by caseload:
  - 5 miles to travel for urban clients.
  - 15 miles for suburban clients.
  - 30 miles for rural clients.
- Office locations available statewide at:  
[www.hhs.state.tx.us/consolidation/IE/IE.shtml](http://www.hhs.state.tx.us/consolidation/IE/IE.shtml)

# Call Centers



- In June 2005, HHSC signed a 5-year agreement with Texas ACCESS Alliance (TAA).
- Responsibilities include the operation of four call centers, which act as the nerve center of the state's new system with state-of-the-art document imaging and processing.
  - All four call centers are located in Texas – Athens, Austin, Midland, San Antonio.
- State employees will continue to determine whether applicants are eligible for services, will be responsible for quality control, and will continue to staff local HHSC offices to serve clients who prefer to go to an office.

# Call Center Locations



# Call Center Responsibilities

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- **Midland** answers CHIP and Integrated Eligibility calls, receives and scans all incoming mail, and receives faxes.
- **Austin** answers CHIP and Enrollment Broker calls, performs data entry and creates case files, and does case research and eligibility review.
- **San Antonio** answers Integrated Eligibility calls, performs data entry and creates case files, and does eligibility review.
- **Athens** answers Enrollment Broker calls.

# Customer Service



- Call centers include live assistance in English, Spanish, and Vietnamese.
- State field offices and call centers have access to a “language line” which provides telephone interpreters fluent in many languages.
- Sign language interpreters are available for face-to-face interviews with clients who are deaf or hearing impaired.
- Call centers are equipped with Relay Texas or TDD lines.

# Integrated Eligibility Pilot Issues



- Insufficient call handling – timeliness & accuracy
- Inadequate training – customer service representatives lacked skill, technology knowledge and speed
- Processing delays
- Technology systems issues



# HHSC Interventions – Case Processing



- TAA had a backlog in the San Antonio case processing center.
- As a result of the backlog and other issues, HHSC suspended sending work to the San Antonio center until processing time and quality improve.
- This change affected the workflow of 4 HHSC offices in the pilot area in Travis and Hays Counties.
- The suspension means state workers in these 4 pilot offices are again responsible for completing cases start to finish.
- Those offices handle about 5,000 cases per month.
- The change did not affect cases from other areas of the state.
- TAA has completed its portion of the backlogged workload.
- HHSC is rigorously and systematically testing the contractor's readiness to resume work.

# Strengthen Customer Call Center Performance



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## Response Times

- Increased number of customer service representatives
- Created online searchable call scripts
- Implemented call escalation to State policy experts

## Accuracy of Response

- On-site Policy Support at Midland Customer Care Center
- On-site Reviews
- Call monitoring
- Comprehensive and targeted case auditing

# Improve Training Efforts



- HHSC Developed policy curriculum for:
  - TAA Customer Care Representatives
  - Train-the-Trainer classes
- Delivered training for New Hires and TAA trainers in April, May and June.
- Developed and administered assessments of TAA staff who completed policy training.

# Technology Issues and Solutions

# TIERS



- Established by the 76<sup>th</sup> Legislature in 1999 to design and replace multiple client eligibility determination systems.
- TIERS is as modern as today's Internet technology and will integrate the application process for more than 50 HHS programs.
- A TIERS pilot began in June 2003 in eligibility offices in Travis and Hays counties. More than 147,000 clients receive their benefits each month through TIERS.
- At a cost of about \$279 million, TIERS does more and costs less than similar systems in other large states.

# TIERS Deliverables



- TIERS will:
  - Replace multiple outdated existing automated systems with a single integrated automated system that uses state of the art technology to support eligibility determination process; systems to be replaced include the 25 year old SAVERR mainframe system.
  - Ensure effective and efficient business processes
  - Establish a foundation for a comprehensive integrated eligibility process to meet the current and future needs of Texans.
- TIERS is the backbone in implementing the vision of integrated services.

