

**SUBJECT:** Monitoring and update of health and human services eligibility systems

**COMMITTEE:** Human Services — committee substitute recommended

**VOTE:** 7 ayes — Rose, S. King, J. Davis, Herrero, Hughes, Naishtat, Parker  
0 nays  
2 absent — Eissler, Pierson

**WITNESSES:** For — None  
Against — None  
On — Brian Flood, Health and Human Services Commission - Office of the Inspector General; Celia Hagert, Center for Public Policy Priorities; (*Registered, but did not testify:* Caroline O’Connor, Texas State Employees Union)

**BACKGROUND:** The Texas Integrated Eligibility Redesign System (TIERS) is a web-based application that is being developed to replace Texas’ 35-year-old existing health and human services (HHS) eligibility and enrollment system, SAVERR. The state contracted with Deloitte Consulting, LLP beginning in 2001 to create TIERS, and a group of contractors led by Accenture, LLP assumed control of TIERS maintenance in June 2005. TIERS currently performs eligibility functions for all clients in Travis, Hays, and Williamson counties. The system was intended to be rolled out to the rest of Texas on a region-by-region basis, but the rollout timeline was delayed following performance problems with the first rollout of TIERS to a pilot region. The Accenture contract for TIERS maintenance was terminated on March 13, and Deloitte will reassume TIERS maintenance duties.

On April 19, members of the House Human Services Subcommittee on Integrated Eligibility and TIERS Implementation presented a report with recommendations “to ensure continuous health services are available to eligible individuals in a fiscally responsible manner that best utilizes taxpayer dollars.”

The state auditor, Legislative Budget Board, and Department of Information Resources (DIR) have established a quality assurance team to

perform quality assurance reviews on every major information resources project in HHSC's biennial operating plan.

DIGEST:

CSHB 3575 would prescribe goals for the integrated eligibility system, create an independent review team, and establish the HHSC eligibility system legislative oversight committee to monitor HHSC eligibility systems.

The eligibility system would consist of TIERS, SAVERR, and the integration and delivery process and practices used in the delivery of HHS benefit programs. The bill would prescribe goals for the enhanced eligibility system and its impact on HHS programs, including:

- increasing the quality of and client access to services provided through the programs;
- implementing more efficient business processes to reduce application processing times and staff workloads;
- implementing simplified application and enrollment processes;
- enhancing the integrity of and reducing fraud in benefit programs; and
- ensuring compliance with applicable federal law and rules.

CSHB 3575 would require HHSC to develop a transition plan under which the existing eligibility system would be transformed and enhanced to be more fully functional for benefit-eligible Texans and meet the goals of the enhanced eligibility system by September 1, 2009. The transition plan would be monitored by the quality assurance team and:

- include a description of HHSC's responsibilities in transitioning from the existing to the enhanced eligibility system;
- specify the responsibilities of entities with which the commission contracted both before and after September 1, 2007, in making that transition and implementing the enhanced eligibility system; and
- specify the steps HHSC would take to achieve the goals of the enhanced eligibility system.

The HHSC Office of the Inspector General (OIG), in conjunction with DIR, would establish or contract for an independent validation and verification (IVV) program for the eligibility system during the development of the transition plan. The IVV program would allow for the determination of whether the goals for the transition plan and enhanced

eligibility systems were being met, what actions were necessary to achieve these goals, and whether the eligibility system was progressing toward becoming fully functional relative to the needs of benefit-eligible Texans. HHSC would identify the enhanced eligibility system as a major information resources project in HHSC's biennial operating plan.

CSHB 3575 would establish a seven-member HHSC eligibility system legislative oversight committee to support the commission's implementation of the enhanced eligibility system. The committee would:

- conduct a public hearing at least once every four months;
- review the progress made in implementing the transition plan developed, including whether the eligibility system was progressing toward achieving full functionality and meeting required goals;
- review recommendations made by HHSC, the HHSC OIG, and the quality assurance team regarding actions necessary to achieve functionality for a component of the eligibility system that was not fully functional;
- make recommendations to the Legislature by December 1, 2008, regarding any legislative action necessary to support the implementation of the enhanced eligibility system; and
- monitor and regularly report to the Legislature on the effectiveness and efficiency of the implemented enhanced eligibility system.

The committee would be composed of seven members, including the chairs of the House Human Service and Senate Health and Human Services committees, two House members appointed by the speaker, two senators appointed by the lieutenant governor, and one member appointed by the governor, with the HHSC commissioner serving as an ex officio member. The members of the HHSC legislative oversight committee would have to be appointed by September 1, 2007, and would hold the first public hearing by September 15, 2007. The provisions of this bill would expire September 1, 2011.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS  
SAY:**

CSHB 3575 would provide the planning and oversight necessary to ensure that performance problems in the state eligibility system were resolved without further harm to Texas benefit recipients. During the Accenture

TIERS development contract, a variety of issues arose, including the contractor failing to deliver certain technology capabilities, which led to a backlog of applications and renewals to process. These delays affected the issuance of benefits to eligible Texans and caused Texas to fall below federal timeliness standards. In addition, many eligible people mistakenly were denied benefits. The integrated eligibility system had only internal testing and quality control processes.

CSHB 3575 would institute three major mechanisms of enhanced quality control and oversight. HHSC would identify the enhanced eligibility system as a major information resources project in HHSC's biennial operating plan to qualify the project for review by the state quality assurance team. The legislative oversight committee would monitor the enhancement process and offer recommendations for further changes to relevant legislation prior to the next session. Finally, the project also would be reviewed by an IVV program, which would ensure an independent verifications processes. These measures would add general state, legislative, and independent oversight to the enhanced eligibility system.

The bill would not address outsourcing requirements because in focusing on general oversight functions, many levels of authority would have visibility into whether HHSC contracted for the appropriate balance of state and outsourced responsibilities. Staffing issues do not need to be addressed in this bill, because both the House and the Senate versions of the fiscal 2008-09 budget would give HHSC the authority to augment HHSC staff in response to any determination to use fewer contractor staff.

OPPONENTS  
SAY:

While CSHB 3575 would make many positive steps toward resolving issues with the Texas eligibility system, it would fall short of incorporating all the unanimous recommendations of the Integrated Eligibility and TIERS Implementation Subcommittee. For example, subcommittee recommendations that included performance measures of what would constitute "full functionality" were not included in the bill.

The recommendations also clearly established the limits of outsourcing in decision making process. While outsourcing is appropriate in the creation of technology, it should be limited to very standardized, measurable tasks when an outsourced employee communicates with benefit recipients. Problems with the division of responsibilities between state and

outsourced staff were a main driver of many of the issues that emerged during the first TIERS pilot rollout.

Finally, CSHB 3575 would not address the need for a staffing analysis to ensure that staffing levels were appropriate to maintain program integrity. The bill should require a staffing analysis as well as requiring HHSC to demonstrate that the commission still could reach performance measures with any proposed reduction in staff. These measures would be a safeguard against the staff shortage and subsequent scarcity of policy knowledge that occurred after HHSC informed too many state staff that they would lose their jobs following the signing of the Accenture contract.

**NOTES:**

The fiscal note indicates a cost of \$1.1 million in general revenue-related funds per year through fiscal 2011. These costs would arise through contracting for the independent validation and verification program at a cost of \$1.1 million in general revenue and \$1.2 million in federal funds per year.