



**John Keel, CPA**  
**State Auditor**

An Audit Report on

**The Health and Human Services  
Commission's Texas Integrated  
Eligibility Redesign System (TIERS)**

October 2007

Report No. 08-009

# *The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)*

## *Overall Conclusion*

Audit testing identified no significant errors in eligibility determination and benefit calculation performed by the Texas Integrated Eligibility Redesign System (TIERS) for the three public assistance programs auditors tested.

TIERS requires users to implement other processes to ensure that data is accurate, and improvements are necessary if TIERS is to become the only system used to determine eligibility and calculate benefits for public assistance programs in Texas.

Poor architectural design and chronic problems have made TIERS cumbersome to use and hinder the ability of TIERS to process and maintain the integrity of data. For example:

- TIERS requires that changes be made directly to client data in the database.
- TIERS requires the use of "workarounds" to ensure that client data is correct.

In addition, TIERS currently does not have the capacity and storage to support a statewide rollout and the Commission has not implemented all interfaces between TIERS and other systems.

The TIERS project began in 1999, and TIERS is currently operational in three Texas counties. Documents the Health and Human Services Commission (Commission) submitted to the federal government indicate that these system issues can be corrected within the next three years. The Commission is working to address many of these challenges and reports that TIERS development, maintenance, system changes, conversion, and training will cost \$575.1 million for the period from 1999 through 2010. The Commission also reports that, as of June 2007, it had spent at least \$351.7 million on TIERS, which is approximately 61 percent of its total projected budget through 2010.

### **Background Information**

The Texas Integrated Eligibility Redesign System (TIERS) was originally designed to replace several systems used since the 1970s, including the System for Application, Verification, Eligibility, Referrals and Reporting (SAVERR).

TIERS is a browser-based system that supports eligibility determination and benefits calculation for the following programs:

- Temporary Assistance for Needy Families (TANF) Program.
- Food Stamp Program.
- Medicaid Program.
- Long-term Care Program.

The 76th Legislature established the TIERS project in 1999 to improve client access to benefits and services and to better coordinate service delivery across health and human services programs.

As of September 2007, TIERS was operational in three Texas counties: Williamson, Travis, and Hays.

The Commission and its Office of Inspector General have determined that TIERS now supports the investigation of agency error, client error, and intentional program violation claims. (Auditors did not verify this assertion.) They have also specified that TIERS data can and will be used as evidence in fair hearings and administrative disqualification hearings. In addition, the Commission and the Office of Inspector General have stated that a newly created application now generates information that will be adequate to investigate potential fraudulent or criminal cases. The Office of Inspector General has not investigated criminal cases in TIERS since November 2004, and it has not investigated civil cases in TIERS since April 2005.

The Commission reports that it has taken steps to improve its oversight of the development and operation of TIERS. In March 2007, the Commission began to terminate its contract with the Texas Access Alliance (a group of contractors headed by Accenture).

Auditors analyzed fiscal year 2007 TIERS data provided by the Commission and found that 36.40 percent of Food Stamp applications were approved and 14.90 percent were denied; however, 48.71 percent were pending approval or denial for various reasons as of September 14, 2007 (see Table 2 on page 32).

In response to recent legislation, the Commission is considering various options to improve client access to services. In addition, the Commission has placed eligibility staff at hospitals and nursing homes to process benefit applications, and its staff have participated in school fairs, health fairs, and career days to increase awareness of public assistance programs. Chapter 5 of this report offers additional suggestions in this area.

## ***Key Points***

**The TIERS design limitations affect its efficiency and have required the Commission to implement several processes to maintain data integrity.**

Although audit testing identified no significant errors in eligibility determination and benefit calculation, TIERS was not designed in a way that would make it operate efficiently. In its plans to incorporate the Children's Health Insurance Program (CHIP) into TIERS, the Commission's CHIP Integration Manager (a contractor) reported to the Commission that the design of TIERS was limited. Examples of TIERS design limitations include the following:

- Testing conducted by the Commission's Office of Inspector General indicated that eligibility staff could encounter more than 250 screens when determining a client's eligibility and benefits (the TIERS application includes a total of 1,059 screens for determining a client's eligibility and benefits)
- The TIERS database was not originally designed to ensure that proper relationships were established among tables that store data. The manner in which the Commission fixed this issue increased storage requirements and the

overall complexity of the system, which added to the cost of the system and increased processing time.

Because of the current design, the Commission must bypass the TIERS application and make changes directly to client data in the TIERS database. For example, from December 2006 through May 2007, the Commission made an average of 387 changes directly to client data in the TIERS database each month.

In addition, the Commission has implemented 34 active contingency processing methods or "workarounds" to address issues in TIERS.

**The Commission is working to address issues in TIERS but is not performing user acceptance testing.**

The Commission implemented 42 versions of TIERS between January 3, 2007, and September 5, 2007. Revisions have been made to fix identified defects or problems, add needed enhancements, or incorporate new state or federal requirements. However, the Commission is not performing user acceptance testing for the various versions of TIERS. The Commission inappropriately delegated this testing to its contractor and assigned Commission staff to review the contractor's test results. Therefore, actual end-users did not conduct the test of the system themselves.

**The Commission should continue to improve its oversight of the development and operation of TIERS.**

During the contract transition period in July 2007, the TIERS application/database experienced six unplanned outages resulting in more than 27 hours of down time during business hours. Commission management asserts that performance during the month of July 2007 was not representative of the system's normal performance and that some of the outages resulted from contractor error. Regardless of the cause of these errors, the Commission is responsible for the proper operation of all of its systems, including those being developed or maintained by contractors.

**The Commission will need significant additional processing capacity and storage to support a statewide rollout of TIERS.**

Auditors estimate that TIERS will require at least 230 additional computer processors for a statewide rollout. In addition, the Commission currently does not have enough storage capacity to support a statewide rollout of TIERS. The exact amount of additional storage needed is unknown.

It is also important to note that CHIP is scheduled for migration into TIERS in March 2008. This will require an increase in processing and storage capability for the approximately 325,000 active and 650,000 inactive CHIP clients.

**TIERS database servers currently account for the majority of the central processing unit's (server) utilization during overnight operations.**

The high server utilization could (1) prevent the Commission from properly processing transactions and (2) be an indicator of more severe problems. On certain nights, TIERS server utilization is between 60 percent and 80 percent, and it approaches 100 percent on some weekend nights. This indicates that the server will not support the additional load associated with a statewide rollout and continue to function properly. Optimal server utilization is less than 80 percent.

**The Commission should contract with the Department of Information Resources to provide guidance on the appropriate design and architecture for TIERS.**

The executive director of the Department of Information Resources is the State's Chief Technology Officer, and the Department of Information Resources is recognized as the state agency capable of making a contribution to improve major state information technology projects. Through a contract with the Commission, the Department of Information Resources should be required to review TIERS annually for effectiveness and ensure the system's technology is operating as intended. Coverage should extend to assistance with changes to improve efficiency in the system's design and change management process.

**The Commission's Office of Inspector General should comply with federal requirements to investigate and pursue criminal cases.**

As discussed above, the Office of Inspector General has not investigated criminal cases in TIERS since November 2004, and it has not investigated civil cases in TIERS since April 2005. The Office of Inspector General should immediately begin a process of active investigation and referral to the Office of the Attorney General and local district attorneys, with status reports sent to the Commission, the Office of the Governor, and the State Auditor's Office. Additionally, the Office of Inspector General should annually certify in writing that TIERS maintains the historical data necessary to investigate, refer, and prosecute fraud cases.

**The Commission should consider streamlining its application for public assistance programs.**

The Commission's current application for public assistance programs is 11 pages in length and is based on state and federal requirements. Auditors reviewed the applications for integrated eligibility that are used by other states and found that some other states have shorter, more streamlined applications. See Chapter 5, page 27, for an example of a four-page application that could be considered to expedite the application process.

## ***Recommendations***

Selected key recommendations included in this audit report are as follows:

- The Commission should contract with the Department of Information Resources to provide guidance on the appropriate design and architecture for TIERS. Through this contract, the Department of Information Resources should be required to review TIERS annually for effectiveness and ensure the system's technology is operating as intended.
- The Commission should consider establishing internal benchmarks to measure the timeliness of determinations. For example, one internal goal should be that applications will be approved or denied within two weeks, and any remaining pending cases should have final eligibility determinations established within 30 days. The Commission also should report on progress toward these goals on a quarterly basis to the Governor, Legislative Budget Board, State Auditor's Office, Senate Committee on Health and Human Services, and the House Committee on Human Services.
- The Commission's Office of Inspector General should:
  - Annually certify in writing that TIERS maintains the historical data necessary to investigate, refer, and prosecute fraud cases.
  - Comply with federal requirements to investigate and pursue criminal cases, and immediately begin a process of active investigation and referral to the Office of the Attorney General and local district attorneys, with status reports sent to the Commission, the Office of the Governor, and the State Auditor's Office.

See Chapter 6 for a list of all recommendations on page 38 in this audit report.

## ***Summary of Management's Response***

The Commission's responses to this report describe its redesign and planning efforts for TIERS, as well as the actions the Commission is taking to streamline the application and enrollment process and improve the timeliness of case completion. The Commission's summary of its responses is presented in Appendix 6 on page 72, and its responses to the specific recommendations in this report are presented immediately following each set of recommendations in the Detailed Results section of this report.

## ***Summary of Objective, Scope, and Methodology***

The objective of this audit was to determine whether the Commission implemented integrated eligibility and enrollment systems as specified in House Bill 2292 (78th Legislature, Regular Session).

The Commission is currently reviewing and modifying its approach to delivering eligibility determination services through call centers and contracted services. Therefore, this audit focused on evaluating the automated system that has been developed to determine eligibility and calculate benefits (TIERS) and on identifying any additional improvements that could be made to the eligibility determination processes that are independent of decisions regarding contracted services.

The audit scope covered TIERS from January 2003 to August 2007.

The audit methodology included conducting interviews with Commission staff and external stakeholders, reviewing documents provided by the Commission, and testing a sample of eligibility cases.

### ***Acknowledgements***

The State Auditor's Office would like to thank the management and staff of the Texas Legislative Council for developing the maps presented in Appendix 2. We also would like to thank Commission management and staff for their cooperation throughout this audit.

# Contents

## *Detailed Results*

---

Chapter 1	Audit Testing Did Not Identify Significant Errors in Eligibility Determination and Benefit Calculation Performed by TIERS for the Three Public Assistance Programs Tested.....	1
Chapter 2	Poor Design and Chronic Problems Hinder the Ability of TIERS to Operate Efficiently and Maintain Data Integrity.....	4
Chapter 3	The Commission Will Need Significant Additional Resources to Support a Statewide Rollout of TIERS, and TIERS Interfaces Have Not Been Fully Implemented.....	17
Chapter 4	A Report Has Been Developed to Provide the Commission’s Office of the Inspector General with TIERS Data It Needs to Prosecute Fraud Cases.....	23
Chapter 5	Opportunities Exist for the Commission to Streamline its Program Application Process.....	25
Chapter 6	List of Report Recommendations.....	38

## *Appendices*

---

Appendix 1	Objective, Scope, and Methodology.....	40
Appendix 2	Information on the Need for Program Services.....	45
Appendix 3	Information on Program Participation, Expenditures, and Administrative Costs.....	63



Appendix 4  
Letter Regarding the Commission’s Office of Inspector  
General ..... 70

Appendix 5  
Timeline of Events in TIERS Development and  
Implementation ..... 71

Appendix 6  
The Health and Human Services Commission’s Summary  
of Management’s Response ..... 72

Appendix 7  
Other State Auditor’s Office Work ..... 74

# *Detailed Results*

## *Chapter 1*

### ***Audit Testing Did Not Identify Significant Errors in Eligibility Determination and Benefit Calculation Performed by TIERS for the Three Public Assistance Programs Tested***

---

Audit testing identified no significant errors in eligibility determination and benefit calculation performed by the Texas Integrated Eligibility Redesign System (TIERS) for the three public assistance programs auditors tested. Specifically, tests conducted by the State Auditor's Office, the Health and Human Services Commission (Commission), KPMG LLP (KPMG), and the Commission's Office of Inspector General identified minimal errors in TIERS determination of eligibility and benefit calculation for public assistance programs.

In addition, as of July 2007, the U.S. Department of Agriculture's Food and Nutrition Service reviews of Texas Food Stamp cases identified no errors.

State Auditor's Office testing identified no errors in eligibility determination or benefit calculation.

Auditors selected a sample of 60 TIERS clients who received benefits between July 20, 2007, and August 17, 2007. For the Food Stamp program and the Temporary Assistance for Needy Families (TANF) program, auditors verified that each client's eligibility was determined correctly and that the corresponding benefit amount was correct. For the Medicaid program, auditors verified that each client's eligibility was determined correctly (the amount of Medicaid benefits is not calculated by TIERS). Auditors did not identify any instances in which TIERS calculated benefit amounts incorrectly.

Auditors also conducted a review of the Commission's appeals process and reviewed 30 cases in which the Commission reversed its initial eligibility decisions. Auditors concluded that the Commission reversed most of these decisions because human errors were made during the initial eligibility determination process. Examples of these errors included not obtaining necessary documentation, not following up with a client to obtain missing information, or entering incorrect data into TIERS.

Commission testing identified benefit calculation errors related only to human error.

Auditors reviewed the Commission's Quality Control function and determined it was reliable to ensure that eligibility determination and benefit calculations are performed in accordance with federal guidelines.

The Commission's Quality Control function reviewed a total of 757 cases. Of those cases, 18 (2 percent) were TIERS cases processed between September 1, 2006, and April 1, 2007 (the remaining 739 cases were processed in the System for Application, Verification, Eligibility, Referrals and Reporting, or SAVERR).

This Quality Control review identified eight errors in the amounts of benefits awarded. However, this was attributable to human error such as (1) a client not reporting household composition changes or income changes or (2) Commission staff not following up with a client to obtain documentation. Because these errors were caused by human error and not an incorrect calculation performed by TIERS, this helps to confirm the accuracy of the eligibility determination and benefit calculation made by TIERS.

KPMG's testing identified (1) errors related only to incomplete or unsupported documentation and (2) benefit calculation errors related to supplemental benefits that were not a significant portion of total benefits awarded and that the Commission reports have been corrected.

KPMG concluded that "the eligibility process supported by TIERS is not appropriately designed and/or operating effectively to enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts."<sup>1</sup> However, KPMG's testing of 50 cases for each of the Food Stamp, TANF, and Medicaid programs (150 total cases) identified only errors related to incomplete or unsupported documentation or to a previously identified category of errors in supplemental benefits. Specifically:

- For 19 Food Stamp cases, the files were incomplete, the benefit calculation was unsupported, or supplemental benefits were calculated incorrectly. However, supplemental benefits were not a significant portion of total benefits awarded for fiscal year 2007, and the Commission reports that the condition that caused these errors has been corrected (auditors did not test this assertion).
- For 19 TANF cases, the files were incomplete or eligibility was determined using unsupported information.
- For 12 Medicaid cases, the files were incomplete or eligibility was determined using unsupported information.

Office of Inspector General testing identified minor benefit calculation errors.

The Commission's Office of Inspector General tested two cases in both TIERS and SAVERR and assessed the accuracy of each system's eligibility calculation.<sup>2</sup> Three different caseworkers processed each of the two cases

---

<sup>1</sup> See *State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2006*, February 2007, page 127. This document is available on the Web at <http://www.sao.state.tx.us/Reports/report.cfm/report/07-316>.

<sup>2</sup> See the Health and Human Services Commission's Office of Inspector General's *TIERS/IEES Review* dated April 18, 2007.

through both TIERS and SAVERR. The State Auditor's Office did not validate the methodology or results of that review. However, the following is a summary of the TIERS test results:

- For the first test case:
  - ♦ The correct Food Stamp benefit amount manually calculated by the Office of Inspector General was \$218. However, two caseworkers incorrectly calculated benefits of \$223 and \$252 using TIERS.
  - ♦ TIERS correctly determined client eligibility for Medicaid.
  - ♦ The Office of Inspector General did not test this case for the TANF program.
- For the second test case:
  - ♦ The correct Food Stamp benefit amount manually calculated by the Office of Inspector General was \$365. However, two caseworkers incorrectly calculated benefits of \$408 and \$338 using TIERS.
  - ♦ TIERS correctly determined client eligibility for Medicaid.
  - ♦ The Office of Inspector General identified no errors related to the TANF program, and all three caseworkers correctly calculated TANF benefits using TIERS.

## ***Poor Design and Chronic Problems Hinder the Ability of TIERS to Operate Efficiently and Maintain Data Integrity***

---

Although audit testing identified no significant errors in eligibility determination and benefit calculation performed by TIERS, poor architectural design and chronic problems hinder the ability of TIERS to process and maintain the integrity of data. As a result, TIERS is cumbersome, is not as efficient as it should be, and still has problems with system performance and data integrity. TIERS also requires large amounts of storage space. This chapter details the challenges TIERS faces. The Commission is working to address many of these challenges and reports that TIERS development, maintenance, system changes, conversion, and training will cost \$575.1 million for the period from 1999 through 2010. The Commission also reports that, as of June 2007, it had spent at least \$351.7 million on TIERS, which is approximately 61 percent of its total projected budget through 2010.