# TIERS and MAXe Systems: Technology Solutions

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## TIERS System

- In use in the pilot offices in Travis and Hays Counties
- Supporting call center operations

## MAXe

- MAXe was built by MAXIMUS using technology developed for the CHIP call center program in California
- MAXe is in use at Texas call centers with very limited functionality

## Short term solution

- MAXe was proposed by TAA to manage data collection, case workflow and image tracking in call center
- TIERS was proposed by TAA to be the final system of record for case data and eligibility determination and benefit issuance

## Long term solution

- Phase out the use of MAXe by integrating into TIERS System

# TIERS and MAXe Systems: Technology Issues

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## Current issues with MAXe and TIERS

- MAXe system was never able to fully integrate with TIERS.
- Without significant modifications, the MAXe model will not be able to handle the business complexity of Texas integrated eligibility system.
- MAXe is being phased out.
- TIERS performance requirements are being fine tuned to accommodate the Call Center Model.



# Contract Overview

# Contract Performance Issues

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- The new system has worked well for many Texas consumers, but improvements must be made.
- Technical and operational improvements are needed before further rollout of the new system. Improvements include:
  - Better training for call center staff
  - Processes to more quickly resolve complicated cases
  - Better reporting tools to trace cases and workload
  - Improved data collection

# Strong Accountability



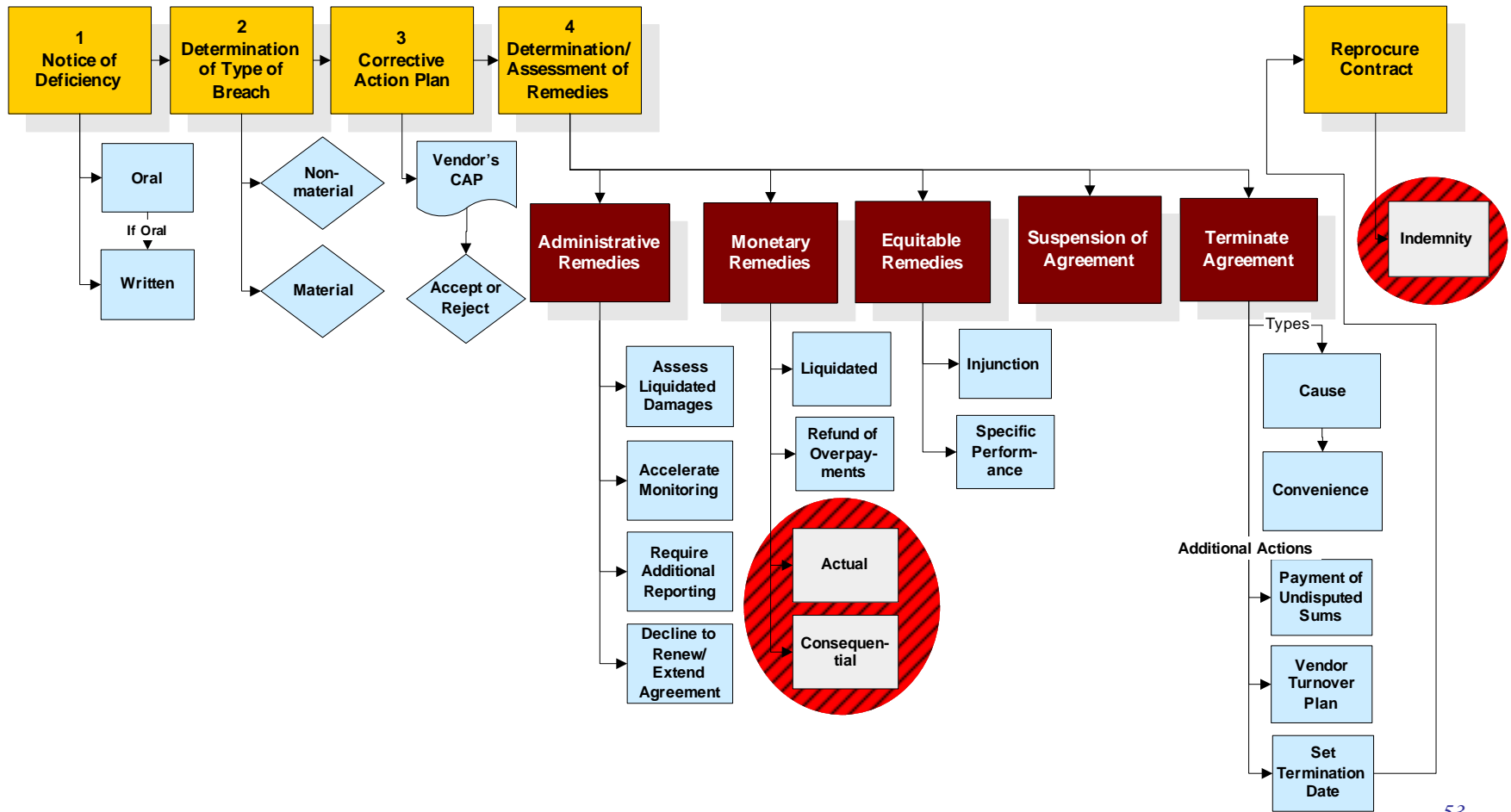
- Performance based contract includes requirements that emphasize customer service and ensure strong accountability for tax dollars.
  - Vendor performance is measured and monitored on the basis of:
    - State and Federal laws
    - Key Performance Requirements
    - Remedies, including Liquidated Damages, Consequential Damages, Pass-through of Federal Penalties
- Payment is based on:
  - Volume of work done
    - Vendor is not paid for work not performed
    - Payment is not conditioned on volume of denials
  - Ability to meet strict standards for timeliness and accuracy

