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Public Benefits Privatization Update

By Kimberly Reeves

The **Center for Public Policy Priorities** has presented a rather clinical review of the state's proposed privatization of public benefits in a report released this week entitled "**Updating and Outsourcing of Public Benefits: The Texas Experience.**"

You have to figure when a report has the subtitle, "The Texas Experience," that experience is probably going to be either excessively good or horrifically bad. In this case, analyst **Celia Hagert** has presented a baseline review of the state's shift from benefit offices to call-in centers for public assistance benefits, and the story is fraught with reports of staffing shortages, training deficiencies, and technical problems. Those deficiencies have been well documented in the media and, fairly or unfairly, the drop in enrollment in the **Children's Health Insurance Program** has been blamed, in part, on the new call center approach, which encourages enrollees to apply and reapply by phone for benefits rather than make in-person visits to offices.

Health and Human Services Commission spokeswoman **Stephanie Goodman** says the CPPP report is accurate, but she doesn't come to the same conclusion that Hagert does, which is that the various agencies need more money and manpower. Goodman says it should be recognized that the basic concept – combining enrollment in various assistance programs – is good, even if implementation has had its challenges.

"Texas has long relied on a paper-intensive, complicated system to determine if people are eligible for social services such as Medicaid and food stamps. This system forces people through narrow access points, is expensive to operate, and is built on antiquated technology," Goodman said. "As the report indicates, advocates have long urged the state to implement a more flexible process that allows Texans to choose the application method – in person, by phone, mail, or Internet – that is most convenient for them."

That change also allows the HHSC to outsource enrollment services, cut thousands of jobs, and close 99 benefits offices for various programs. If and when the pilot is rolled out – it was put on hold in May due to technical problems – it is expected to save the state \$646 million over five years, Goodman said.

In her report, Hagert specifically points to performance comparisons between the two-county **call center pilot project** in **Travis and Williamson** counties and the entire state. While the timeliness on the applications and renewals for **food stamps** and **Temporary Assistance for Needy Families** is fairly consistent between the pilot project and the state, the timeliness of **Medicaid** applications show a precipitous drop. Hagert also notes overall drops in various assistance programs, including food stamps, some of which could be attributed to the leveling off of evacuees from Hurricane Katrina.

Privatization clearly has its advocates. **Mary Katherine Stout** of the **Texas Public Policy Foundation** says the shift to call centers – combined with the consolidation of enrollment – has been a massive undertaking on the state's part, with a performance level that has not always matched expectations. Initial hiccups under the new system, given the tremendous transition, are disappointing but should be expected, Stout said. She insists that privatization has forced the state to measure the performance of the public benefits program, and those who are serving enrollees, like never before.

"I think it's important that we recognize this gives us the ability to evaluate the services and the performance of the program," Stout said. "This contract is under greater scrutiny than the state has ever applied to the old way of doing things."

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