TIERS is still undergoing substantial revisions. In addition, a lack of user acceptance testing contributes to the continuing problems with TIERS. User acceptance testing involves running tests and verifying the results to determine whether a system is operating as represented by the contractor.

The Commission reports that it has taken steps to improve its oversight of the development and operation of TIERS. However, during the contract transition period in July 2007, the TIERS application/database experienced unplanned outages resulting in more than 27 hours of down time during business hours. Commission management asserts that performance during the month of July 2007 was not representative of the system's normal performance and that some of the outages resulted from contractor error. Regardless of the cause of these errors, the Commission is responsible for the proper operation of all of its systems, including those being developed or maintained by contractors.

### Chapter 2-A

#### **TIERS Design Issues Limit Its Efficiency**

TIERS was not designed in a way that would make it operate efficiently.

TIERS was not designed to properly use a relational database, which causes inefficiencies and increases capacity requirements.

According to assessments conducted by the Commission's contractors, the TIERS database was not designed to ensure that proper relationships were established among tables that store data. As a result, early in its use, TIERS lacked data integrity and required that approximately 25 special tables be set up to help identify data integrity issues. Proper database design uses the database to ensure that records in one table have corresponding records in the

appropriate, related tables. This concept is called “referential integrity” and helps to ensure the accuracy and completeness of the data within a database.

In 2004, a contractor the Commission had retained concluded that the design of the TIERS database circumvented standard database design principles. The Commission implemented referential integrity within the TIERS database in version 49 of TIERS (in January 2005), approximately five to six years after the TIERS project started. To do this, the Commission added 172 tables with 869 additional fields. Although the Commission reported that this fixed the data integrity issues, this also increases both the storage requirements and overall complexity of the system, which adds to the cost of the system and increases processing time. It also required Commission staff to modify the application programming to ensure that TIERS properly updated the additional data elements in the new database tables (see Chapter 2-C for additional details).

The TIERS database was not designed using a logical model, which could contribute to problems in performance and data integrity.

Commission staff indicated that the design of the TIERS database was not based on a “logical model.” A logical model includes documentation of (1) key business processes such as the client application and eligibility determination processes and (2) objects such as users, cases, clients, and program requirements. While a logical model is not required when designing a database, it helps to ensure the proper design of a database.

Not basing the database on a logical model led to a database design that is not optimized for performance, and it could contribute to problems in performance and usage of storage. The database has 383 audit tables that are dedicated to supporting data history requirements and other primary tables that also store history. The audit tables store a complete copy of all fields within the record, regardless of whether fields actually change. This has led to a large amount of data being stored (including 36 tables with more than 10 million records), which affects storage and database performance. A properly designed database would group data logically and consider factors such as volatility and historical requirements in order to prevent storing data that is not needed. Building a sound database is critical to providing an efficiently performing system that maintains data integrity.

The Commission’s contractors reported that TIERS (1) has design limitations and (2) is not based on sound design principles.

In its plans to incorporate the Children’s Health Insurance Program (CHIP) into TIERS, the Commission’s CHIP Integration Manager (a contractor) reported to the Commission that the design of TIERS was limited. The most recent analysis highlighted some of the same issues found by an earlier contractor who concluded that the TIERS system did not follow “sound design

principles." Problems in TIERS that the Commission's contractor identified include:

#### Definitions

**Driver Flow:** A feature within TIERS that controls which screens a user encounters when processing a client.

**User Interface:** Actual screens that users see within the TIERS application.

**Business Logic:** Portion of the application that determines/calculates benefits.

**Benefit:** Enrollment and/or dollar amount of program services.

**Scalability:** Refers to (1) how well a hardware or software system can adapt to increased demands and (2) anything whose size can be changed.

- The lack of "distributed, multi-participant eligibility processing." This means that a design change is required to enable the Commission to adjust the tasks that multiple caseworkers can perform when determining client eligibility.
- The TIERS "driver flow is difficult to change." This means that it will be difficult to improve efficiency or add functionality by modifying the order in which screens appear when caseworkers input data into TIERS.
- "Integration of programs within TIERS has led to a large base dataset capture not necessarily required by a given program/type of assistance." This leads to system performance issues, increases processing time, and requires caseworkers to spend more time determining eligibility and calculating benefits.
- "TIERS User Interface is processed on the same servers as the business logic, missing the opportunity to separate and increase scalability." This increases the difficulty in adding servers to relieve capacity issues.

Improvements can be made in the design and operation of TIERS to increase efficiency and strengthen controls.

Testing conducted by the Commission's Office of Inspector General indicated that eligibility staff could encounter more than 250 screens when determining a client's eligibility and benefits (the TIERS application includes a total of 1,059 screens for determining a client's eligibility and benefits). Three primary groups of screens used in determining client eligibility contain 112 application registration screens, 735 data collection screens, and 212 eligibility determination screens.

There are also weaknesses in data entry controls. For example:

- TIERS allows senior eligibility workers to change the "application received" date during the client intake process. If this date is changed to an earlier date, this could potentially allow benefits to be paid before they are due.
- TIERS allows eligibility workers to delete open "non-cooperation" items from TIERS. This could allow benefits to be issued when they should not be issued because the client did not complete a program requirement.
- TIERS users can disable the address verification feature. This feature validates that the post office can deliver mail to the address the client provided. While this feature does not affect eligibility determination, it

helps to ensure that any system-generated correspondence will be delivered to a valid postal address.

Contracting with the Department of Information Resources could enable the Commission to obtain assistance in evaluating and monitoring the future development of TIERS.

The executive director of the Department of Information Resources is the State's Chief Technology Officer. In addition, the Department of Information Resources is recognized as the state agency capable of making a contribution to improve major state information technology projects.

The Department of Information Resources also is the state agency statutorily authorized to provide leadership in and coordination of information resources management within state government. Texas Government Code, Section 2054.052, specifies that the Department of Information Resources can, at the request of a state agency, "provide technical and managerial assistance relating to information resources management, including automation feasibility studies, systems analysis, and design, training, and technology evaluation."

## Recommendations

The Commission should:

- Continue working to improve the design and overall efficiency of TIERS.
- Ensure that TIERS has the processing capacity and storage necessary to overcome its design issues and support the expansion of the system across the state.
- Assess the need for the more than 1,000 screens that can be encountered when determining client eligibility and identify ways in which to increase efficiencies.
- Implement controls necessary to address the weaknesses identified in TIERS data entry.
- Contract with the Department of Information Resources to provide guidance on the appropriate design and architecture for TIERS. Through this contract, the Department of Information Resources should be required to review TIERS annually for effectiveness and ensure the system's technology is operating as intended.



## Management's Response

*Although business needs have changed beyond the original application design concept, the Commission has continuously worked to ensure that TIERS processes eligibility determinations efficiently and accurately. The Commission has ensured that TIERS continued to process efficiently and accurately as it provided eligibility determination support to additional programs, including STAR+PLUS Program expansion, the Women's Health Program, Medicaid Buy-In, the Foster Care Program, and Adoption Assistance.*

*While more than 1,000 screens are available through the TIERS application, only those screens that are applicable to the case being processed are presented to the caseworker. While it is possible to have a complex case requiring up to 250 screens, the typical case requires from 80 to 100 screens.*

*TIERS is currently being redesigned to support delivering eligibility services using call centers. As part of that redesign, beginning with integrating CHIP eligibility determination into TIERS, work flow processes are being improved to further increase efficiency and assist in the accurate and complete collection and entry of client data.*

*The redesign methodology will include an assessment of data elements required to assess client eligibility and to meet other data collection and reporting requirements of federal and state trading partners. Any unnecessary data elements will be eliminated from the data collection process, potentially requiring fewer screens and increasing efficiency. As part of this effort, the Commission will examine and improve, where necessary, data entry controls, and review screen layouts and sequencing. These efforts will increase the ease of data entry while helping to ensure the integrity of the data that is entered.*

*Careful consideration of hardware requirements needed to support processing capacity and storage needs will continue as part of ongoing planning. Thorough analysis is performed annually to forecast hardware needs, and processes are already in place to coordinate the timely and cost effective procurement of resources, as they are needed, to fully support the statewide rollout.*

*The Commission will seek technical and managerial assistance from DIR, formalized by an interagency agreement, to help ensure that the redesign of TIERS is based on system design and architecture that is effective, efficient, and accurate.*

### ***Estimated Completion Dates:***

*December 2007 – Formalize agreement with DIR*

*January 2008 – Complete capacity planning (performed annually)*

*December 2008 – Address other initiatives*

***Title of Responsible Person:***

*Director of Enterprise Applications*

Chapter 2-B

**The TIERS Design Limitations Have Required the Commission to Implement Several Processes to Maintain Data Integrity**

Because of design limitations, the Commission continues to make changes directly to the data in the TIERS database without going through the TIERS application.

Because of problems in TIERS, from December 2006 through May 2007 the Commission made an average of 387 changes directly to client data in the TIERS database each month. Some changes to the data that auditors reviewed affected only one client; other changes affected multiple clients (one change affected 96,962 clients). The Commission made the most changes in May 2007, when it had to make 671 changes directly to the TIERS database.

It may be costly to fix the 1,373 TIERS service requests that were open as of September 20, 2007.

As of September 20, 2007, the defect tracking system used for integrated eligibility and enrollment systems contained 1,373 open service requests for TIERS. A service request is a documented request to make a change to application functionality or to data within TIERS, or for system administration support and maintenance. Of those 1,373 service requests, 155 (11 percent) had detailed correction estimates. The estimates indicate it will cost approximately \$27.11 million and take 200,786 hours to address all of the 155 issues (this equates to an average of 1,295 hours and \$174,000 per service request; the cost per hour is estimated at \$135). Some of these service requests could be duplicative requests, requests for training, or requests that could be less time-intensive to address.

There has been a significant delay on the part of the Commission in handling issues and assigning service requests for initial review. On average, the 1,373 service requests that were open as of September 20, 2007, had been open for 3.97 months. The amount of time the service requests had been open ranged from 0 days to 689 days. As of August 24, 2007, the Commission had not performed a systematic analysis of some service requests.

The number of contingency processing methods (“workarounds”) in use demonstrates that TIERS does not contain all required functionality or that it is not operating properly.

According to a Commission list updated on April 17, 2007, the Commission has implemented 34 active contingency processing methods or “workarounds” to address deficiencies in TIERS. For example, workarounds have been implemented for the following issues:

- TIERS incorrectly considers the entire balance of a bank account when determining a client’s total resources and does not consider the portion of the balance that is exempt because it was received as income in the current month.
- TIERS does not accurately budget or project annualized or non-annualized income from self-employment.
- Notices produced from TIERS contain information that might be inaccurate or is confusing or unclear to clients.
- TIERS does not include certain fields or dropdown menus necessary to record the verification or documentation required by the Texas Works policy (the Texas Works policy specifies the requirements for TANF, Food Stamps, and Medicaid).

The first two workarounds listed above directly affect the calculation of benefits because both resources and income are core factors in determining eligibility. It is important to note that TIERS does not require a user to follow the workarounds, which could cause eligibility determinations to be inaccurate. During caseworker training, the Commission informs staff where the contingency processing methods can be found; however, these contingency processing methods are not specifically addressed during training.

## Recommendations

The Commission should:

- Work to stabilize TIERS by reducing the number of outstanding issues to a manageable level and discontinuing further rollout until TIERS is stabilized.
- Analyze the causes for the need to make manual data corrections, for the high number of service requests, and for the need to use contingency processing methods.
- Based on the above analysis, prioritize and implement TIERS changes that would enable it to minimize reliance on these processes.

- Improve training to ensure that contingency processing methods are communicated to staff and implemented as intended.
- In its contract with the Department of Information Resources, require the Department of Information Resources to assist the Commission in reducing the number of outstanding service requests, unplanned outages (system failures), and manual workarounds.

### Management's Response

*The Commission is currently engaged in a plan to reduce outstanding issues and manual data corrections. At the current rate of reduction, the Commission anticipates these will be reduced to manageable levels by November 30, 2007 (work in progress for about 45 days).*

*Contingency Processing Methods (CPM) are documented manual processes. Some of these processes require a caseworker assessment and a manual process is more appropriate than an automated process. For others, an automated solution is feasible and may be more efficient. A schedule is in place to address most of those where an automated solution is planned. 10 of the 34 existing CPMs will be resolved in November 2007, and another 6 will be resolved in March 2008 with the implementation of automated solutions. The remaining will each be assessed to determine whether development of an automated solution is appropriate.*

*An instructor guide is being developed for TIERS trainers to instruct eligibility staff on contingency processing methods. This guide covers all published contingency processing methods and indicates where in the TIERS curriculum each contingency processing method should be taught.*

*In its agreement with DIR, the Commission will ask DIR to review its plans to reduce the number of outstanding issues.*

#### ***Estimated Completion Date:***

*November 2007 – Make instructor guide available to TIERS trainers*

*November 2007 – Reduce outstanding issues and manual data corrections to manageable levels*

*December 2007 – Formalize agreement with DIR*

*March 2008 – Resolve CPMs with automated solutions and complete assessment of remaining CPMs*

***Title of Responsible Person:***

*Associate Commissioner, Office of Family Services*

*Director of Enterprise Applications*

Chapter 2-C

**The Commission Is Working to Address Issues in TIERS, But It Is Not Performing User Acceptance Testing**

The Commission implemented 42 versions of TIERS between January 3, 2007, and September 5, 2007. These revisions have been made to fix identified defects or problems, add needed enhancements, or incorporate new state or federal requirements.

The Commission classified the 42 TIERS versions it released between January 2007 and September 5, 2007, as follows:

- Five emergency releases, including releases to correct TIERS' inability to certify Medicaid Women's Health Program clients and to fix a batch process in which errors were identified.
- Five planned releases, including releases to implement scheduled monthly updates that addressed problems identified by users.
- Three federally required releases, including releases to incorporate Social Security cost of living adjustments and changes in the federal poverty level.
- Twenty-nine other releases, including releases to update reference tables and fine-tune a query to prevent batch overruns.

While the Commission has and should continue to fix problems in TIERS, addressing these problems and fixes could reduce the number of TIERS versions released.

The Commission is not performing user acceptance testing.

The Commission is not performing user acceptance testing for the various versions of TIERS. The Commission inappropriately delegated this testing to its contractor and assigned Commission staff to review the contractor's test results. Therefore, actual end-users did not conduct the test of the system themselves.

User acceptance testing involves running tests and verifying the results to determine whether a system is operating as represented by the contractor. User acceptance testing provides independent assurance that the system meets

requirements. Without user acceptance testing, the Commission does not have independent assurance that TIERS is working as intended.

## Recommendations

The Commission should:

- Analyze the system and change management process to identify opportunities to reduce the number of TIERS versions it needs to release.
- Conduct user acceptance testing before it releases new versions of TIERS and document evidence of both the test and user approval.
- In its contract with the Department of Information Resources, require the Department of Information Resources to review and comment on the Commission's proposed change management process and proposed plans for user acceptance testing.

## Management's Response

*The Commission has developed a schedule which reduces the number of maintenance releases to one per month. This ensures improvements and solutions to problems that do not require significant programming changes are implemented as quickly as possible, while maintaining a manageable and consistent release process. For more significant revisions, often driven by changes to business processes, program requirements, or integration of new programs, a schedule of three revisions per year has been developed. For the more significant revisions, the Commission-driven change management process ensures business validation and prioritization of these changes.*

*Until July 2007, the Commission managed the user acceptance testing process as part of its contract oversight role. In July 2007, the Commission accepted operational responsibility for user acceptance testing, and staffing for the User Acceptance Test Team was increased from 8 to 25. At this time, the Teams' role was expanded to perform thorough and comprehensive testing of each TIERS revision before revisions are placed in production. Processes are complete, and are based on best practices for testing, documenting results, and making recommendations to management about the functionality of proposed revisions.*

*The User Acceptance Team is comprised of eligibility field staff and Enterprise Applications staff. The eligibility field staff are on a 6 to 12 month rotation from their field assignments to assist with testing, ensuring currency of field operations and end user system needs. In fiscal year 2008, the team will be further expanded to aggressively support mandated changes in policy and procedures, and prepare for future rollouts.*

*In its agreement with DIR, the Commission will ask DIR to review the methodology the Commission has employed to make improvements in its TIERS change management and user acceptance testing processes.*

***Estimated Completion Date:***

*December 2007 – Formalize agreement with DIR*

***Title of Responsible Person:***

*Director of Enterprise Applications*

Chapter 2-D

**The Commission Should Continue to Improve Its Oversight of the Development and Operation of TIERS**

The Commission reports that it has taken steps to improve its oversight of the development and operation of TIERS. In March 2007, it began to terminate its contract with the Texas Access Alliance (TAA, a group of contractors headed by Accenture).

Before the contract was terminated, TAA managed and, therefore, had access to tools that could prevent the Commission from having accurate information on the status of the TIERS development. Specifically, TAA had access to:

- The defect/modification tracking tool that is the official record of problems/issues in TIERS.
- The tool that is used to track the testing of the issues being addressed from the defect/modification tool.
- The business requirements tool that shows the business requirements defined by the Commission.
- The tool used to control and version the TIERS application code.