# Key Performance Requirements

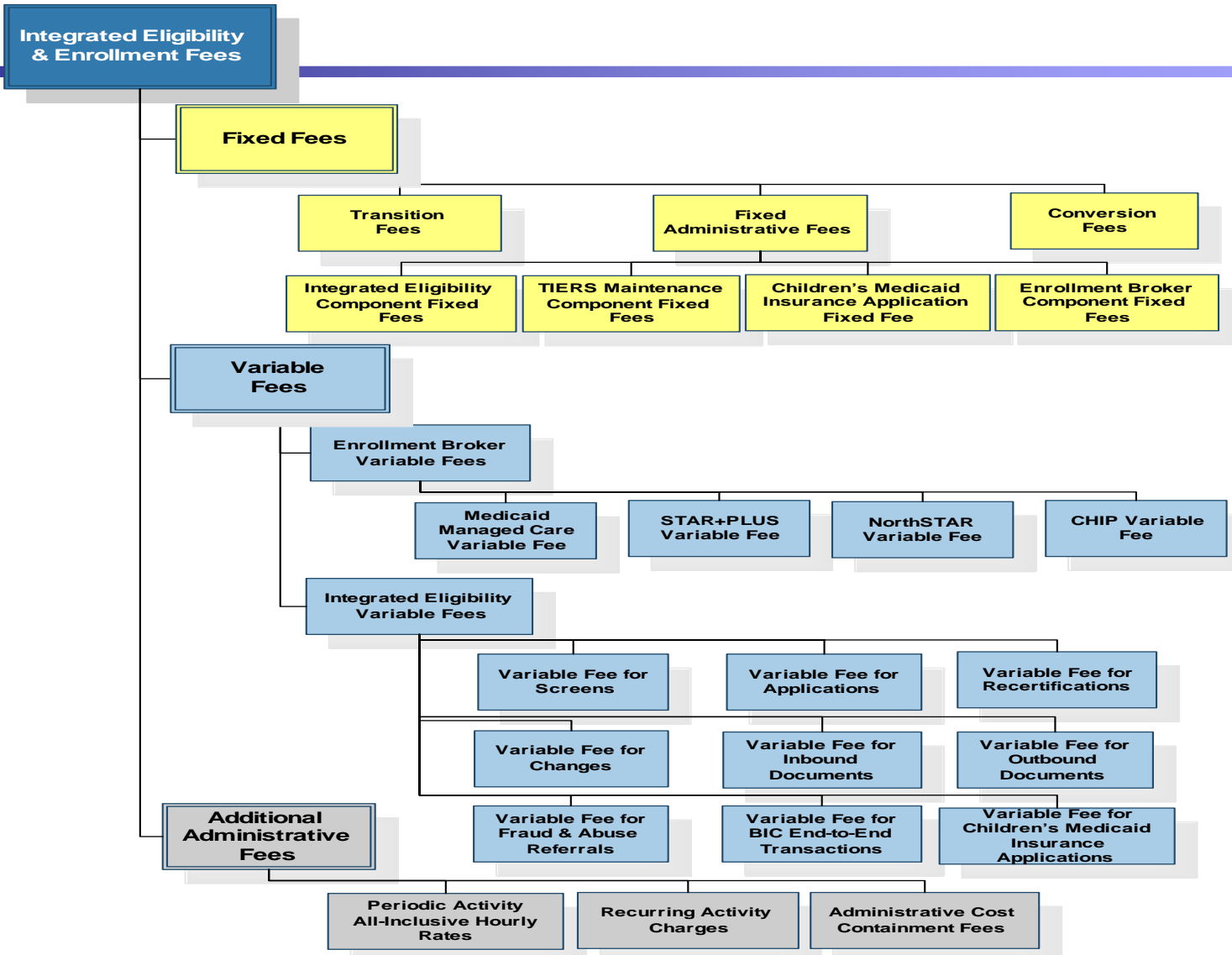


Performance Standard	Measurement	LD	Increments of Deviation from Benchmark				
	Period		-1	-2	.	-6	-7
<p><b>Functions in Support of Eligibility Determination: Timeliness Food Stamp Applications Normal Application Processing Standards</b></p> <p>Normal Processing Standard. ....</p> <p>Denying the application. Households that are found to be ineligible shall be sent a notice of denial as soon as possible but not later than 30 calendar days following the date the application was filed.</p> <p>In 99% of applications, vendor shall complete its processes to allow the State sufficient time to conduct review and eligibility determination. The State will require no less than 5 calendar days to conduct its review and certification activities, except when the client does not submit required information and documents to allow for a five calendar day review period. It is the State's goal to certify or deny eligibility as early as possible and only use the 30-calendar days standard in exceptional circumstances.</p> <p>For 100% of applications, the vendor shall complete its processes no later than 40 calendar days following the date the application was filed.</p>	<p><b>Quarterly (Each month measured separately)</b></p>	<p><b>\$2,000 per percentage point below the applicable standard</b></p>	<p><b>\$2,000</b></p>	<p><b>\$6,000</b></p>	<p><b>.</b></p>	<p><b>\$42,000</b></p>	<p><b>\$56,000</b></p>

# Legal Remedies



# Contract Cost Structure



# Contract Payments as of July 21, 2006



	<b>Invoices Paid</b>	<b>Representative Sample of expenses incurred by Accenture</b>
Enrollment Broker Component	\$ 14,255,734	Enrolling CHIP and Medicaid Managed Care clients into either an HMO or the PCCM program and assistance with choosing the client's Primary Care Physician (PCP).
TIERS Maintenance & TIERS Modifications	\$ 16,903,803	Assuming Maintenance and operation of the TIERS system from previous IT contractor.
Transition	\$ 53,750,000	1. Hiring and training new staff. 2. Installation of new capital assets. 3. Developing system interfaces and software modifications to incorporate call center protocols. 4. Developing CHIP business rules into the TIERS system. 5. Developing training and operational manuals. 6. Installation of telephone/data lines. 7. Leasing offices / leasehold improvements / and all other infrastructure requirements. 8. Developing conversion modifications.

