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## **Lawmakers skeptical of benefits screening**

### **Privatization plan for deciding eligibility has cut qualified children, not saved money**

**By POLLY ROSS HUGHES**

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AUSTIN - Cash-strapped lawmakers had high hopes three years ago of saving hundreds of millions in tax dollars by privatizing the state's eligibility screening of social services for children, the disabled, the poor and the elderly.

Four million Texans — more than the population of Harris County — on food stamps, Medicaid, the Children's Health Insurance Program and Temporary Assistance for Needy Families could apply through an \$899 million system of smarter computers connected to privately run call centers.

Modern technology, lawmakers believed, would ferret out fraud and save needy Texans the inconvenience of taking off work and showing up at government offices for face-to-face interviews.

Yet the tangled reality since the state began its transition to privatized screening four months ago has left that utopian dream in doubt: Thousands of children were erroneously cut from health insurance, the state delayed the fast-tracked statewide expansion of call centers with a pilot project in disarray, the expected savings have not been seen and complaints from clients and lawmakers on both sides of the political aisle abound.

Problems include:

- State officials on Friday abandoned plans to drop 28,000 more children from the Children's Health Insurance Program, admitting they'd put in place unfair bureaucratic burdens that need revamping.
  - A state computer designed for one-stop shopping when checking eligibility for multiple programs is seven years in the making but remains incompatible with the private contractors' systems.
  - The federal government's independent checks and the state's official records have shown high rates of abandoned calls and long hold times as the initial call center in Midland started up.
  - Clients, their advocates and state lawmakers say they've documented instances of no response to applications submitted, call center operators unable to locate submitted applications, notices of missing information when the requested information was not needed and incorrect denials or delays of benefits.
  - State officials acknowledge problems with staffing shortages and loss of expertise in state eligibility offices and too few and inadequately trained staff at a privately run call center.
- "This process we're going through is historic. No other state has tried this," Texas Health and Human Services

Commission spokeswoman Gail Randall said. "The rest of the country is looking at us. It should rise or fall on its own strength or weakness. The state could either successfully end up with a good, cutting-edge service model or it doesn't work. We're going to find out. It's a tough thing."

The commission has estimated that over five years Texas could save \$646 million in state and federal funds by relying more on the Internet and call centers for screening applicants for social services.

So far, because of repeated delays in rolling out the program, the plan has yet to save the state a penny.

## **Skeptical politicians**

Problems during a pilot phase of one portion of the project have proved so daunting that Health and Human Services Commissioner Albert Hawkins announced earlier this month that an aggressive statewide rollout of the call centers to be completed by December has been put on hold until the system performs efficiently and meets contract terms.

Meanwhile, as evidence also mounts that thousands of eligible children and other Texans have either lost benefits or faced delays in getting them because of the dramatic changes, a political backlash has set in.

Liberal Democrats have long opposed the project, some of them fearing a nefarious hidden agenda to knock the poor and disabled out of social services.

And, as tough questions in legislative hearings and letters to Hawkins make clear, conservative Republicans are growing increasingly worried and skeptical about the economic implications of the state's \$899 million, five-year privatization plan as well.

"I don't think anybody, regardless of party affiliation, wants to spend money on something that doesn't work," said Mary Katherine Stout, a health policy analyst at the Texas Public Policy Foundation, which advocates for limited government.

"The important thing in all of this is how expeditiously you act to solve the problems. The problems are serious," she said.

## **Concern for children**

So far, the commission and a call center in Midland run by Texas Access Alliance, a business consortium headed by outsourcing giant Accenture LLP, have taken a two-pronged approach.

Statewide, the call center began processing applicants for CHIP and children's Medicaid on Nov. 28. In January, it also began screening applicants for food stamps, adult Medicaid, cash welfare and long-term care in a pilot area stretching from Austin to San Marcos.

The pilot was set to expand to 17 Hill Country counties this month and to Houston by August, but that schedule has been scrapped for now.

The goal eventually is for the privately run call centers and a reduced number of state-run eligibility offices to serve all clients in the statewide programs.

Yet advocates for Texas children say sharply reduced CHIP rolls — 30,000 fewer are now enrolled since December, the first full month the call center was in operation — coincided not only with stricter state rules requiring proof of income and assets but also with documented cases in which eligible children were bumped from CHIP through no fault of their parents.

When Accenture discovered it hadn't properly informed families of the new enrollment and renewal fees, for example, the state restored CHIP coverage to 6,000 children.

Other families say the call center had no record of applications they repeatedly mailed, or failed to duly note information sent in by parents to clear up misunderstandings.

Children's Medicaid rolls are falling precipitously as well: 79,000 fewer children were enrolled in February — the last month the agency released numbers — than in November.

### **Shorter rolls prompt study**

Hawkins said the state has commissioned an independent study by the Institute for Child Health Policy at the University of Florida. It is surveying 1,800 families — half of them whose children are or have been enrolled in CHIP and the other half whose children are or have been enrolled in Medicaid — to find out why so many are dropping off the rolls.

The health commission also announced a \$3 million outreach and education campaign to help families navigate the new rules and application forms.

Meanwhile, a corrective action plan is under way at the call center consortium, Texas Access Alliance. It has beefed up its Midland customer service staff from 210 to 360 and started training them better, said Stephanie Goodman, of the Health and Human Services Commission. The private contractors intend to add 160 more customer service staff during May. Last week, Accenture senior executive Dave McCurley cited dramatic improvements with the call center.

### **Fewer abandoned calls**

Official performance reports to the state confirm that a nearly 72 percent rate of abandoned phone calls on March 20 had been reduced to almost 10 percent on April 24.

Callers who waited more than 40 minutes on hold last month were waiting just over two minutes, the records show.

"We are confident we will deliver value and results for the citizens of Texas," said McCurley, who also is executive director of Texas Access Alliance.

Such assurances have not proved enough to calm the nerves of a growing number of lawmakers, although they are happy the project has been slowed down.

Rep. Elliott Naishtat, D-Austin, sent a letter to every member of the House and Senate in March, warning them that if problems weren't fixed now they'd be hearing from angry constituents, including doctors and health plans, when their own districts began relying on call centers. Senate Finance Committee Chairman Steve Ogden, R-Bryan, said lawmakers should have considered transition costs before approving the privatization plan.

"There's plenty of blame to go around," he said. "My goal as chairman of finance is to make sure it's a system that an objective observer can say, 'This is a competently run system and it's fair to the people who are eligible or not eligible.'"

State Rep. Martha Wong, R-Houston, wrote to Hawkins about her concerns that some children were unfairly bumped from CHIP.

"Thousands of children have been dropped from the CHIP rolls, and I am not at all convinced that it is for a good reason," she wrote.

"Is Accenture at fault? Are they mismanaging their duties? Is HHSC failing to provide the necessary level of oversight?" she asked.

"These issues are too important to the well-being of children in Texas to be ignored or politicized."

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