Additionally, during the contract transition period of July 2007, the TIERS application/database experienced six unplanned outages resulting in more than 27 hours of down time during business hours. Commission management asserts that performance during the month of July 2007 was not representative of the system's normal performance and that some of the outages resulted from contractor error. Regardless of the cause of these errors, the Commission is responsible for the proper operation of all of its systems, including those being developed or maintained by contractors.

## Recommendations

The Commission should:

- Take ownership of the change management process and systems.
- Ensure it has implemented proper controls over the change management process, including continuing to implement proper segregation of duties for the tools used to support TIERS development.
- Analyze the reason for system instability, and develop and implement a plan to improve system reliability.

## Management's Response

*Until July 2007, the Commission managed the change management process as part of its contract oversight role. In July 2007, the Commission assumed operational responsibility for the change management process and related support systems. The Commission maintains Information Technology Governance (ITG) software to track and monitor the status of issues and modifications, and established a supporting system of management controls that includes:*

- *The ITG software used to manage the change control process contains security roles established to ensure that responsibilities between the Commission and the vendors are properly segregated. These controls also ensure that the appropriate parties are responsible for their respective portions of the change management workflow and support management's monitoring of compliance with the change management process.*
- *A Change Control Board meets weekly to review key metrics associated with the change management process, and to monitor the progress of specific change requests through the change control process.*
- *User acceptance testing is being performed by a cross-organizational HHSC team. The User Acceptance Team decides if code is acceptable to begin user acceptance testing.*
- *Software deployment into production is controlled and managed by HHSC Enterprise Applications staff.*
- *HHSC Enterprise Applications reviews and approves key formal deliverables related to each change request such as Requirements, Design, Test and Release Plans. These approvals must occur prior to a modification.*



- *HHSC Enterprise Applications maintains the requirements management tool. The HHSC Software Specification Standards and Guidelines establish the standards related to requirements management for TIERS.*

*HHSC Enterprise Applications staff monitor and oversee the TIERS change management process, and periodically review the effectiveness of the process, making improvements to the process, with the approval of the Change Control Board, when necessary.*

*The Commission has analyzed unplanned TIERS outages that occurred during calendar year 2007. System availability over that period exceeded 98 percent. The following chart depicts TIERS system availability from January through September 2007.*

<b>Month</b>	<b>Potential Uptime</b>	<b>Unplanned Outages</b>	<b>System Availability</b>	<b>Percent Uptime</b>
<i>Jan</i>	<i>372 hrs</i>	<i>0</i>	<i>372 hrs</i>	<i>100.00%</i>
<i>Feb</i>	<i>336 hrs</i>	<i>0</i>	<i>336 hrs</i>	<i>100.00%</i>
<i>Mar</i>	<i>372 hrs</i>	<i>0</i>	<i>372 hrs</i>	<i>100.00%</i>
<i>Apr</i>	<i>360 hrs</i>	<i>3 hrs</i>	<i>357 hrs</i>	<i>99.17%</i>
<i>May</i>	<i>372 hrs</i>	<i>0</i>	<i>372 hrs</i>	<i>100.00%</i>
<i>Jun</i>	<i>360 hrs</i>	<i>0</i>	<i>360 hrs</i>	<i>100.00%</i>
<i>Jul</i>	<i>303 hrs</i>	<i>27 hrs 15 min</i>	<i>275 hrs 45 min</i>	<i>90.76%</i>
<i>Aug</i>	<i>339 hrs</i>	<i>1hr 30 min</i>	<i>337 hrs 30 min</i>	<i>99.41%</i>
<i>Sep</i>	<i>247 hrs</i>	<i>19 min</i>	<i>246 hrs 41 min</i>	<i>99.60%</i>
<b>Jan – Sep</b>	<b>3,061 hrs</b>	<b>32 hrs 4 min</b>	<b>3,028 hrs 56 min</b>	<b>98.95%</b>

*Outages during the month of July were associated with hardware downtime caused by inadequate hardware and software maintenance practices. This resulted in a loss of connectivity to the TIERS database, and not in a database failure. The Commission is working to implement a proactive maintenance plan. This plan will specify those times when hardware and software modifications can occur without disruption to the production operation, and further increase the time during work hours that the system is operating and available to users.*

***Estimated Completion Date:***

*November 2007 – Finalize maintenance plan*

***Title of Responsible Person:***

*Director of Enterprise Application*

## ***The Commission Will Need Significant Additional Resources to Support a Statewide Rollout of TIERS, and TIERS Interfaces Have Not Been Fully Implemented***

---

The Commission will need significant additional processing capacity and storage to support a statewide rollout of TIERS. In addition, the Commission has not implemented all interfaces between TIERS and other systems.

### Chapter 3-A

#### **TIERS Does Not Have the Processing and Storage Capacity to Support a Statewide Rollout**

A significant amount of additional hardware is required for a statewide rollout of TIERS.

The Commission currently does not have the hardware to support a statewide rollout of TIERS. According to calculations auditors performed based on information in a report by the Commission's former contractor, the Commission would need the following:

- 144 more processors are needed to support the TIERS database.
- 72 more processors are needed to support the application.
- 8 more processors are needed to support portal operations.
- 6 more processors are needed to support Web services and processes.

Based on (1) the Department of Information Resources' State of Texas discounted rates for hardware and (2) the required Oracle Real Application Clustering licenses necessary to support the database, auditors estimate that it will cost \$6.5 million to purchase the capacity discussed above.

The estimate above does not include any additional backup processing capacity or spare capacity that will be required in the event of server failure. In addition, the Commission currently uses eight processors as proxy servers, and it does not have any estimates associated with future needs in that area.

A significant amount of additional storage capacity is required for a statewide rollout of TIERS, but the exact amount necessary is unknown.

The Commission currently does not have enough storage capacity to support a statewide rollout of TIERS. The TIERS production database currently uses one terabyte<sup>3</sup> of storage. However, the Commission continues to request additional storage every two months from its contractor. The Commission's

---

<sup>3</sup> One terabyte equals 1,000 gigabytes.

estimate for a statewide rollout of TIERS shows that TIERS will require 10 terabytes of total storage.

While the additional storage can be purchased, storing large amounts of data within TIERS may cause other issues. For example, if the Commission wishes to maintain full copies of the TIERS database in the other environments, it must purchase the storage for those environments. In addition, backing up and restoring the TIERS database will require additional storage and the capacity to process and move large amounts of data, which may increase the cost of the system.

It is also important to note that CHIP is scheduled for migration into TIERS in March 2008. This will require an increase in processing and storage capability for the approximately 325,000 active and 650,000 inactive CHIP clients.

TIERS database servers currently account for the majority of the central processing unit's (server) utilization during overnight operations.

The high server utilization could (1) prevent the Commission from properly processing transactions and (2) be an indicator of more severe problems. On certain nights, TIERS server utilization is between 60 percent and 80 percent, and it approaches 100 percent on some weekend nights. This indicates that the server will not support additional load associated with a statewide rollout and continue to function properly. Optimal server utilization is less than 80 percent.

The Commission does not have a statewide TIERS conversion plan.

The Commission has not developed a statewide plan to convert data from SAVERR to TIERS. Based on the Commission's capacity reports, auditors estimate that it will take a minimum of 30 weeks to convert all cases to TIERS. Because this assumes a "best case" scenario and is based on other batch processes being halted, it is likely that this estimate will not be achieved. In addition, continuing to convert cases will complicate the other issues in TIERS (such as lack of capacity and system down time).

A statewide rollout of TIERS will result in nightly batch processing time exceeding the available window.

A statewide rollout of TIERS will lead to a situation in which TIERS nightly batch processes will require more time than the available 10-hour window. The batch processes already use the entire batch window. This means that, with a statewide rollout, the batch processing time will likely exceed the available window.

## Recommendations

The Commission should stabilize the TIERS system and:

- Verify that TIERS has the processing and storage capacity to (1) support a statewide rollout before converting all clients to TIERS and disabling SAVERR and (2) ensure that TIERS batch processes will complete in the allotted time frame.
- Ensure it develops and implements a plan for the conversion of the remaining 8.6 million SAVERR clients to TIERS.
- In its contract with the Department of Information Resources, require the Department of Information Resources to assist the Commission in analyzing data storage requirements needed for a statewide rollout of TIERS and developing a plan for the conversion of the remaining 8.6 million SAVERR clients to TIERS.

## Management's Response

*As part of the Commission's planning process as it prepares to replace SAVERR across the state with TIERS, careful consideration is given to hardware requirements needed to support on-line processing, database storage, and batch processing. Thorough analysis is performed to forecast hardware needs, and processes are already in place to coordinate the timely and cost effective procurement of resources, as they are needed, to fully support the statewide rollout.*

*The Commission has a plan in place to address the data conversion of SAVERR cases to TIERS when the statewide rollout takes place. As part of this plan, a full conversion test was performed in 2005 to determine hardware requirements necessary to support the anticipated statewide volume for storage capacity and transaction processing in TIERS.*

*To revalidate these results, to assess needs in relation to current improvements in available hardware technology, and to ensure the most accurate information upon which to base its capacity plan is available, the Commission is in the process of reperforming the data conversion test.*

*In its agreement with DIR, the Commission will ask DIR to review its analysis of data storage requirements and its plan for converting statewide SAVERR clients to TIERS.*

### ***Estimated Completion Date:***

*December 2007 – Formalize agreement with DIR*

*January 2008 – Complete data conversion test*

***Title of Responsible Person:***

*Director of Enterprise Applications*

Chapter 3-B

**TIERS Interfaces with Other Systems Are Not Fully Implemented**

The Commission has not implemented all proposed interfaces between TIERS and other systems. In addition, of the 214 direct interfaces that have been implemented, only 15 had been tested as of May 2007. The Commission plans to implement an additional 103 interfaces between TIERS and other Commission, state, federal, and vendor systems.

One federally required group of interfaces to support the Commission's Income Eligibility Verification System (IEVS) was requested in June 2005 and continues to be incomplete. Key elements of IEVS include interfaces with the U.S. Social Security Administration, the U.S. Internal Revenue Service, and the Workforce Commission that provide independent information to help determine whether a client accurately reports income. Not having these interfaces makes it more difficult for the Commission to independently verify income and pursue recovery against clients who do not properly report income. The State Auditor's Office previously reported this same issue in November 2006.<sup>4</sup>

A vendor's attempt to update its records using Medicaid eligibility files (which are based on TIERS data) has identified errors that could lead to payment for ineligible clients.

For the eligibility month of August 2007, 1,293 Medicaid and 1,659 Medicaid Managed Care errors were identified when the Texas Medicaid Healthcare Partnership (TMHP) attempted to update its records using Medicaid eligibility files. Those files are based on TIERS data, and TMHP uses them to pay providers' claims. The errors corresponded to 1,143 and 1,279 unique TIERS clients for Medicaid and Medicaid Managed Care, respectively. This could lead TMHP to pay providers for providing services for ineligible clients or could cause a provider to stop providing services to an eligible client. As of the time of this audit, the cause of the errors was unknown.

---

<sup>4</sup> See *An Audit Report on the Office of Inspector General at the Health and Human Services Commission*, State Auditor's Office Report No. 07-004.

## Recommendations

The Commission should:

- Ensure that it continues to implement and test TIERS interfaces.
- Work to correct errors associated with the Medicaid eligibility files that are sent to TMHP.

## Management's Response

*The Income Eligibility Verification System (IEVS) implementation requires customized interfaces to support the secure exchange of data between TIERS, the Automated System for the Office of Inspector General (ASOIG), and each of the TIERS trading partners: Texas Workforce Commission (TWC), Internal Revenue Service (IRS) and Social Security Administration (SSA). The three trading partners use three different encryption products that will have to be tested and implemented independently. Implementation timeframes are provided below.*

- *TWC – Testing for this interface will be complete in March 2008.*
- *SSA – Currently SSA only processes one file per state; TIERS will require SSA to process two files for Texas. The implementation of this interface is contingent on internal changes at the SSA. Completion of this interface is targeted for October 2008.*
- *IRS – Testing for this interface will be complete in August 2008. The tax files for 2007 will be available for production processing in November 2008.*

*Several of the interfaces that are not operational cannot be completed until the SAVERR mainframe is shut down, which will occur several months after the final conversion of SAVERR to TIERS. Others will be implemented as needed and based on priority before the completion of the statewide roll-out. Interface testing, since July 2007, is the responsibility of the HHSC User Acceptance Test and TIERS Interface Support Teams. Working together, these two groups test and validate new and existing interfaces as required. Interface file testing follows a standardized test process to simulate production runs in a test environment creating files for internal validation. Final validation of this process simulates successful file processing and transfer between TIERS and the TIERS trading partners.*

*The Commission has developed a plan to correct client information in Medicaid eligibility files that are sent to TMHP. This plan will correct client information in a phased approach that began in September and scheduled to*

*be completed in January 2008, with the majority of the corrections to be completed by November 2007.*

***Estimated Completion Date:***

*January 2008 – Complete correction of Medicaid client information*

*November 2008 – Complete IEVS interface*

*After statewide rollout to TIERS is complete – Test and implement all interfaces*

***Title of Responsible Person:***

*Director of Enterprise Applications*

## ***A Report Has Been Developed to Provide the Commission's Office of the Inspector General with TIERS Data It Needs to Prosecute Fraud Cases***

---

In November 2006, the State Auditor's Office reported that the Commission's Office of Inspector General could not readily access data through TIERS to perform investigations of potential fraud or to recoup certain types of overpayments.<sup>5</sup>

Since that time, however, a report has been developed that the Office of the Inspector General believes will provide it with TIERS data it needs to prosecute fraud cases. (Auditors did not verify this assertion.) The Commission and the Office of Inspector General have stated that this report contains information that will be adequate to investigate fraudulent/criminal cases (see Appendix 4 for additional details). The Commission and its Office of the Inspector General have determined that TIERS supports the investigation of agency error, client error, and intentional program violation claims. They have also specified that TIERS data can and will be used as evidence in fair hearings and administrative disqualification hearings.

The Office of Inspector General has not investigated criminal cases in TIERS since November 2004, and it has not investigated civil cases in TIERS since April 2005. It estimates it will begin investigating criminal cases in January 2008.

### **Recommendations**

The Commission's Office of Inspector General should:

- Annually certify in writing that TIERS maintains the historical data necessary to investigate, refer, and prosecute fraud cases.
- Comply with federal requirements to investigate and pursue criminal cases, and immediately begin a process of active investigation and referral to the Office of the Attorney General and local district attorneys, with status reports sent to the Commission, the Office of the Governor, and the State Auditor's Office.

The Commission and its Office of Inspector General should continue to coordinate to ensure that data is available to enable the Office of Inspector General to investigate fraud cases.

---

<sup>5</sup> See *An Audit Report on the Office of Inspector General at the Health and Human Services Commission*, State Auditor's Office Report No. 07-004.



## **Management's Response**

*OIG will annually certify TIERS' ability to maintain the historical data necessary to investigate cases and eventually refer them for prosecution, if applicable, and will coordinate with Enterprise IT to ensure that information needed to perform the annual certification is available to OIG staff.*

*OIG is currently complying with all federal requirements to investigate and pursue non-fraud and fraudulent cases. There are no federal requirements to refer recipient fraud cases to the Office of the Attorney General, as they only investigate Medicaid providers. Moreover, although there are no federal requirements to refer fraudulent claims for prosecution, OIG refers recipient fraud cases to local prosecutors across the state, when applicable. OIG is currently using TIERS historical data to establish non-fraud and fraudulent claims, and the status of the claims established in TIERS cases will be included in the OIG Semi-Annual Report. General Investigations staff received training on the TIERS Historical Case Report application on September 10, 2007. OIG began using TIERS historical data to establish non-fraud overpayment claims on TIERS cases in September 2007, and began conducting fraud investigations on TIERS cases in October 2007.*

### ***Estimated Completion Date:***

*August 2008 – Include OIG's certification of TIERS Historical Case Report Data in OIG's Semi-Annual Report*

### ***Title of Responsible Person:***

*Director of General Investigations*

## ***Opportunities Exist for the Commission to Streamline its Program Application Process***

---

Determination of eligibility for public assistance programs involves both human processes and technology. Chapters 2 and 3 of this report address TIERS technology issues; this chapter focuses on human processes. The Commission is currently reviewing its approach to eligibility determination performed through state and contracted staff. This chapter offers information on potential improvements to the eligibility determination process beyond those the Commission has identified.

The relatively large number of potential public assistance program clients in Texas and the dispersion of eligibility offices geographically add to the challenges the State faces in ensuring appropriate access to services. The following appendices to this report offer more detailed information on public assistance programs in Texas:

- Appendix 2 presents census information depicting the need for various program services across Texas.
- Appendix 3 presents information regarding client participation and program expenditures.

### Chapter 5-A

## **There Are Opportunities for the Legislature and the Commission to Streamline the Application for Program Services**

The Commission's current application for public assistance programs is 11 pages in length and is based on state and federal requirements. Auditors reviewed the applications for integrated eligibility that are used by other states and found that some other states have shorter, more streamlined applications.