# Contract Payments as of July 21, 2006



	<b>Invoices Paid</b>	<b>Representative Sample of expenses incurred by Accenture</b>
Conversion	\$ 2,582,090	1. Converting current cases in SAVERR to TIERS. 2. Implementing new cases in TIERS.
CHIP Eligibility	\$ 2,226,487	Eligibility determinations for CHIP applicants.
Integrated Eligibility Component	\$ 13,132,736	Eligibility determinations for Medicaid, TANF, Food Stamp and Long Term Care applicants.

<b>Total Payments made to Accenture as of July 21, 2006</b>	<b>\$ 102,850,850</b>
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# State Operations

# State Operations Challenges

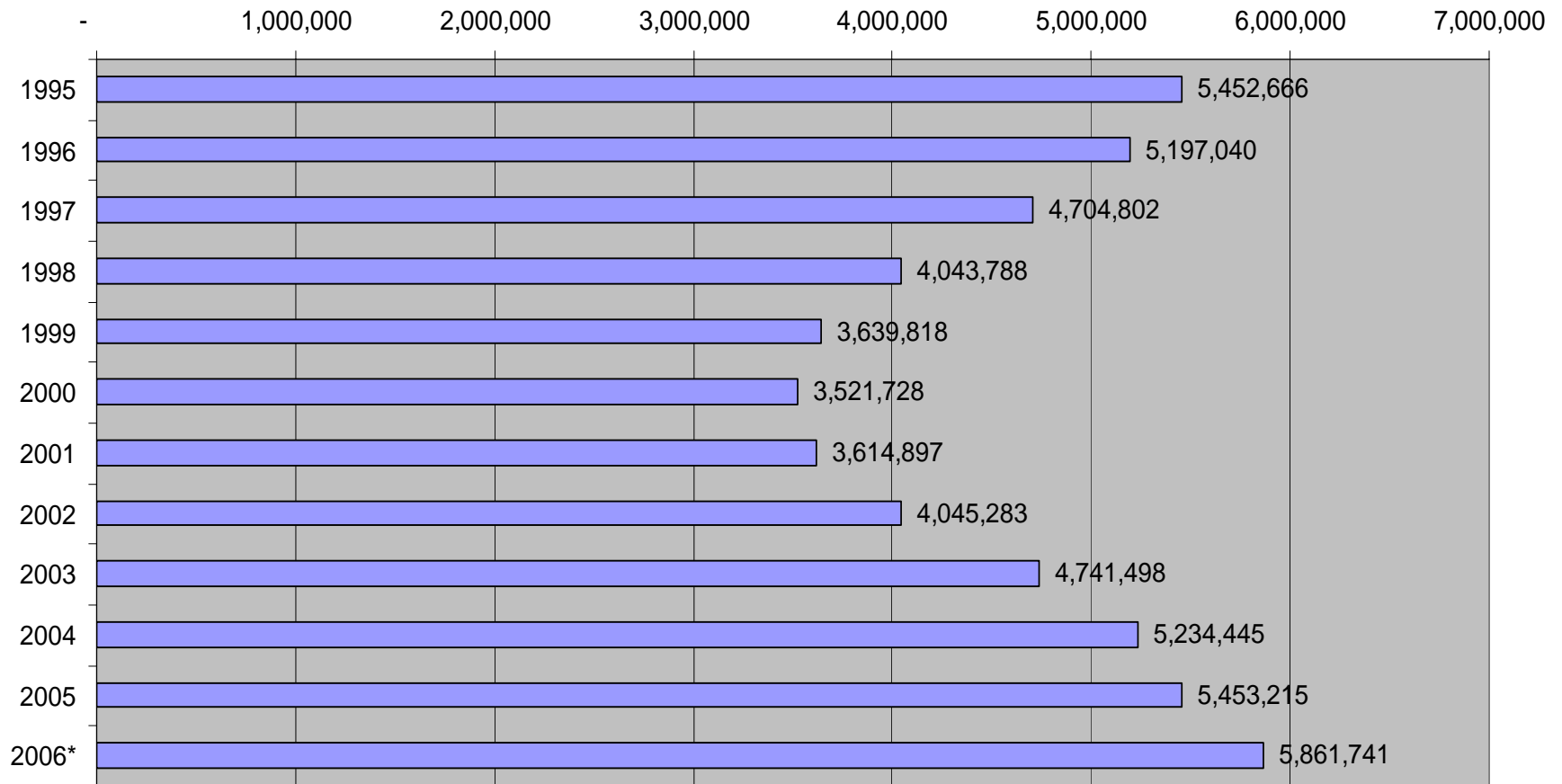
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## HHSC Local Office Staffing Levels:

