



**BRIEF ANALYSIS**

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## A New Frontier for Welfare Reform

by **Christy G. Black and Joe Barnett**

In a major step forward for welfare reform, Texas is about to roll out an ambitious program using private contractors to streamline the process of applying for public health and welfare programs. The reform is expected to save taxpayers more than \$100 million a year, while making it easier for people who qualify for social services to enroll in programs and claim benefits. Texas is the first state in the country to implement such a comprehensive, statewide reform and it could serve as a model for other states.

**A System in Need of Reform.** The new system will serve the more than 3.4 million Texans at or below the federal poverty level, and includes programs like Temporary Assistance for Needy Families (TANF), Medicaid, Food Stamps, the Children’s Health Insurance Program (CHIP) and Long Term Care (LTC). [See the table.]

The Texas Health and Human Services Commission (HHSC) administers all social safety net services in Texas and employs 46,000 state workers in more than 1,000 locations across the state. Texas spends nearly \$20 billion a year on such programs, and \$700 million each year just to determine benefits eligibility. As of June 2005, there were 5,824 state employees determining eligibility at over 300 field offices.

Designed in the 1960s, the current eligibility system, is outdated, inefficient and uncoordinated. For example, according to the HHSC:

- Currently, each application for a social service must be made in-person at a state office during business hours, and each visit requires an average wait of two to three hours (on days with light numbers of applicants).
- At each visit an applicant interacts with an average of three to four employees.
- In almost three-fourths of cases (72 percent), eligibility is not determined during the initial interview — requir-

ing additional verification and often additional office visits.

- Almost every action in the eligibility process requires a different form and/or notice.

**Increased Accessibility.** In 2003, the Texas Legislature directed the Texas Health and Human Services Commission (HHSC) to investigate and identify ways to increase efficiency and client access while reducing costs. HHSC determined that outsourcing the application process to private firms would create a net savings of about \$646 million over five years.

Private firms competed for the five-year, \$899 million contract, which was eventually awarded to Accenture — a global management consulting, technology services and outsourcing company — in June 2005. Accenture is the prime contractor providing transition, program management and technology expertise. It has partnered with several other companies in a network called the TexasACCESS (Accessible, Compassionate, Eligibility Services) Alliance. Together, these organizations will

facilitate the transition and then implement and operate the new system. The new system will require about 2,900 state employees and about 2,500 private-sector employees.

**Enhanced Customer Service.** In the past, clients often had to take time off work, arrange transportation and/or child care in order to complete the application process. Under the new eligibility system, they will be able to apply for assistance over the phone, on the Internet, by mail and fax, or in person. They will use only one form to apply for various services, and they will be able to track the progress of their application through an automated phone system.

The new integrated eligibility and enrollment system features four regional customer service call centers across the state. The call centers will be staffed with private employees along with 300 state employees. The private-sector employees will receive and process applications while state employees determine the eligibility of ap-

### Texas Social Services Recipients (2004)

Long Term Care*	216,000
Temporary Assistance for Needy Families	273,000
Children’s Health Insurance Program	336,000
Food Stamps	2,300,000
Medicaid	2,900,000

\* 2003 data.

Source: Texas Health and Human Services Commission and U.S. Department of Agriculture, Food and Nutrition Service.

## BRIEF ANALYSIS

No. 539

Page 2

plicants (as required by federal law) and assist in quality control. From 8 a.m. to 8 p.m. weekdays, Texans will be able to dial 2-1-1 toll free anywhere in the state to reach the call centers for assistance.

Because the new system does not require in-person transactions, HHSC will close 99 eligibility offices. However, it will keep 211 field offices open and will station 600 state eligibility workers in about 300 hospitals and other medical facilities for consumers to apply in person.

**Improved Efficiency.** Despite the enhanced customer service the new system will provide, some observers are concerned about the effect of office closures on the ability of potential clients to apply for benefits. To put this in perspective, there are only 71 Social Security offices and 233 drivers' license offices in Texas. Furthermore, the 99 offices closing were chosen because they are unnecessary or redundant. According to HHSC, of the 99 offices that will be shut down:

- 87 process fewer than 1,000 applications each month and 20 process fewer than 100 applications.
- 31 are located within 15 miles of another full-service eligibility office while 13 are located within 5 miles of another office.
- 38 are in locations where health and human services employees also provide other services, such as child and adult protective services; these other services will continue.
- 78 have 10 or less employees, and 59 of them have no more than 5 employees.

Even with the office closures, clients in urban areas will be no more than five miles from a state office and those in rural areas will be no more than 30 miles from a state office according to HHSC. HHSC is creating mobile units to serve clients who have difficulty traveling or live in very remote areas.

Furthermore, community and faith-based organizations will continue to play an integral part in helping people access social services. These organizations will be able to assist clients in the application process (that is, by phone, fax and Internet) and help them register for aid, instead of just sending them to a state office. In addition to public libraries, community and faith-based organizations can provide Internet access to applicants. HHSC will also launch an information, outreach, training

and education campaign to help guide consumers and community organizations through the transition.

**Reaction to Reform.** Welfare and public health care clients have expressed strong support for the capabilities the new program will provide. According to a September 2005 survey of more than 1,000 social services clients conducted by Hill Research for HHSC and the contractors:

- 78 percent said they would like the convenience of applying via phone or the Internet versus going to a state office.
- 82 percent would like greater control over how and when they apply for state services and 82 percent would like the flexibility to apply during hours other than 8 a.m. to 5 p.m.
- 81 percent said they would like to apply in private without others around, such as via phone or Internet.
- 62 percent said they would feel comfortable filling out an application online.

Resistance to the new system has come principally from state employees and unions. While some state employees will be laid off, they will receive priority consideration for jobs in other areas of health and human services, including 2,500 positions that have been added at the state's Child and Adult Protective Services. Also, Accenture has agreed to give state employees priority consideration for positions at its call centers and will waive any waiting period for health insurance benefits.

**Conclusion.** Implementing technology and integrating systems will reduce the administrative burden on social services and give Texans greater access to needed aid. State employees will have more time to interact with their clients, and make sure people get the help they need and attention they deserve.

State employees will continue to determine eligibility and issue benefits; private contractors will only collect data and information. But by using private contractors who specialize in technology and data management and outsourcing the administrative duties, the system will be more efficient, will cost less and state employees will be able to focus on people, not paper.

*Christy G. Black is a research associate and Joe Barnett is director of publications with the National Center for Policy Analysis*

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