The 30 Commission caseworkers auditors interviewed estimated that, on average, 67 percent of applications for public assistance programs are not fully completed at the time they are submitted. Clients can complete only the first page of the application to begin the application process. Commission caseworkers later obtain any additional information needed to determine eligibility in a face-to-face interview. Commission caseworkers auditors interviewed also estimated that, on average, 34 percent of applications for public assistance programs contained incorrect information.

In fiscal year 2007, 45 percent of the new applications processed in TIERS were approved, while 28 percent were denied and 24 percent were pending (see Table 1).

Table 1

Status of <u>New</u> Applications Processed in TIERS <sup>a</sup> Fiscal Year 2007					
Program	Application Status				Totals
	Approved	Denied	Pending	Other <sup>b</sup>	
Food Stamp	78,741	30,464	107,784	4,298	221,286
TANF	5,662	22,274	885	1,307	30,128
Medicaid	126,695	79,545	6,963	9,664	222,826
<b>Totals</b>	211,098 (45%)	132,283 (28%)	115,632 (24%)	15,269 (3%)	474,240

<sup>a</sup> This table includes the total number of new applications received and processed in TIERS in fiscal year 2007. It does not include recertifications or applications processed in SAVERR.

<sup>b</sup> "Other" includes decreased, temporarily denied, and suspended applications.

Source: Unaudited data from the Health and Human Services Commission.

**There are opportunities to streamline the application process to reduce application processing time.**

House Bill 3575 (80th Legislature) established a goal for the Commission to implement "simplified application and enrollment processes for the programs in a manner that is consistent with program goals established by the legislature." The following suggestions may help to simplify the application process. These suggestions should not cause ineligible people to be approved for services; rather, they could make the application process more efficient.

Below is an example of a four-page application that could be used to expedite the application process for the client. It is Commission management's responsibility to evaluate any new forms and other procedures to ensure that the Commission obtains all required information. This application would need to be supplemented with additional information obtained during interviews with clients in order to comply with state and federal statutes and regulations. Otherwise, the Commission would need to obtain at least 25 waivers from federal regulations in order to implement the use of this application.

You have the right to file this application for **IMMEDIATE ASSISTANCE**. To do so, fill out the information below, sign and return Page 1 to your local eligibility determination office. Benefits for food stamps will be provided from the date it is received in your local eligibility determination office.

Applicant				
Last Name		First Name		Middle initial
Home Address: Street:		Apt	City	TX State ZIP
Mailing Address: Street: <i>(If different than home address)</i>		Apt	City	TX State ZIP
Home Telephone Number	Driver's License Number		Signature of Applicant or Authorized Representative	

Authorized Representative		
Do you have an Authorized Representative? An Authorized Representative is someone you allow DSHS to talk with about your benefits. You can name someone, but it is not required. <input type="checkbox"/> Yes <i>(If you do, please fill in the information below)</i> <input type="checkbox"/> No		
Full Name of Authorized Representative	Relationship	Telephone Number

**PLEASE CHECK ALL OF THE FOLLOWING THAT APPLY TO YOU AND YOUR FAMILY.**

HHSC does not provide all of these services, but we will try to refer you to someone in your community.

My family and I need help with the following services.

Food  Cash  Medical for Adults  Help for someone who is elderly, blind, or has a disability  Domestic Violence

Other: Please Specify \_\_\_\_\_

I, or someone in my household is pregnant; Due date: \_\_\_\_\_ Number of Babies expected: \_\_\_\_\_

**FOOD STAMPS:**

You may qualify for emergency Food Stamps if any of the following apply to you:	Yes	No
1. Is anyone in your home a migrant worker or a seasonal farm worker?	<input type="checkbox"/>	<input type="checkbox"/>
2. Does your household have \$100 or less available and do you expect your income this month to be less than \$150?	<input type="checkbox"/>	<input type="checkbox"/>
3. For this month, is the money you have and the money you expect to receive this month, less than the total of the following expenses that will be due for this month? <b>If so, enter the bill amounts that are due:</b>	<input type="checkbox"/>	<input type="checkbox"/>
Rent / mortgage: \$ _____ Water: \$ _____ Gas: \$ _____ Electricity: \$ _____ Sewage: \$ _____ Phone: \$ _____		

**FOOD STAMPS: General Information**

I need a phone interview because I'm:  Elderly  Disabled  Working  Other Hardship: \_\_\_\_\_

**ALL PROGRAMS: General Information**

I need a translator. I speak: \_\_\_\_\_ or  sign; I want my letters in: \_\_\_\_\_

You may qualify for emergency Food Stamps if any of the following apply to you:	Yes	No
• Does anyone on your household receive TANF, Food Stamps, or Medicaid from another state?	<input type="checkbox"/>	<input type="checkbox"/>
• Is anyone in your household disabled?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you have a physical or mental condition that requires special accommodations?	<input type="checkbox"/>	<input type="checkbox"/>

**ALL PROGRAMS: Information about Members of Your Household**

Complete the following for all of the members of your household. If you reside in a nursing facility, facility for the mentally impaired, adult foster care, or continuing care retirement communities, also include information about your spouse who does not live with you. List everyone in your household even if you are not applying for them (attach additional sheets, if necessary).

NAME (FIRST, MIDDLE, LAST)	SEX M OR F	HOW IS THIS PERSON RELATED TO YOU?	DO YOU WANT BENEFITS FOR THIS PERSON?		DATE OF BIRTH	STUDENT? YES NO	OPTIONAL FOR NON-APPLICANTS				SOCIAL SECURITY NUMBER	
			YES	NO			U.S. CITIZEN? YES NO	TEXAS RESIDENT? YES NO	MARITAL STATUS	PLACE OF BIRTH (CITY/STATE)		

**Complete the following about the CHILDREN for whom you want TANF or Medicaid benefits.**

If you are applying for cash assistance for dependent children, is the father's name blank on the birth certificate for any of your children? Yes No

Yes  No

Are applying for cash for your family? If you are, how many parents are absent? \_\_\_\_\_

Yes  No

**ALL PROGRAMS: Medical Coverage**

1. Is anyone in your household receiving Medicare? Yes No
2. Does anyone in your household have any unpaid or reimbursable medical bills for the past 3 months? Yes No
3. Does anyone in your household currently have medical coverage other than Medicare or Medicaid? Yes No
4. Does anyone in your household need assistance in one of the following settings? Yes No
  - Nursing Facility  Continuing Care Retirement Communities  State School
  - ICF/MR (Group facility for persons with mental retardation)  State Hospital

Yes  No  
 Yes  No  
 Yes  No  
 Yes  No

**Resources/Assets**

**ALL PROGRAMS: Resources/Assets**

- Does anyone in your household own or is buying a car, truck, boat, motorcycle or other vehicle? Yes No
- Has anyone in your household sold, traded, transferred or given away any money or any other property within the last five years? Yes No
- Does anyone in your household have any assets? Assets includes cash, checking/savings accounts, safe deposit boxes, Certificates of Deposit (CD), money market accounts, savings bonds, stocks, mutual funds or annuities, home, real estate, life insurance policy, Pre-need burial contract, Burial space/plot, etc. Yes No

Yes  No  
 Yes  No  
 Yes  No

**MEDICAL ASSISTANCE, MEDICARE SAVINGS PROGRAM, COMMUNITY CARE ONLY: Resources/Assets**

Has anyone in your household closed any financial investments or bank accounts within the last five years? Yes No

Yes  No

**ALL PROGRAMS: Earned Income**

- Has anyone in your household refused to work or voluntarily quit a job within the last 60 days? Yes No
- Did anyone in your household receive money from work during the last three months? Yes No
- Does anyone in your household have income that ended during the last 12 months? Yes No

Yes  No  
 Yes  No  
 Yes  No

If so, list below. Be sure to include money from training and self employment

Name of person working or receiving money	Name of employer or source of income	Gross amount received (before deductions)	How Often Paid?	Hours worked	Start date	Last payment date
		\$				
		\$				

**ALL PROGRAMS: Other Income**

Does anyone in your household have a pending application for Social security, SSI, Unemployment Compensation Benefits? Yes No

Does anyone in your household have any other income? If so, list below.

Unearned income includes, but is not limited to:

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> SSI/ Social Security (RSDI)          | <input type="checkbox"/> Pensions / Retirement                      | <input type="checkbox"/> Room and board              |
| <input type="checkbox"/> Child Support received               | <input type="checkbox"/> Civil service annuity / Military allotment | <input type="checkbox"/> Stipends                    |
| <input type="checkbox"/> Cash / Gifts / Loans                 | <input type="checkbox"/> Annuities / Payment from private insurance | <input type="checkbox"/> Sick benefits               |
| <input type="checkbox"/> Veteran's / Railroad retirement      | <input type="checkbox"/> Utility Assistance                         | <input type="checkbox"/> Reparation payment          |
| <input type="checkbox"/> Unemployment / Workers' compensation | <input type="checkbox"/> Payments from a trust / Royalties          | <input type="checkbox"/> Farm income / Rent received |
| <input type="checkbox"/> Interest / Dividends                 | <input type="checkbox"/> Payment from promissory note               | <input type="checkbox"/> Home care for the elderly   |
| <input type="checkbox"/> Money from oil, gas, mineral rights  | <input type="checkbox"/> Alimony                                    |  |

Name of person receiving this money (If child support, list child)	Type of source of income	Person, company, or agency paying this money	Social security / VA claim numbers	Amount received	How often paid?	Date received
				\$		
				\$		
				\$		
				\$		
				\$		

**Expenses**

Rent \$ \_\_\_\_\_ Mortgage \$ \_\_\_\_\_ Space Rent \$ \_\_\_\_\_

Homeowner's Insurance (Yearly) \$ \_\_\_\_\_ Property Taxes (Yearly) \$ \_\_\_\_\_ Property Assessments \$ \_\_\_\_\_

Utilities (Check all that apply):  Electricity (not heat)  Phone  Heating (gas, electric, oil)  Water, sewer, garbage

Another person or agency helps me pay either all or part of my shelter costs:  Yes  No If yes, who: \_\_\_\_\_ What Expense: \_\_\_\_\_ Amount they pay: \$ \_\_\_\_\_

(we) pay or are supposed to pay (check all that apply):

Child care or dependent care Monthly amount: \$ \_\_\_\_\_ Who pays: \_\_\_\_\_

Child support Monthly amount: \$ \_\_\_\_\_ Who pays: \_\_\_\_\_

Medical bills Monthly amount: \$ \_\_\_\_\_ Who pays: \_\_\_\_\_

**STATEMENT OF UNDERSTANDING** - Your signature below acknowledges the following:

**Reporting Changes:** I agree to report, within 10 days, all changes that may affect my eligibility.

**Information we have about you:** I understand, with a few exceptions, that I have the right to request and to know about information that the Texas Health and Human Services Commission (HHSC) obtains about me. I understand that upon request, you are entitled to receive and review the information. I also have the right to ask HHSC to correct information that is determined to be incorrect. (Government Code Sections 552.021, 552.023, 559.004).

**By applying for TANF:** Federal law and state law provide that the legal rights to child support and spousal maintenance must be assigned to the State of Texas for all persons receiving cash assistance. I understand that this means that while I receive or anyone on my application receives cash assistance, the State has the right to keep support or spousal maintenance collections, including collections for support or spousal maintenance that was owed before cash assistance was paid. I understand that when I and the persons on my application stop receiving cash assistance that the State may still keep certain collections received for support or spousal maintenance that were owed before and during the time I received Cash Assistance. The child support and spousal maintenance collections will be used to pay back the State for cash assistance paid to me or anyone on my application. I also understand that I have a right to claim Good Cause for non-cooperation with Child Support Enforcement if establishing or enforcing support would bring harm to me or any child in my custody. If I am a victim of family violence and think that collecting child support might endanger me or my children, I may not be required to cooperate with the child support requirement. I may claim Good Cause by telling my HHSC advisor (or designated representative) or Child Support worker the facts justifying Good Cause and signing the Claim of Good Cause at any time I am receiving cash assistance. I understand that if I intentionally give wrong or misleading information, I could be prosecuted for a state or federal crime, found guilty or receive deferred adjudication, be sentenced to community supervision or up to 10 years in prison, be required to repay benefits, and be permanently disqualified from receiving TANF. I understand that if I commit an intentional program violation I will be disqualified from receiving financial assistance for up to 12 months for the first violation, and permanently for a second violation.

**By applying for Medicaid:** I understand that to the maximum extent allowed by state and federal law, HHSC will keep any medical payments made by other health insurance and any cash medical support collected for me or my child by the Office of the Attorney General (OAG). I understand that the filing of this application and the acceptance of Medicaid benefits results in the automatic assignment to HHSC of any right any recipient has to any third-party recovery. I agree to fully cooperate with HHSC in recovery of these funds. I agree to authorize each provider of Medicaid services to release any medical or other information about me or my eligible family members in order for providers to be paid by Medicaid. I understand that by applying for Medicaid for my child, I agree to give information about any parent who is not living with the child. If my child and I receive Medicaid, my case will be referred to the Office of the Attorney General for child support services. If only my child receives Medicaid, I understand that a referral to the OAG for child support services is voluntary. If my case is referred to the Office of the Attorney General, I agree to cooperate in establishing paternity and support for my child.

I acknowledge that if I give wrong or misleading information or let someone else use my Medical Card Identification Form, I could be prosecuted and/or be required to pay back to the State or Federal Government any benefits issued incorrectly.

**By applying for the Food Stamp Program:** I acknowledge that any member of my household who breaks the following rules may not get Food Stamps benefits for one year for the first offense, two years for the second offense, or permanently for the third offense; may be fined up to \$250,000 or jailed up to 20 years, or both; may be barred from the Food Stamp program as ordered by the court; may lose deductions; and may be prosecuted under other state or federal laws:

- Making false or misleading statements, orally or in writing, or hiding information to get benefits the household should not get.
- Using or having in your possession improperly obtained Food Stamp benefits, Lone Star Card(s), or other program access device(s).
- Trading or selling Food Stamp benefits, Lone Star Card(s), or other program access device(s)

**Verification:** I understand that information I provide in connection with this application may be verified by HHSC and other state and federal agencies. My signature below authorizes release of this information and indicates that I agree that this information may be used to determine if the people in my household qualify for benefits.

**Important Information You Should Know Before You Apply:**

**Annuities:** You must disclose if you and/or your spouse have an interest in an annuity or similar instrument. If you are determined eligible for Medicaid, the state becomes the remainder beneficiary of the instrument.

**Immigration:** You will be asked to provide information about the citizenship or immigration status for all persons (including yourself) for whom you want assistance. If any of these persons do not want to give us information about his/her citizenship or immigration status, he/she will not be eligible for benefits. Other family or household members may still receive benefits, if they are otherwise eligible. You can apply for and get benefits for eligible household members even if your household includes other members who are not eligible because of immigration status. For example, immigrant parents may apply for benefits for their U.S. citizen or qualified legal immigrant children, even though the parents may not qualify for benefits. You will not have to provide immigration status information or documents for any household members who are not eligible because of immigration status and who are not asking for benefits. If you or members of your household use the Medicaid, Children's Health Insurance Program (CHIP), or Food Stamps program, it will not affect you or your household members' immigration status. Also, it will not affect you or your household members' ability to get a green card. The exception is if you receive long-term institutional care, such as nursing home care. The use of TANF might create problems with getting a green card, especially if the benefits are your household's only income. Talk to any agency that helps immigrants with legal questions before you apply. Refugees and persons granted asylum can use any benefits, including cash assistance, without hurting their chances of getting a green card or U.S. citizenship.

**Race/Ethnicity and Gender:** You will be asked to provide information about the race/ethnic background and gender of yourself and all persons for whom you want assistance. This information is voluntarily given and is used to make sure that benefits are provided without regard to race, color, gender, or national origin. It will not affect the household's eligibility or benefit amount.

**Health and Hospitalization Information:** According to state law a recipient of Medicaid automatically gives HHSC his or her right to financial recovery from personal health insurance, other recovery sources and money received as a result of personal injuries, to the extent HHSC has paid for medical services. This allows HHSC to recover the costs of medical services paid by the Medicaid program. Any applicant or recipient who knowingly withholds information regarding any sources of payment for medical services violates state law.

**Social Security Numbers:** You will be asked to provide the Social Security numbers for all people, including yourself, for whom you want assistance. If any of these people do not have a Social Security number, we can help you apply for one. Providing or applying for a Social Security number is required as a condition of eligibility for benefits as required by Section 1137 of the Social Security Act. The authority for these requirements is as follows: for food stamp benefits, 7 C.F.R. 273.6; for TANF benefits, 45 C.F.R. 205.52; and for medical assistance benefits, 42 C.F.R. 435.910. We will not share your Social Security number with the Bureau of Citizenship and Immigration Services. You will not have to provide Social Security numbers for any family members who are not eligible because of immigration status and who are not asking for benefits. Social Security numbers are used to verify eligibility, to conduct computer matching with other agencies (such as the Texas Workforce Commission, the Social Security Administration, the Internal Revenue Service and credit reporting agencies) and other matching sources, and to recover benefits you were not entitled to receive. We may share Social Security numbers with phone and electric companies to help them determine if you qualify for a reduction in your bills or with others to help you receive benefits based on need.