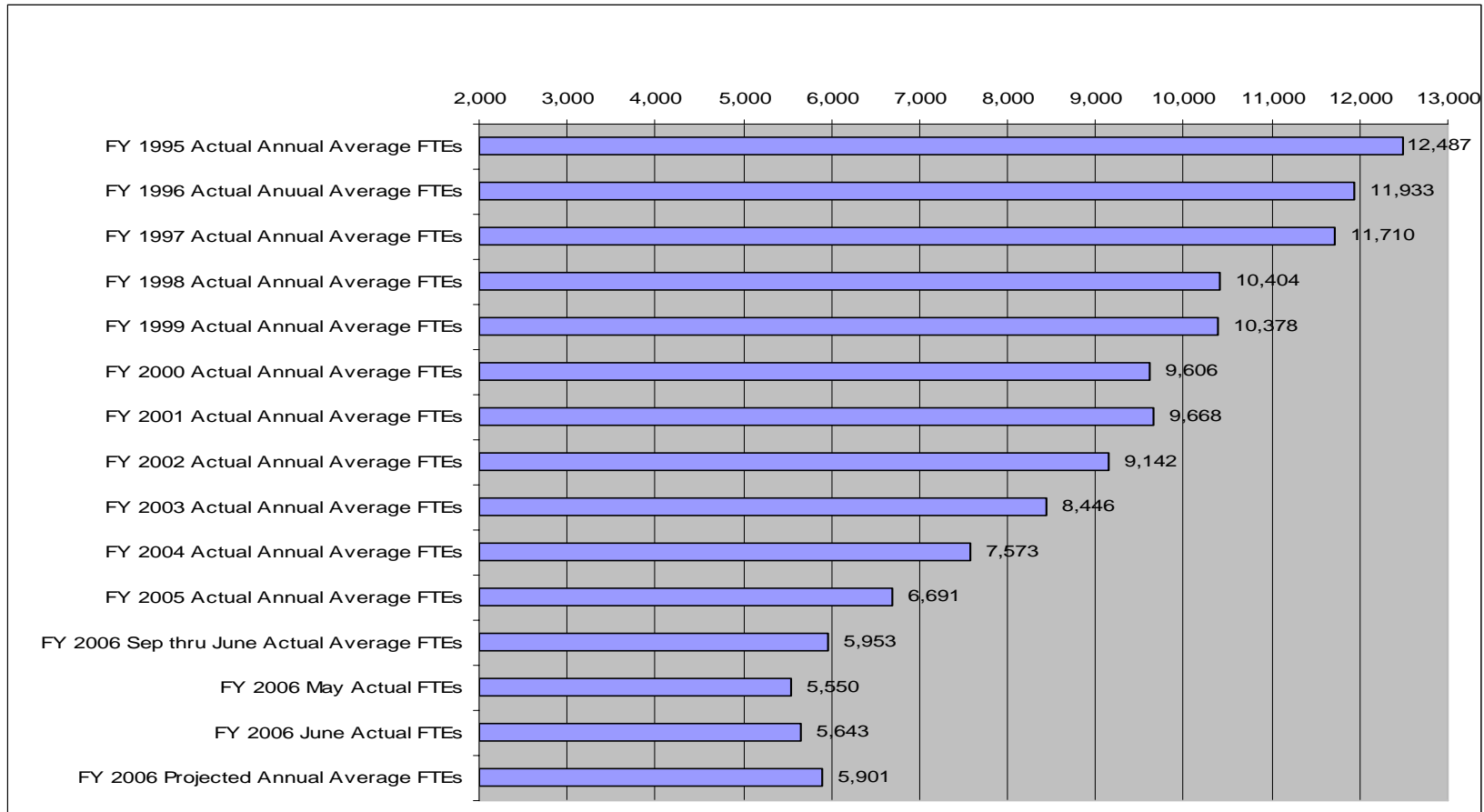
- There are fewer regular-status state staff as employees voluntarily leave employment or transfer to other programs such as CPS and DADS.
- It is taking state staff longer to work cases, including Children's Medicaid renewals.
- Declining numbers of staff will continue to be a strain on the system until we complete statewide conversion from the old system to the new.