**Discrimination:** In accordance with Federal law and U.S. Department of Agriculture (USDA) and U.S. Department of Health and Human Services (HHS) policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. Under the Food Stamp Act and USDA policy, discrimination is also prohibited on the basis of religion or political beliefs. If you feel you have been discriminated against, you may contact HHSC Civil Rights office by writing Texas Health and Human Services Commission, Civil Rights Office, 701 W. 51st St., Suite 104, Austin, TX 78751 or call (888) 388-6332 (voice), (512) 438-2960 (TDD), (877) 432-7232 (TTY), or (512) 438-5885 (fax). You may also file a complaint by contacting USDA or HHS. Write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TTY) Write HHS, Director, Office for Civil Rights, Room 506-F, 200 Independence Avenue, S.W., Washington, D.C. 20201 or call (202) 619-0403 (voice) or (202) 619-3257 (TTY). USDA and HHS are equal opportunity providers and employers.

<b>I certify under penalty of perjury that the information I have provided on this application is true and complete to the best of my knowledge. If it is not, I may be subject to criminal prosecution.</b>		
Signature of Applicant or Authorized Representative	Phone Number	Date
Signature of person with legal authority to act for applicant (evidence must be provided)	Phone Number	Date
Signature of witness, if above is signed with an "X"	Print Name of witness	Date

The Commission should consider implementing a process to track the time it takes to determine eligibility for public assistance programs and establish internal benchmarks to measure the timeliness of eligibility determinations.

As Tables 2 through 4 on the following pages show, clients sometimes wait more than 100 days for a final determination of their eligibility for public assistance programs. This can be due to various factors, including a client not having provided completed information that the caseworker may need. However, to ensure that clients do not “fall through the cracks,” the Commission should consider tracking the time that each client waits for a complete determination of eligibility and implementing additional automatic supervisory and administrative reviews of cases for which eligibility determination appears to be delayed. Not processing applications in a timely manner could be considered by some to be the equivalent of the denial of access to services to eligible clients who need services promptly.

In addition, the Commission should consider establishing internal benchmarks to measure the timeliness of determinations. For example, one internal goal should be that applications will be approved or denied within two weeks, and any remaining pending cases should have final eligibility determinations established within 30 days. The Commission also should report on progress toward these goals on a quarterly basis to the Governor, Legislative Budget Board, State Auditor’s Office, Senate Committee on Health and Human Services, and the House Committee on Human Services.

For the Food Stamp program in fiscal year 2007, 29.11 percent of the 221,281 new applications submitted were approved within the federally required 30-day time period, while 8.13 percent of the new applications were denied. Applications can be denied due to a lack of documentation, failure by the client to attend scheduled appointments, or the client not meeting certain income requirements. Therefore, a decision on whether to issue benefits for new applications was made for only 37.24 percent of the new applications submitted. Most importantly, 47.47 percent of the new applications submitted for Food Stamps were pended within the first 30 days due to incomplete or missing information.

More than 15 percent of the new applications submitted for Food Stamps were not disposed of until after the federally required 30-day time period.

Of the 221,281 new applications submitted for Food Stamps, 107,782 (48.71 percent) were in pending status as of September 14, 2007. Applications can be in pending status primarily due to missing or incomplete information.



Table 2

**Summary of Food Stamp Application Processing Time  
Fiscal Year 2007**

Application Status Category	Applications Processed in 0-30 days		Applications Processed in 31-100 days		Applications Processed After 100 Days		Totals	Percent of Total Applications
	Number	Percent of Application Status Category	Number	Percent of Application Status Category	Number	Percent of Application Status Category		
Approved <sup>a</sup>	64,405	29.11%	15,542	7.02%	592	0.27%	80,539	36.40%
Denied <sup>b</sup>	17,993	8.13%	14,243	6.44%	724	0.33%	32,960	14.90%
Pending	105,039	47.47%	2,670	1.21%	73	0.03%	107,782	48.71%
<b>Totals</b>	<b>187,437</b>		<b>32,455</b>		<b>1,389</b>		<b>221,281</b>	<b>100.00%</b>

<sup>a</sup> Approved includes cases that were "approved," "decreasing," and "increasing."

<sup>b</sup> Denied includes "denied ongoing," "application complete," "denied pending application," and "denied."

Source: Unaudited data from the Health and Human Services Commission.

For the TANF program in fiscal year 2007, only 15.89 percent of the 30,128 new applications submitted were approved within 45 days, while 65.15 percent of the new applications were denied. Applications can be denied due to a lack of documentation, failure by the client to attend scheduled appointments, or the client not meeting certain income requirements. Therefore, a decision on whether to issue benefits for new applicants was made for 81.04 percent of the applications. However, 2.93 percent of the new applications submitted were pended for incomplete or missing information.

Of the new applications submitted for TANF, 12.92 percent were disposed of in 46 to 90 days. Of these applications, 9.56 percent were denied. Additionally, 3.10 percent of the new applications submitted were disposed of after 91 days.

Out of 30,128 new applications submitted for TANF, 885 (2.94 percent) were in pending status. Applications can be in pending status primarily due to missing or incomplete information.

Table 3

**Summary of TANF Application Processing Time  
Fiscal Year 2007**

Application Status Category	Applications Processed in 0-45 days		Applications Processed in 46-90 days		Applications Processed After 90 Days		Totals	Percent of Total Applications
	Number	Percent of Application Status Category	Number	Percent of Application Status Category	Number	Percent of Application Status Category		
Approved <sup>a</sup>	4,788	15.89%	1,012	3.36%	244	0.81%	6,044	20.06%
Denied <sup>b</sup>	19,629	65.15%	2,881	9.56%	689	2.29%	23,199	77.00%
Pending	884	2.93%	1	0.00%	0	0.00%	885	2.94%
<b>Totals</b>	<b>25,301</b>		<b>3,894</b>		<b>933</b>		<b>30,128</b>	<b>100.00%</b>

<sup>a</sup> Approved includes cases that were "approved," "decreasing," and "increasing."  
<sup>b</sup> Denied includes "denied ongoing," "application complete," "denied pending application," and "denied."

Source: Unaudited data from the Health and Human Services Commission.

For the Medicaid program in fiscal year 2007, 48.73 percent of the 222,864 new applications submitted were approved within the federally required 45-day time period, while 28.19 percent of the new applications were denied. Applications can be denied due to a lack of documentation, failure by the client to attend scheduled appointments, or the client not meeting certain income requirements. Therefore, a decision on whether to issue benefits for new applicants was made for 76.92 percent of the applications. However, 3.10 percent of the new applications submitted were pended for incomplete or missing information.

Of the new applications submitted, 15.59 percent were disposed of in 46 to 90 days, which is outside of the 45-day processing requirement. In addition, 4.37 percent of the new applications submitted were disposed of after 91 days.

Of the 222,864 new applications submitted for Medicaid, 6,960 (3.12 percent) were in pending status. Applications can be in pending status primarily due to missing or incomplete information.

Table 4

**Summary of Medicaid Application Processing Time  
Fiscal Year 2007**

Application Status Category	Applications Processed in 0-45 days		Applications Processed in 46-90 days		Applications Processed After 90 Days		Totals	Percent of Total Applications
	Number	Percent of Application Status Category	Number	Percent of Application Status Category	Number	Percent of Application Status Category		
Approved <sup>a</sup>	108,595	48.73%	18,385	8.25%	4,068	1.83%	131,048	58.80%
Denied <sup>b</sup>	62,827	28.19%	16,356	7.34%	5,632	2.53%	84,815	38.06%
Pending	6,899	3.10%	39	0.02%	22	0.01%	6,960	3.12%
Suspended	24	0.01%	9	0.00%	8	0.00%	41	0.02%
<b>Totals</b>	<b>178,345</b>		<b>34,789</b>		<b>9,730</b>		<b>222,864</b>	<b>100.00%</b>

<sup>a</sup> Approved includes cases that were "approved," "decreasing," and "increasing."  
<sup>b</sup> Denied includes "denied ongoing," "application complete," "denied pending application," and "denied."

Source: Unaudited data from the Health and Human Services Commission.

State and federal laws and regulations address the timeliness of benefits determination. For example:

- The federal government requires that eligibility determinations for non-emergency Food Stamps must be made within 30 days.
- The federal government requires that eligibility determinations on new applications for Medicaid must be made within 45.

According to reports the Commission submitted to the U.S. Department of Agriculture's Food and Nutrition Service, the Commission met these requirements 76.44 percent of the time in federal fiscal year 2007 (as of October 2006-May 2007).

Implementing additional tracking mechanisms and establishing and reporting progress toward meeting internal benchmarks could assist the Commission in ensuring that it meets federal and state requirements while it continues to make changes in the eligibility determination processes.

The Commission should reduce the need for clients to provide supporting information by considering expanding the use of third-party verification.

The Commission should consider expanding its use of third-party verification of client information, where possible, to reduce the need for clients to provide supporting information during the initial application process. This approach

also would require the Commission's Office of Inspector General to implement a rigorous process for investigating potential fraud.

The Commission currently performs certain verifications of client income and resources using third-party sources. For example, it uses commercial services such as "data broker" services and verifies client income by using the Workforce Commission's employer database.

The Commission uses this information primarily (1) to verify information previously provided to caseworkers for eligibility determinations and recertifications or (2) for fraud and abuse detection or investigations. The Commission should evaluate whether it would be possible to reduce the amount of supporting documentation that clients must provide by expanding its reliance on third-party sources of information.

### Recommendations

The Legislature and the Commission should consider opportunities to streamline the application for public assistance programs while ensuring that the Commission's Office of Inspector General implements a rigorous process for investigating potential fraud.

The Commission should:

- Consider tracking the time that each client waits for a complete determination of eligibility and implementing additional automatic supervisory and administrative reviews of cases for which eligibility determination appears to be delayed.
- Consider establishing internal benchmarks to measure the timeliness of determinations. For example, one internal goal should be that applications will be approved or denied within two weeks, and any remaining pending cases should have final eligibility determinations established within 30 days. The Commission also should report on progress toward these goals on a quarterly basis to the Governor, Legislative Budget Board, State Auditor's Office, Senate Committee on Health and Human Services, and the House Committee on Human Services.

### Management's Response

*House Bill 3575, 80th Legislature, Regular Session has specific goals the Commission must achieve in developing an enhanced eligibility system. One of the goals is to implement simplified application and enrollment processes for the programs in a manner that is consistent with program goals established by the legislature. The Commission has begun a project to review all application forms and processes, and develop options and*

*recommendations for revising the application and redetermination forms and processes. The first meeting was held on September 25, 2007. The Commission will consider the SAO suggestions regarding the application form during this development process.*

*The Commission will review current goals and benchmarks to determine how case completion timeliness can be improved. The current expectation is for staff to complete cases as soon as possible. This expectation, which is currently in effect, is reinforced during ongoing training for all eligibility supervisors. Future training will further emphasize a comprehensive overview of management controls, monitoring systems, and use of corrective actions. Supervisor performance improvement is measured through management evaluation reviews, office management review findings, timeliness reports, and quality control error rates.*

*In addition, the Commission will form an internal workgroup to establish appropriate benchmarks for timely case completion and methods of data collection. The workgroup will review current timeframes and available monitoring tools to determine whether any program changes and system enhancements are needed to achieve and report on the Commission's progress in meeting timeliness goals.*

*Before changes to these processes are implemented, the Commission will ensure that the ability of the OIG to investigate potential fraud is not impacted, and will ensure that the needs of its state and federal business partners continue to be met.*

***Estimated Completion Date:***

*December 2007 – Develop options and recommendations for application and enrollment processes*

*November 2008 – Implement revised forms and processes*

*January 2008 – Update training curriculum for eligibility supervisors in place*

*April 2008 – Develop options and recommendations for tracking and reporting case completion timeframes*

*November 2008 – Implement priority recommendations*

***Title of Responsible Person:***

*Associate Commissioner, Office of Family Services*

## The Commission Is Considering Various Options to Improve Client Access to Services

House Bill 3571 (80th Legislature) directed the Commission to create a pilot program to conduct eligibility determination in retail locations such as grocery stores. Specifically, that bill amended Texas Government Code, Chapter 531, and allowed the Commission to contract with private entities in an effort to support outreach efforts and eligibility determinations for the Food Stamp program. To implement this, the Commission is investigating the possibility of obtaining a federal waiver related to confidentiality issues in order to place its eligibility staff at retail locations.

The Commission also has placed eligibility staff at hospitals and nursing homes to process applications for Medicaid, Food Stamps, and TANF. The Commission's regional offices are responsible for day-to-day operations and oversight of these staff. In addition, Commission staff in various regions are making efforts to increase awareness of public assistance programs. For example, Commission staff in the El Paso region participate in school fairs, health fairs, and career days; they also visit hospitals. Eligibility staff visit the colonias to interview potential clients. In addition, staff in the El Paso region use a multi-agency referral system, which enables clients to access multiple services.

House Bill 109 (80th Legislature) required the Commission to conduct an outreach program to promote the availability of CHIP by:

- Involving school-based health clinics.
- Using a toll-free telephone number through which families may obtain information about health benefits coverage for children.
- Contracting with community-based organizations to improve promotion of CHIP.

This bill also changed the CHIP eligible benefit certification period from six to twelve months. In addition, it required the Commission to verify income after families receive six months of benefits to ensure that the families (whose original income was 185 percent of the federal poverty level) are still eligible for services.

## List of Report Recommendations

Table 5 lists the recommendations in this report and categorizes each as a short-term, mid-term, or long-term recommendation.

Table 5

Summary of Report Recommendations
Short-term Recommendations to be Implemented within One Year
<p>The Commission should contract with the Department of Information Resources to provide guidance on the appropriate design and architecture for TIERS. Through this contract, the Department of Information Resources should be required to review TIERS annually for effectiveness and ensure the system's technology is operating as intended.</p> <p>In its contract with the Department of Information Resources, the Commission should require the Department of Information Resources to assist the Commission in reducing the number of outstanding service requests, unplanned outages (system failures), and manual workarounds.</p> <p>In its contract with the Department of Information Resources, the Commission should require the Department of Information Resources to review and comment on the Commission's proposed change management process and proposed plans for user acceptance testing.</p> <p>In its contract with the Department of Information Resources, the Commission should require the Department of Information Resources to assist the Commission in analyzing data storage requirements needed for a statewide rollout of TIERS and developing a plan for the conversion of the remaining 8.6 million SAVERR clients to TIERS.</p>
The Commission should improve training to ensure that contingency processing methods are communicated to staff and implemented as intended.
The Commission should analyze the system and change management process to identify opportunities to reduce the number of TIERS versions it needs to release.
The Commission should conduct user acceptance testing before it releases new versions of TIERS and document evidence of both the test and user approval.
The Commission should take ownership of the change management process and systems.
The Commission should ensure it has implemented proper controls over the change management process, including continuing to implement proper segregation of duties for the tools used to support TIERS development.
The Commission should analyze the reason for system instability, and develop and implement a plan to improve system reliability.
The Commission should work to correct errors associated with the Medicaid eligibility files that are sent to the Texas Medicaid and Healthcare Partnership (TMHP).
The Commission's Office of Inspector General should annually certify in writing that TIERS maintains the historical data necessary to investigate, refer, and prosecute fraud cases.
The Commission should ensure that TIERS has the processing capacity and storage necessary to overcome its design issues and support the expansion of the system across the state.
The Commission should implement controls necessary to address the weaknesses identified in TIERS data entry.
The Commission's Office of Inspector General should comply with federal requirements to investigate and pursue criminal cases, and immediately begin a process of active investigation and referral to the Office of the Attorney General and local district attorneys, with status reports sent to the Commission, the Office of the Governor, and the State Auditor's Office.
The Commission should analyze the causes for the need to make manual data corrections for the high number of service requests, and for the need to use contingency processing methods. Based on that analysis, it should prioritize and implement TIERS changes that would enable it to minimize reliance on these processes.
The Commission and its Office of Inspector General should continue to coordinate to ensure that data is available to enable the Office of Inspector to investigate fraud cases.
The Commission should consider tracking the time that each client waits for a complete determination of eligibility and implementing additional automatic supervisory and administrative reviews of cases for which eligibility determination appears to be delayed.
The Commission should consider establishing internal benchmarks to measure the timeliness of determinations. For example, one internal goal should be that applications will be approved or denied within two weeks, and any remaining pending cases should have final eligibility determinations established within 30 days. The Commission also should report on progress toward these goals on a quarterly basis to the Governor, Legislative Budget Board, State Auditor's Office, Senate Committee on Health and Human Services, and the House Committee on Human Services.

## Summary of Report Recommendations

### Mid-term Recommendations to be Implemented in One to Two Years

The Legislature and the Commission should consider opportunities to streamline the application for public assistance programs while ensuring that the Commission's Office of Inspector General implements a rigorous process for investigating potential fraud.

The Commission should work to stabilize TIERS by reducing the number of outstanding issues to a manageable level and discontinuing further rollout until TIERS is stabilized.

The Commission should ensure it develops and implements a conversion plan for the conversion of the remaining 8.6 million SAVERR clients to TIERS.

The Commission should assess the need for the more than 1,000 screens that can be encountered when determining client eligibility and identify ways in which to increase efficiencies.

The Commission should verify that TIERS has the processing and storage capacity to (1) support a statewide rollout before converting all clients to TIERS and disabling SAVERR and (2) ensure that TIERS batch processes will complete in the allotted time frame.

The Commission should ensure that it continues to implement and test TIERS interfaces.

### Long-term Recommendation to be Implemented in Three to Five Years

The Commission should continue working to improve the design and overall efficiency of TIERS.



# Appendices

Appendix 1

## **Objective, Scope, and Methodology**

---

### **Objective**

The objective of this audit was to determine whether the Health and Human Services Commission (Commission) implemented integrated eligibility and enrollment systems as specified in House Bill 2292 (78th Legislature, Regular Session).

The Commission is currently reviewing and modifying its approach to delivering eligibility determination services through call centers and contracted services. Therefore, this audit focused on evaluating the automated system that has been developed to determine eligibility and calculate benefits (the Texas Integrated Eligibility Redesign System or TIERS) and on identifying any additional improvements that could be made to the eligibility determination processes that are independent of decisions regarding contracted services.

### **Scope**

The scope of this audit covered TIERS from the project's start date through fiscal year 2007.

### **Methodology**

The audit methodology included collecting information and documentation, performing selected tests and other procedures, analyzing and evaluating the results of the tests, and conducting interviews with the Commission's management and staff and staff from the contractors included in the Texas Access Alliance, the Commission's Office of Inspector General, the Texas State Employees Union Office, the Center for Public Policy Priorities, and the Texas Public Policy Foundation.

Information collected and reviewed included the following:

- Federal and state statutes, rules, and regulations.
- Agency policies and procedures governing the Food Stamp program, Temporary Assistance for Needy Families (TANF) program, and the Medicaid program.
- The Commission's Office of Inspector General's review of TIERS and Integrated Eligibility and Enrollment system (IEES).

- Commission Quality Control cases reviewed from September 2006 through April 2007 for TANF and Medicaid.
- TIERS clients with benefits disposed or denied between July 20, 2007, and August 17, 2007, for Medicaid, Food Stamps, and TANF.
- TIERS database design documentation and selected data extracts to support analysis.
- TIERS application design documentation, including information on the business rules and driver flow.
- Various TIERS user manuals.
- Reports on current TIERS capacity and operational performance.
- Documentation on TIERS batch architecture and performance.
- Access to support systems containing the TIERS test results and requests to make changes to the system.
- Agency policies and procedures governing the development and operation of TIERS.
- Documentation on the operations of selected TIERS interfaces.
- Documentation on the application used to produce the *TIERS Case History Report*.
- Contingency processing methods (“workarounds”) used by the Commission.

Procedures and tests conducted included the following:

- Reviewed a sample of 18 TANF and Medicaid cases from the Commission’s Quality Control cases for fiscal year 2007 to determine whether Quality Control appropriately and consistently assessed cases.
- Reviewed a sample of 60 TIERS clients with benefits disposed or denied between July 20, 2007, and August 17, 2007, for Medicaid, Food Stamps, and TANF to determine whether cases were appropriately approved or denied.
- Reviewed a sample of 30 TIERS cases for which the original eligibility determination had been reversed by a hearings officer to determine the reason for the reversal.

- Physical observation and walk-through of the Texas integrated eligibility document processing center in San Antonio, Texas, and the data imaging and call center in Midland, Texas.
- Interviewed personnel from the Commission's Office of Inspector General, the Texas State Employees Union Office, the Center for Public Policy Priorities, and the Texas Public Policy Foundation.
- Reviewed federal, state, and agency rules to determine specific changes that would be necessary to streamline the application process.
- Reviewed client access to public services in other states and reviewed non-profit organization reports to identify additional improvements to increase access for Texas clients to public assistance programs.
- Reviewed the design and structure of the TIERS database to determine whether the database structure would support the case history report.
- Reviewed the design and operation of the business rules for TIERS to determine whether they were operating in a manner to provide accurate eligibility determinations.
- Reviewed the operation of the TIERS batch processes to determine whether they were operating in a manner that would allow them to process in a timely manner.
- Reviewed the change control process to determine whether controls were properly designed.
- Reviewed the system and storage capacity to determine whether they would support a statewide rollout of TIERS.
- Reviewed selected TIERS interfaces to determine whether they provided accurate and complete information to other systems.
- Reviewed the open outstanding requests for changes to identify TIERS problems or determine what functionality was needed in TIERS.
- Reviewed the contingency processing methods to determine what functionality was needed in TIERS.
- Reviewed selected test processes and results.

Criteria used included the following:

- House Bill 2292 (78th Legislature, Regular Session).
- Code of Federal Regulations.
- Texas Statutes and the Texas Administrative Code.
- *Texas Works Handbook*.

### **Project Information**

Audit fieldwork was conducted from May 2007 through August 2007. This audit was conducted in accordance with generally accepted government auditing standards.

The following members of the State Auditor's staff performed the audit:

- Courtney Ambres-Wade, CGAP (Project Manager)
- Michael Yokie, CISA (Assistant Project Manager)
- Nick Ballard
- Dannyaal Cooper
- Sandra Q. Donoho, MPA, CISA, CIA, CFE
- Nicole Elizondo, CFE
- Arby Gonzales
- Ann E. Karnes, CPA
- Letecia Mendiola, MPA
- Dana Musgrave, MBA
- Namita Pai, MSA, CPA
- Agnes Rasmussen, CPA, CISA
- Stephen J. Randall, MBA
- John Rios
- Tony White
- Cyndie Holmes, CISA (Information Systems Audit Team)
- Serra Tamur, MPAff, CISA, CIA (Information Systems Audit Team)

- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CGAP (Audit Manager)
- Kelly Furgeson Linder, MSCRP, CGAP (Audit Manager)

## *Information on the Need for Program Services*

---

Figure 1 on the next page shows (1) 2000 Census information by Texas county and (2) the locations of offices at which eligibility for public assistance programs is determined (eligibility offices).

Four Texas counties had populations that exceeded 1,000,000: Bexar, Tarrant, Dallas, and Harris counties. Bexar County has 8 eligibility offices, Tarrant County has 6 eligibility offices, Dallas County has 15 eligibility offices, and Harris County has 12 eligibility offices.

Three Texas counties had populations between 500,001 and 1,000,000: Travis, Hidalgo, and El Paso counties. Travis County has 3 eligibility offices, Hidalgo County has 9 eligibility offices, and El Paso County has 10 eligibility offices.

Ten Texas counties had populations between 100,001 and 500,000; each of these counties has 2 or more eligibility offices. These 10 counties include Wichita, Smith, Ellis, Jefferson, Galveston, Brazoria, Bell, Williamson, Nueces, and Cameron counties.

Every county in East Texas has at least 1 eligibility office; however, not every county in West Texas has an eligibility office. Three counties in South Texas—Medina, McMullen and Kenedy—do not have eligibility offices. The majority of counties that do not have eligibility offices had populations of 5,000 or fewer.

Figure 1

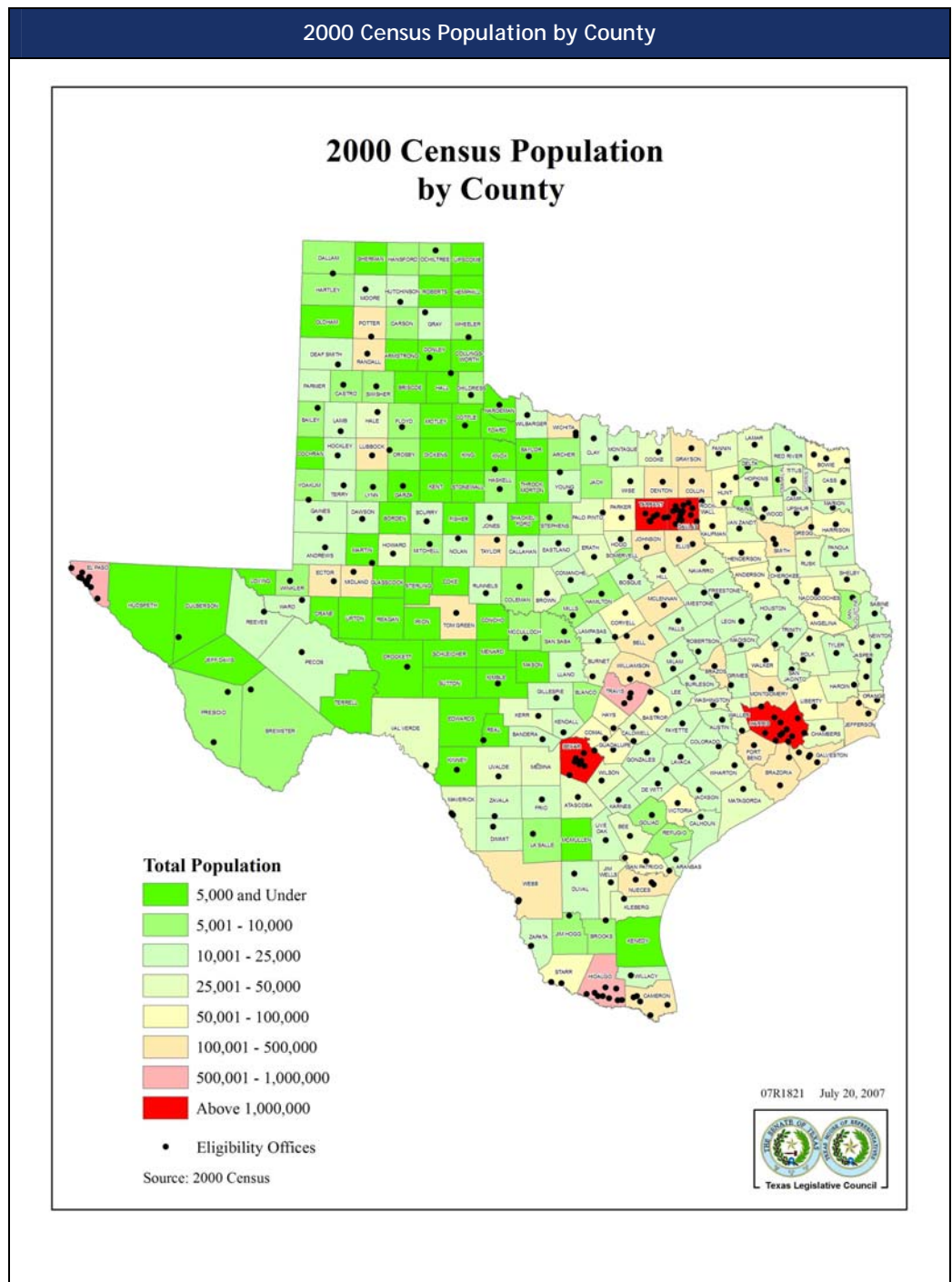


Figure 2 on the next page shows (1) the percent of individuals living below 100 percent of the poverty threshold by Texas county in 2004 and (2) the locations of eligibility offices.

On average, 16.2 percent of the Texas population lived below 100 percent of the poverty threshold in 2004.

Thirty-six Texas counties had populations in which more than 21.2 percent of individuals lived below 100 percent of the poverty threshold. The majority of these counties were in West Texas and South Texas. Among the counties that had the highest percentage of individuals living below 100 percent of the poverty threshold, two counties—Hidalgo and El Paso counties—have 9 and 10 eligibility offices, respectively. Cameron County has 5 eligibility offices.

Eighty-eight counties across Texas (approximately 35 percent of all Texas counties) had populations in which the percent of individuals living below 100 percent of the poverty threshold ranged between 21.2 percent and 16.3 percent. Three of these counties—Bexar, Dallas, and Harris counties—have 8 or more eligibility offices each.



Figure 2

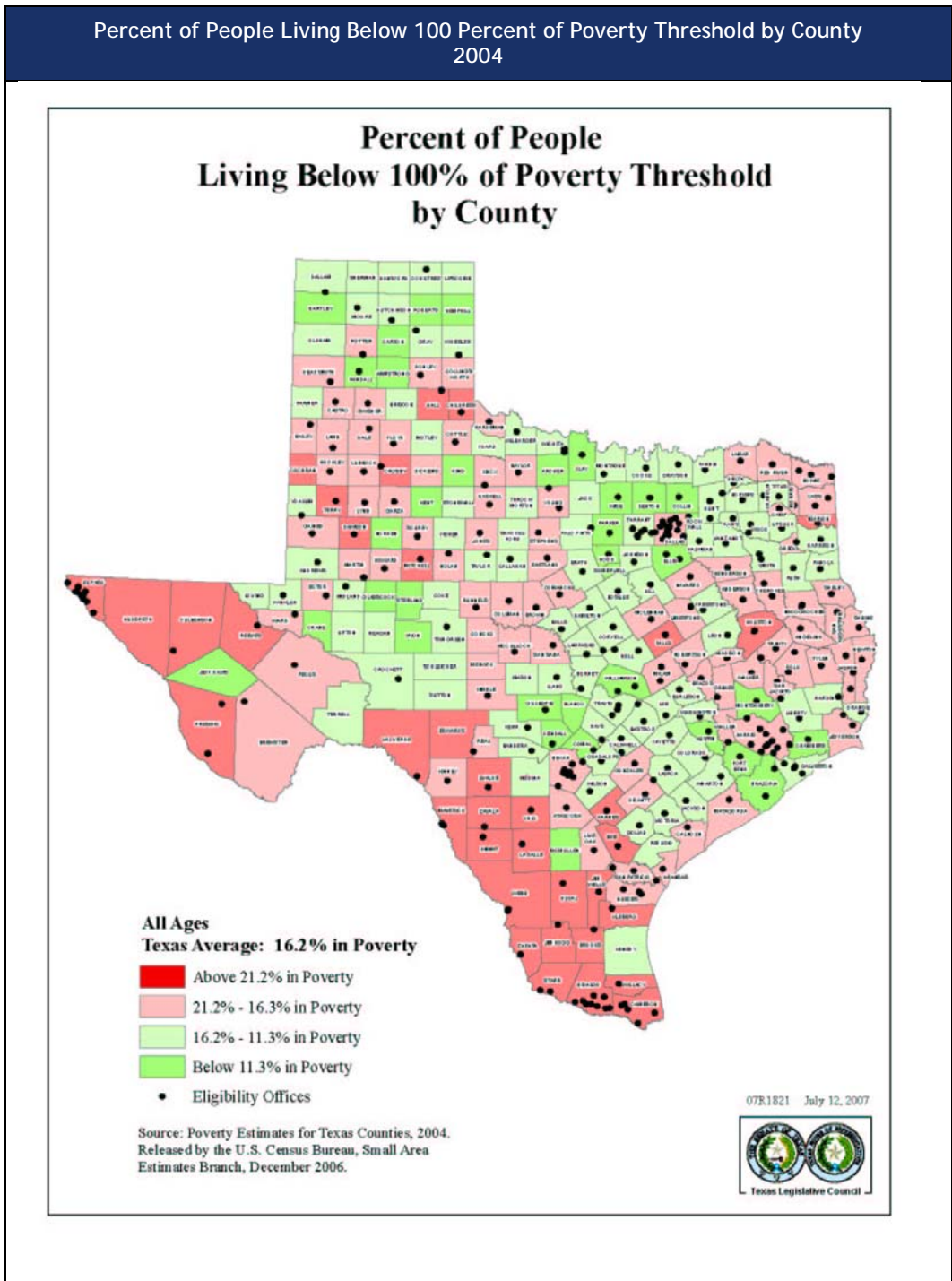


Figure 3 on the next page shows (1) the average number of individuals living below 100 percent of the poverty threshold served per eligibility office in Texas in 2004 and (2) the locations of eligibility offices.

Each eligibility office served an average of 11,798 individuals living below the poverty threshold in 2004. In 13 Texas counties, the average number of individuals living below 100 percent of the poverty threshold served per eligibility office was 25,000.1 or above. The number of eligibility offices in each of these 13 counties ranged from 1 to 15.

In 22 Texas counties, the average number of individuals living below 100 percent of the poverty threshold served per eligibility office was between 11,500.1 and 25,000. The number of eligibility offices in each of these 22 counties ranged from 1 to 10 (most of these counties have 1 or 2 eligibility offices each).

In 7 Texas counties, the percent of individuals living below 100 percent of the poverty threshold was above the state average of 16.2 percent; however, there are no eligibility offices in those seven counties.

In 40 Texas counties, the percent of individuals living below 100 percent of the poverty threshold was below the state average of 16.2 percent; there are no eligibility offices in those counties.