# Medicaid, Food Stamp, and TANF Total Recipients 1995 - 2006

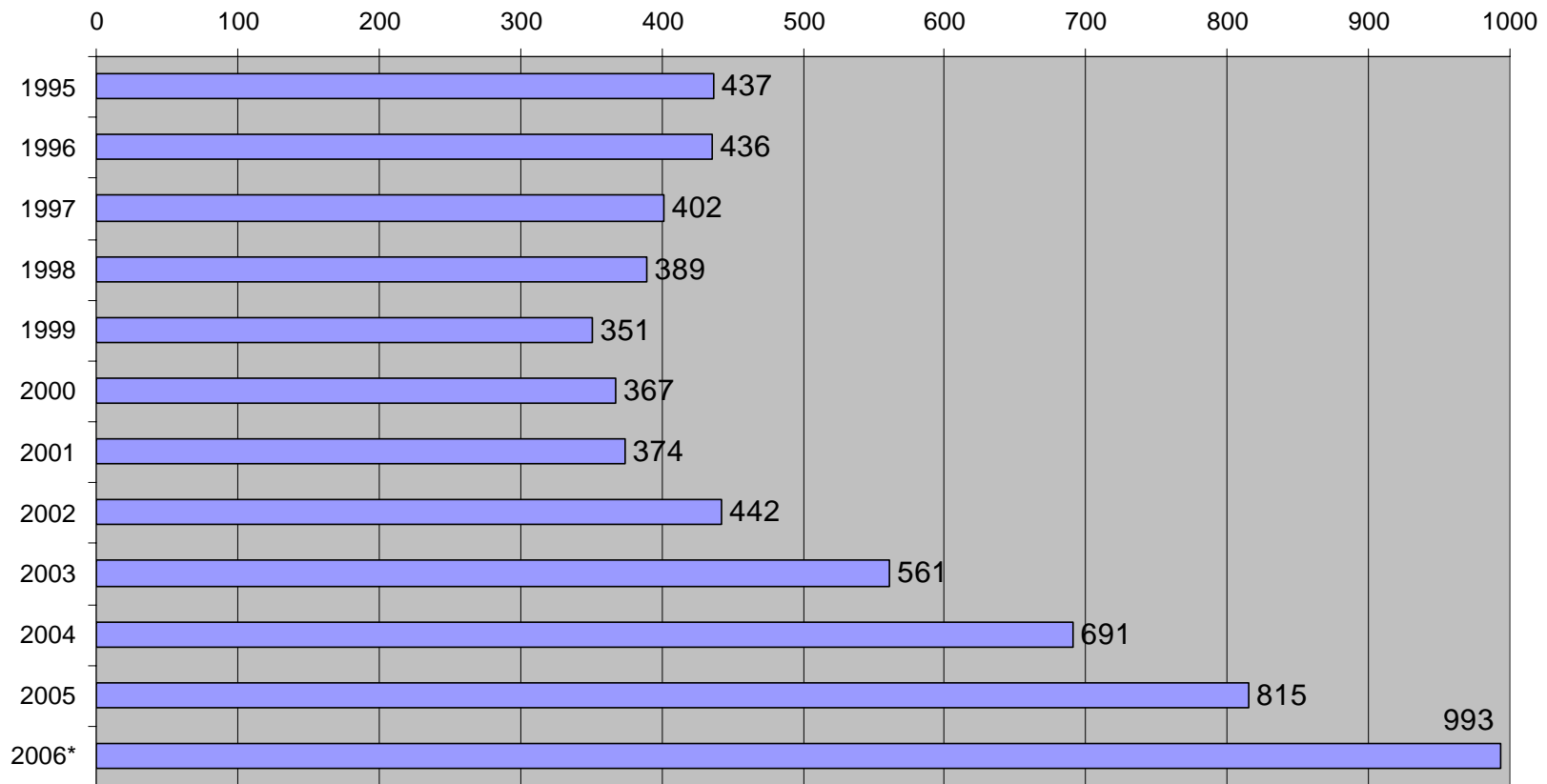


\* Projected for 2006

# FTE's FY1995 - FY2006



# Medicaid, Food Stamp, and TANF Caseload per Worker 1995 - 2006



\* Projected for 2006

# Staffing Solutions



- Carefully monitoring local office workloads and resources
- Expediting the hiring of additional temporary staff
- Implemented a staff retention plan to help stem the tide
  - Retention bonus
  - Increasing the number of state staff retained in the new system
- We are looking at ways to shift workloads and expand processing capability

# Recap



- More than 170,000 Children's Health Insurance Program (CHIP) calls are answered each month.
- CHIP applications and renewals are processed.
- More than 40,000 Medicaid and CHIP clients are enrolled in a health plan every month.
- Responds to more than 100,000 calls a month about food stamps and other programs.
- Answered a total of more than 3 million calls since January.

# Recap



- We are reviewing local state office and vendor operations to ensure processes are working correctly; rigorous quality assurance processes are in place.
- Technical and operational improvements need to be made before further rollout
- The improvement plans include better training for customer service representatives in the call centers, a process to more quickly resolve complicated cases, better reporting tools to track cases and workload, and improved data collection.
- We know CHIP caseloads are down; we do not know the precise causes of these declines but we are leaving no stone unturned in our efforts to determine why and make corrections if appropriate.



# Bottom Line



- Application and re-enrollment for HHSC services should be as simple as possible.
- We must balance that desire against our duty to Texas taxpayers to ensure that we preserve these programs for those families who continue to meet the eligibility requirements set out in State and Federal law
- The pilot has proven the Integrated Eligibility concept is sound.
- The new system has worked well for many consumers.
- But the pilot also tells us improvements must be made in two areas – call center operations and technical performance – before moving forward.
- HHSC is taking aggressive steps to ensure improvements are made.
- We have a duty to hold ourselves and TAA accountable.
- HHSC employs a rigorous rollout readiness criteria.

# Conclusion



- There is a clear need to modernize our current system.
- We are still in the earliest phases of this project.
- We are committed to creating a system that works better and costs less.
- We are working to both improve the performance of the new eligibility system and ensure that the contractor is held accountable for any costs incurred by the state as a result of those performance issues.
- We will not roll out the piloted system if we are not absolutely confident that we're ready.
- We have learned a lot from the Travis and Hays Counties pilot and we will apply those lessons to the design of the new IE system. Structural changes will occur before we go forward with statewide roll-out. These modifications will help ensure a smooth transition to a better, more cost effective system.