Figure 3

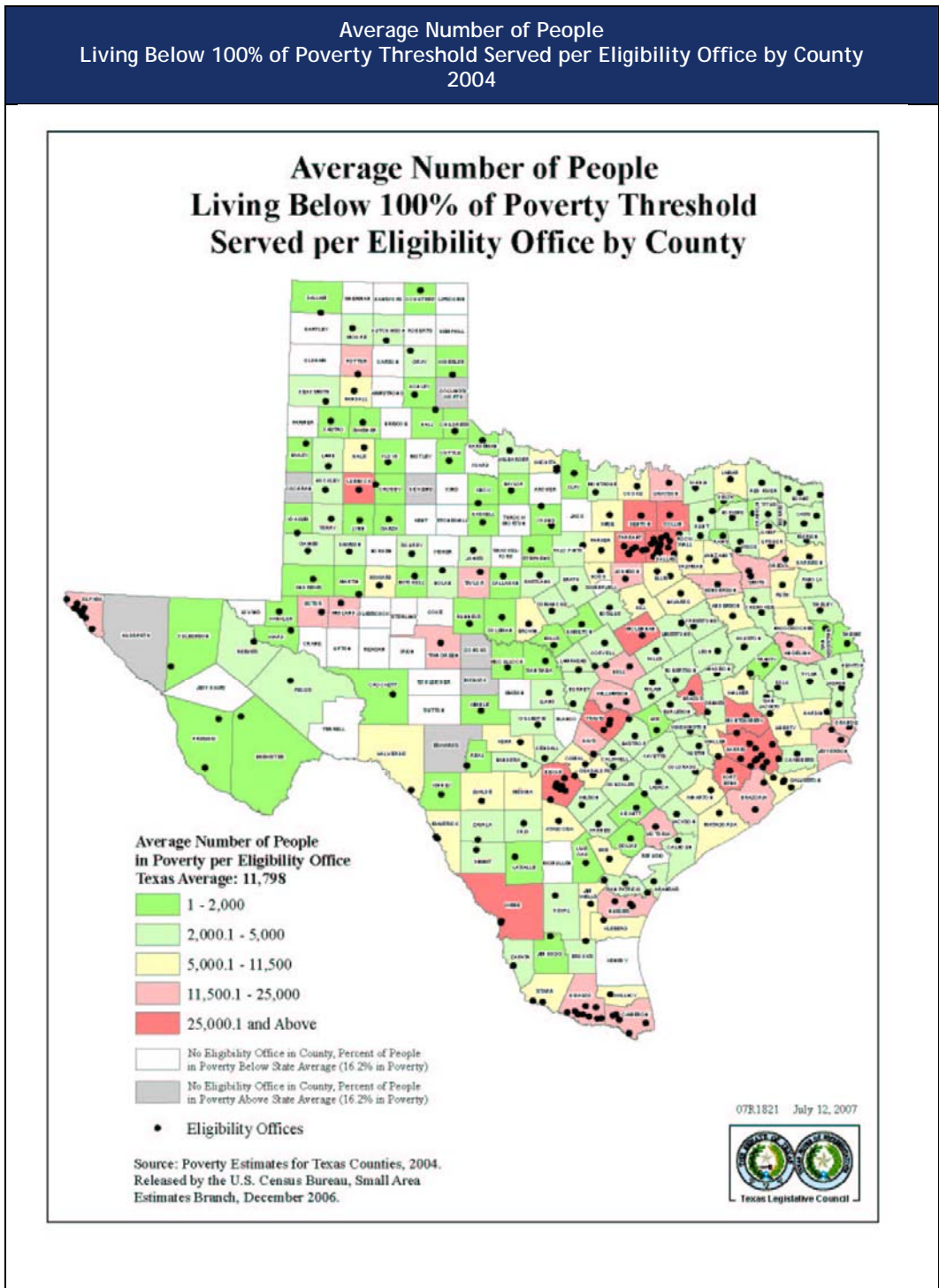


Figure 4 on the next page shows (1) the percent of Texas children under age 18 living below 100 percent of poverty threshold by county in 2004 and (2) the locations of eligibility offices.

On average, 22.7 percent of Texas children under 18 lived below 100 percent of the poverty threshold.

In 55 Texas counties (21.65 percent of all Texas counties), more than 27.7 percent of the population of children under 18 lived below 100 percent of the poverty threshold. The majority of these counties were in South Texas and West Texas.

Figure 4

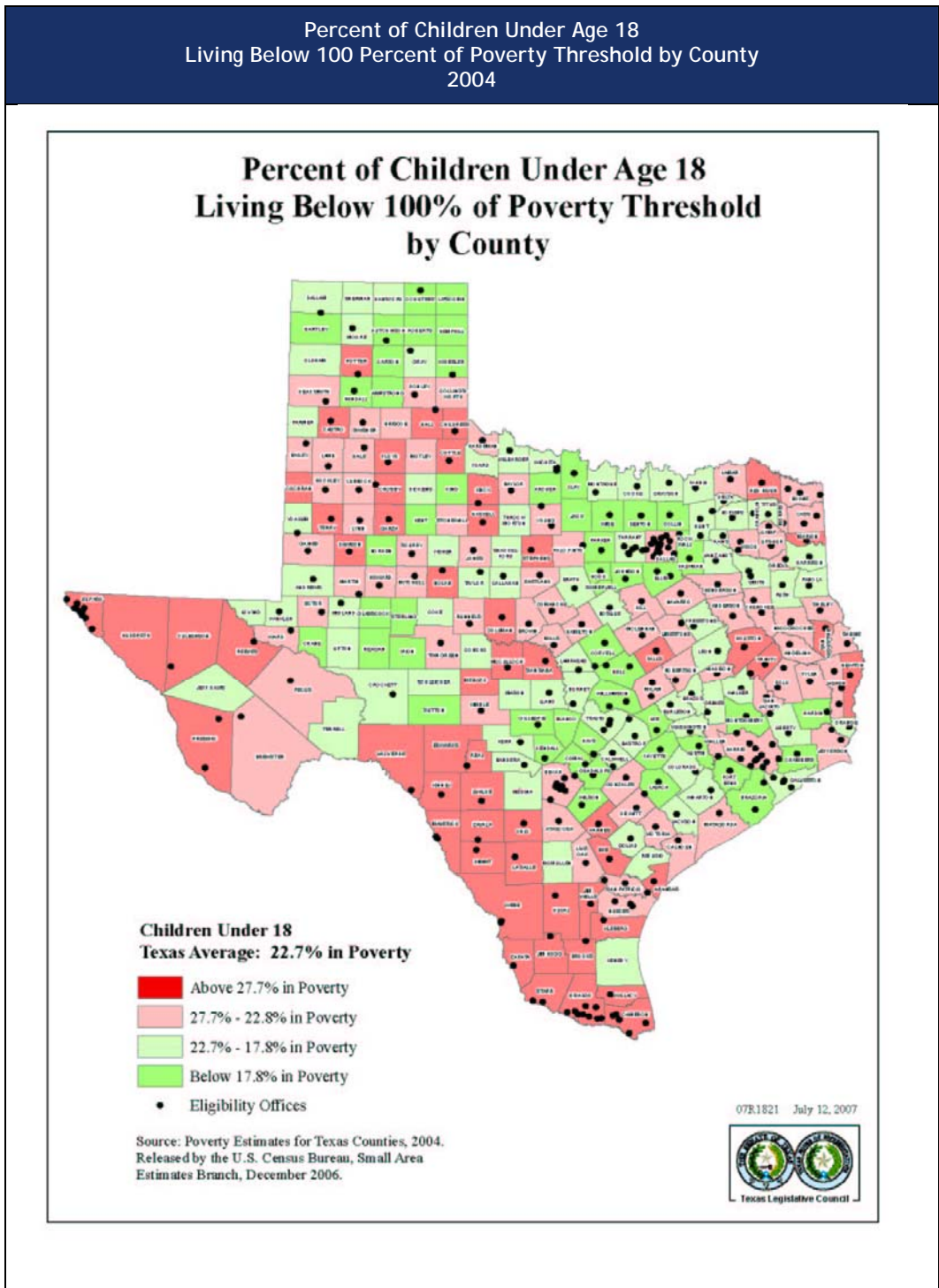


Figure 5 on the next page shows (1) the average number of Texas children under age 18 living below 100 percent of the poverty threshold served per eligibility office in 2004 and (2) the locations of eligibility offices.

On average, each eligibility office served 4,860 children living below 100 percent of the poverty threshold. In 15 Texas counties, the number of children under age 18 served was at least 10,000.<sup>1</sup> Among these 15 counties were Dallas, Harris, Bexar, and Hidalgo counties, each of which have 8 or more eligibility offices.

In 20 Texas counties, the number of children under age 18 served ranged between 4,500.1 and 10,000. Thirteen of these 20 counties have 1 eligibility office each, while 5 of them have 2 eligibility offices each.

There are no eligibility offices in eight Texas counties where the percent of children living below 100 percent of the poverty threshold was above the state average of 22.7 percent. There are no eligibility offices in 39 Texas counties where the percent of children living below 100 percent of the poverty threshold was below the state average of 22.7 percent.



Figure 5

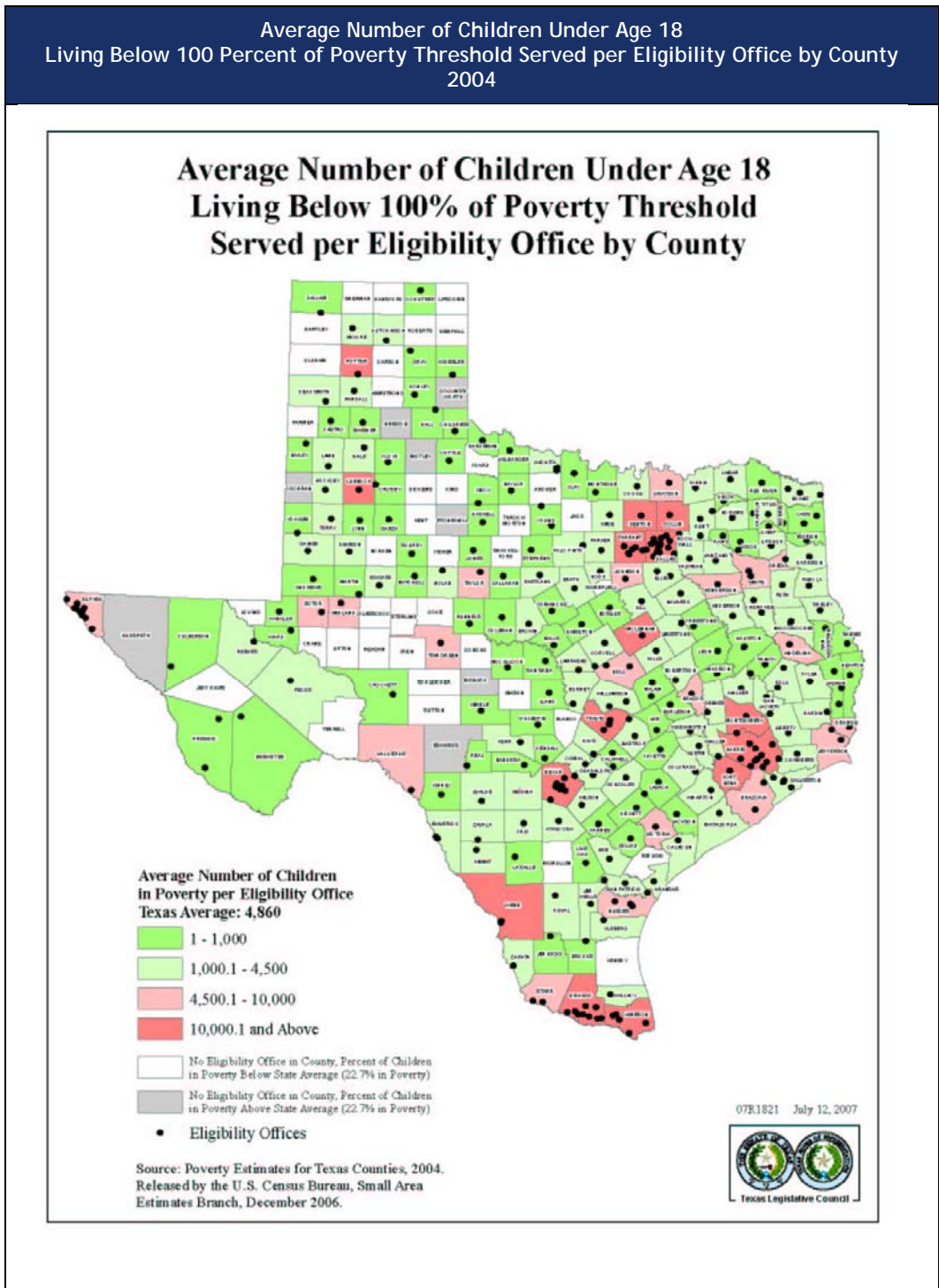


Figure 6 on the next page shows (1) Medicaid enrollment by Texas county in February 2007 and (2) the locations of eligibility offices.

In 16 Texas counties (6.3 percent of all Texas counties), Medicaid enrollment exceeded 25,000. Ten of the 16 counties have 5 or fewer eligibility offices each (of those, 4 have only 1 eligibility office each); 6 of the 16 counties have 6 or more eligibility offices each.

Twenty Texas counties had Medicaid enrollments of between 11,501 and 25,000. Twelve of these counties have 1 eligibility office each, and 7 have 2 eligibility offices each.

Most of the counties in which Medicaid enrollment was 2,000 or fewer were in the Panhandle, West Texas, and Central Texas.



Figure 6

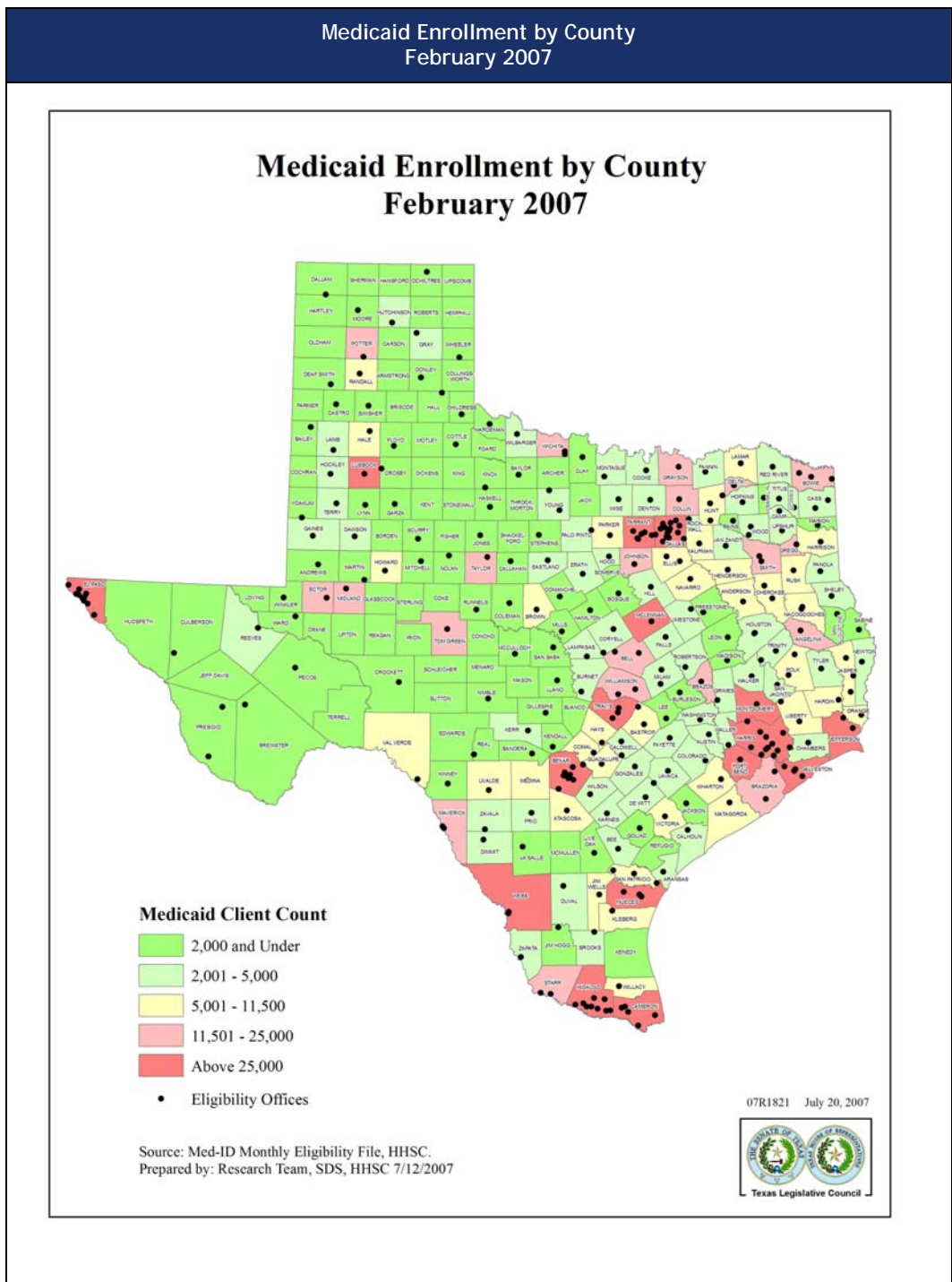


Figure 7 on the next page shows (1) Food Stamp cases and recipients by Texas county in February 2007 and (2) the locations of eligibility offices.

In 14 Texas counties, the number of Food Stamp cases and recipients exceeded 25,000. Five of these 14 counties have 8 or more eligibility offices each. Two of these 14 counties—Lubbock and McLennan counties—have 1 eligibility office each.

In 16 Texas counties, the number of Food Stamp cases and recipients ranged between 11,501 and 25,000. Nine of these 16 counties have 1 eligibility office each. Seven of these 16 counties have 2 or more eligibility offices each.

In 34 Texas counties (13.4 percent of all counties), the number of Food Stamp cases and recipients ranged between 5,001 and 11,500.

Most of the counties in which the number of Food Stamp cases and recipients was 2,000 or fewer were in the Panhandle and West Texas.

Figure 7

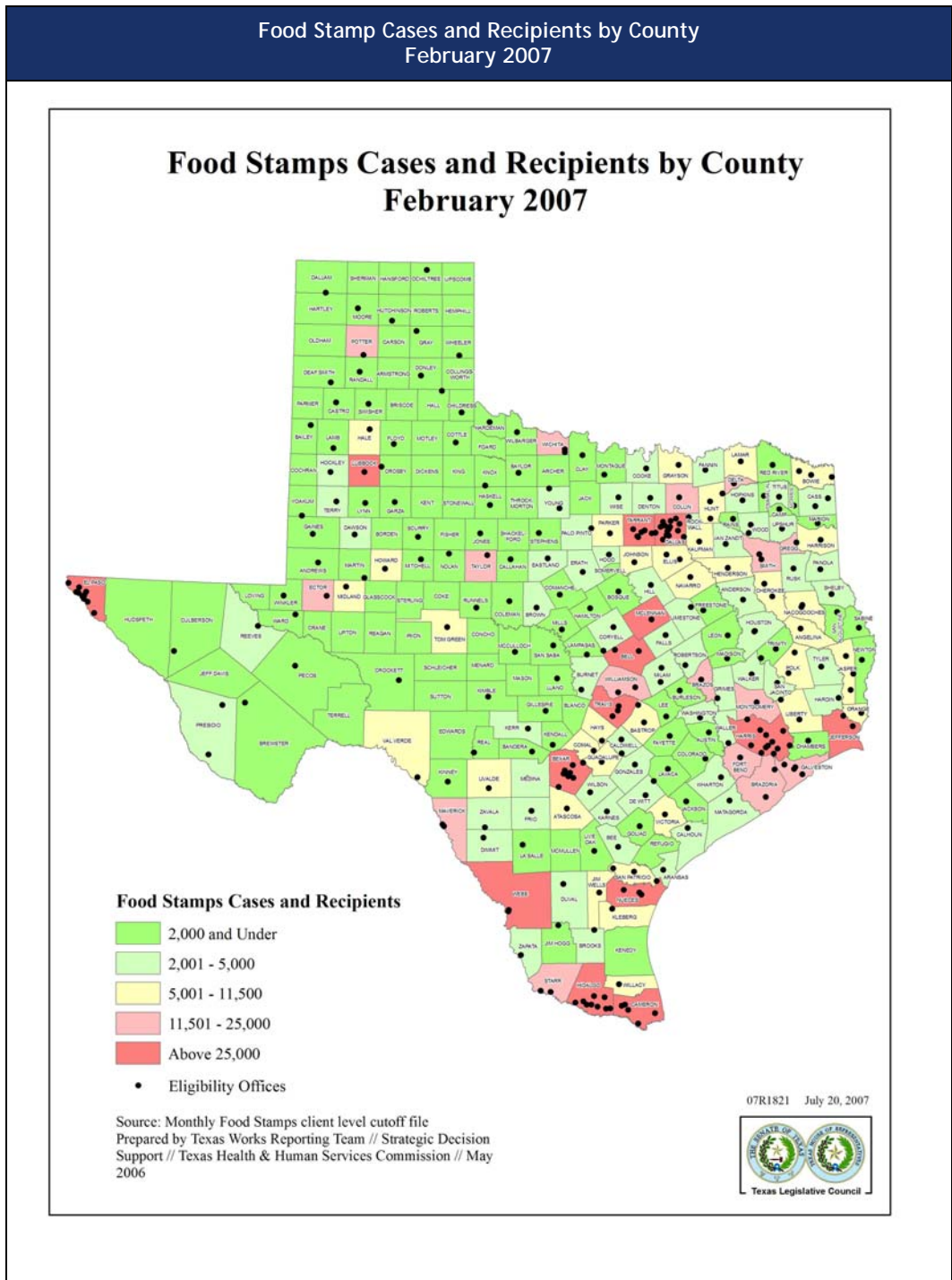


Figure 8 on the next page shows (1) Temporary Assistance for Needy Families (TANF) cases and recipients by Texas county in February 2007 and (2) the locations of eligibility offices.

In 3 Texas counties—Dallas, Harris and Hidalgo counties—the number of TANF cases and recipients exceeded 10,000.

In 4 Texas counties—Tarrant, El Paso, Bexar, and Cameron counties—the number of TANF cases and recipients ranged between 4,501 and 10,000.

In 10 Texas counties, the number of TANF cases and recipients ranged between 1,101 and 4,500.

In 237 Texas counties, the number of TANF cases and recipients was 1,000 or fewer. These counties are not the most populous counties in Texas.

Figure 8

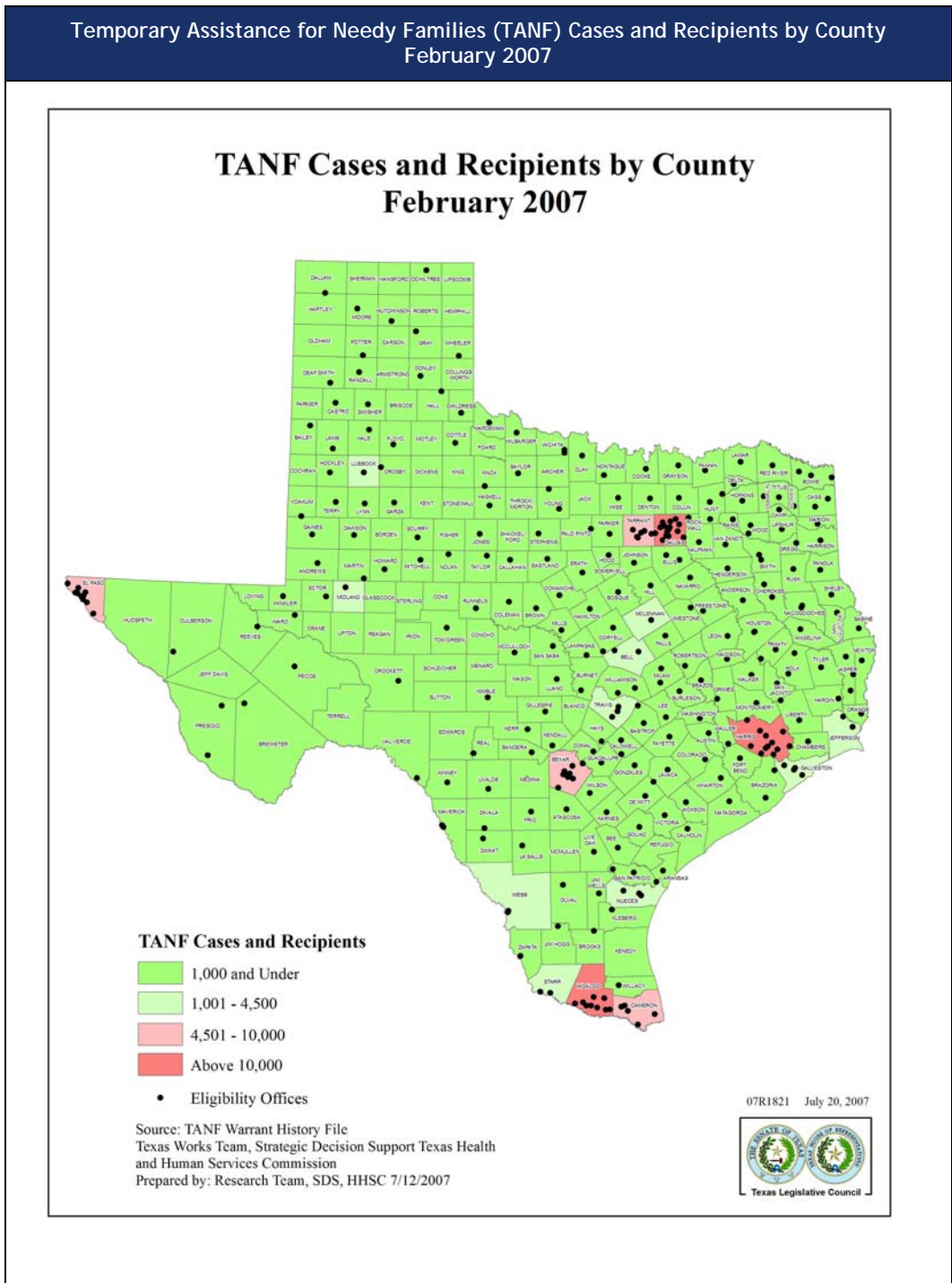


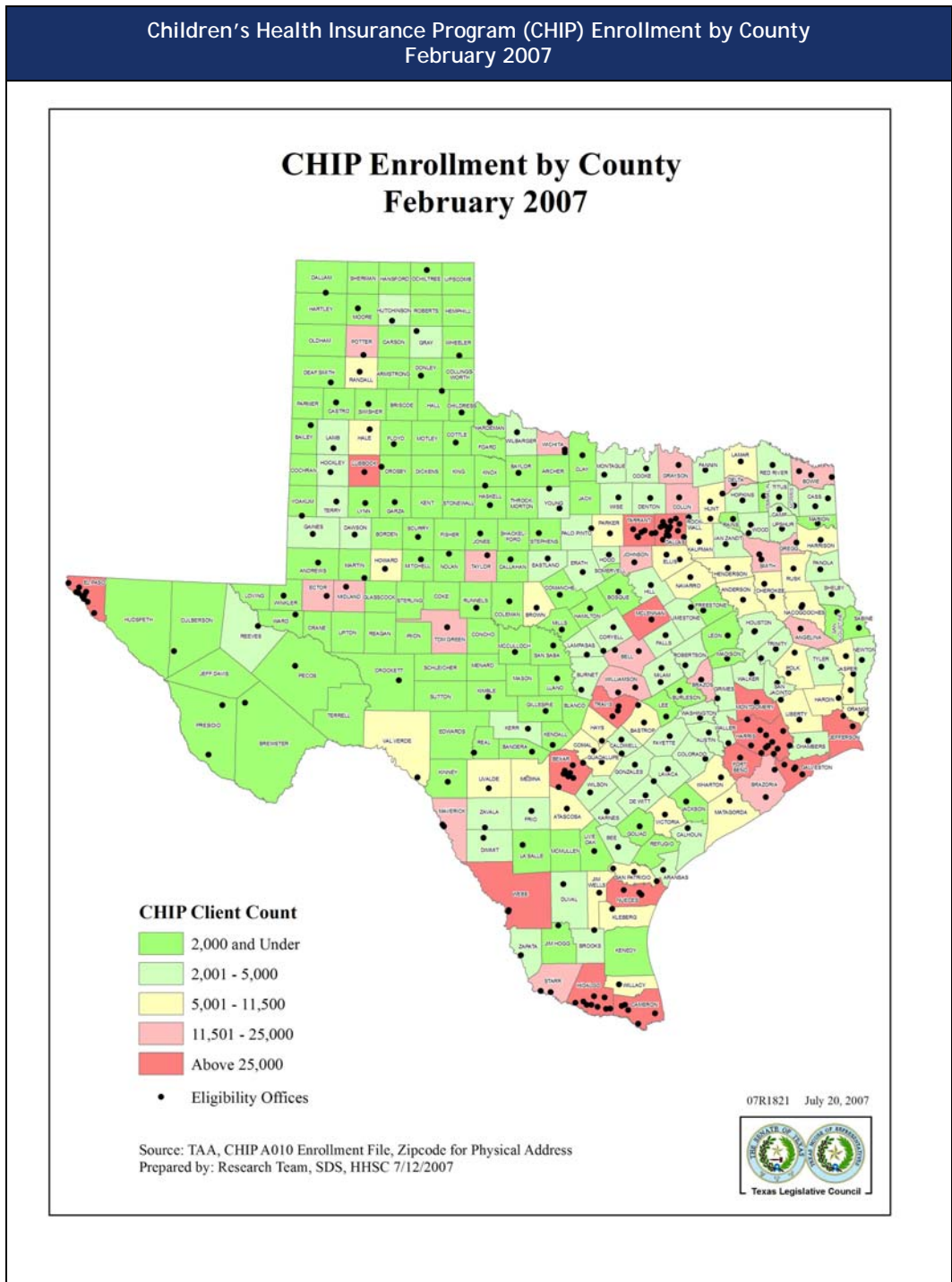
Figure 9 on the next page shows (1) Children's Health Insurance Program (CHIP) enrollment by Texas county in February 2007 and (2) the locations of eligibility offices.

In 16 Texas counties, CHIP enrollment exceeded 25,000. In 20 Texas counties, CHIP enrollment ranged between 11,501 and 25,000. In 36 Texas counties CHIP enrollment ranged between 5,001 and 11,500.

Eligibility offices are highly concentrated in the counties that had the highest CHIP enrollment. The El Paso region includes five Texas counties in which more than 27.7 percent of children under age 18 lived under the poverty threshold: El Paso, Hudspeth, Culberson, Reeves, and Presidio counties. Hudspeth and Culberson counties each had total populations of 5,000 or fewer in 2000; in each of these counties, CHIP enrollment was 2,000 or fewer in February 2007. El Paso County, which had a population of between 500,001 and 1,000,000 in 2000, had CHIP enrollment of more than 25,000 in February 2007.

In 24 counties in South Texas, more than 27.7 percent of children under age 18 live below 100 percent of the poverty threshold. In three of these 24 counties, CHIP enrollment was 25,000 or more.

Figure 9





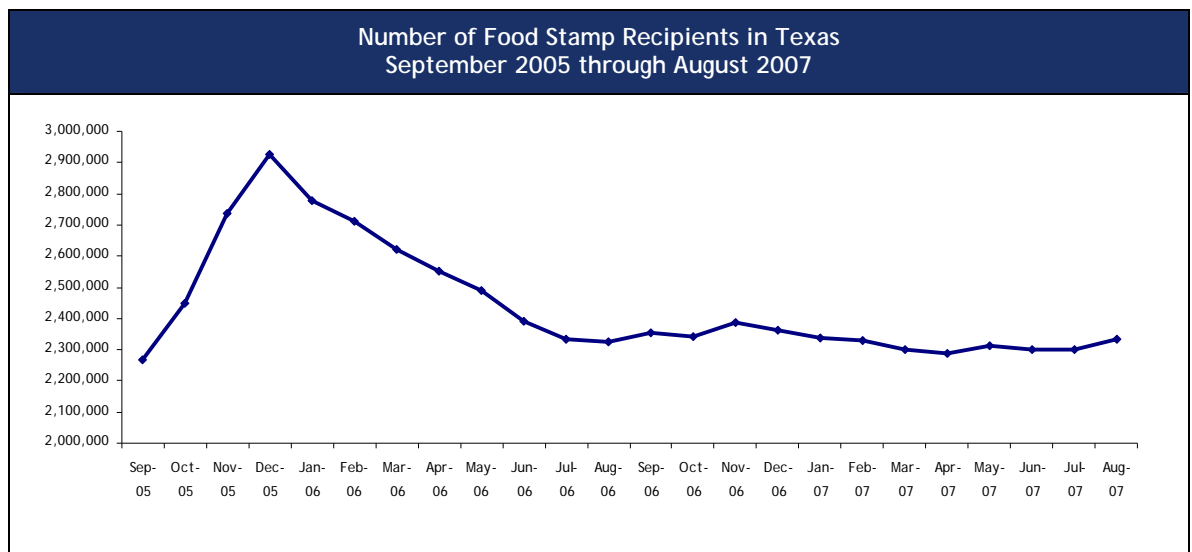
## Information on Program Participation, Expenditures, and Administrative Costs

The Health and Human Services Commission (Commission) provided data on client program participation, expenditures, and administrative costs for the Food Stamp program, the Temporary Assistance for Needy Families (TANF) program, the Medicaid program, and the Children’s Health Insurance Program (CHIP). In addition, the Commission provided a monthly count of active cases in the Texas Integrated Eligibility Redesign System (TIERS). Data was provided for September 2005 through July 2007 for TANF; data was provided for September 2005 through August 2007 for the other programs. Auditors did not audit the data the Commission provided.

### Food Stamp Program

Figures 10 and 11 show that the number of Food Stamp recipients peaked in December 2005 at 2,924,941, with payments totaling \$279,573,967. September 2005 had the lowest number of Food Stamp recipients at 2,266,575, with total payments of \$200,826,001. In August 2007 (the last month for which data was available), there were 2,335,082 Food Stamp recipients, with total payments of \$213,448,327.

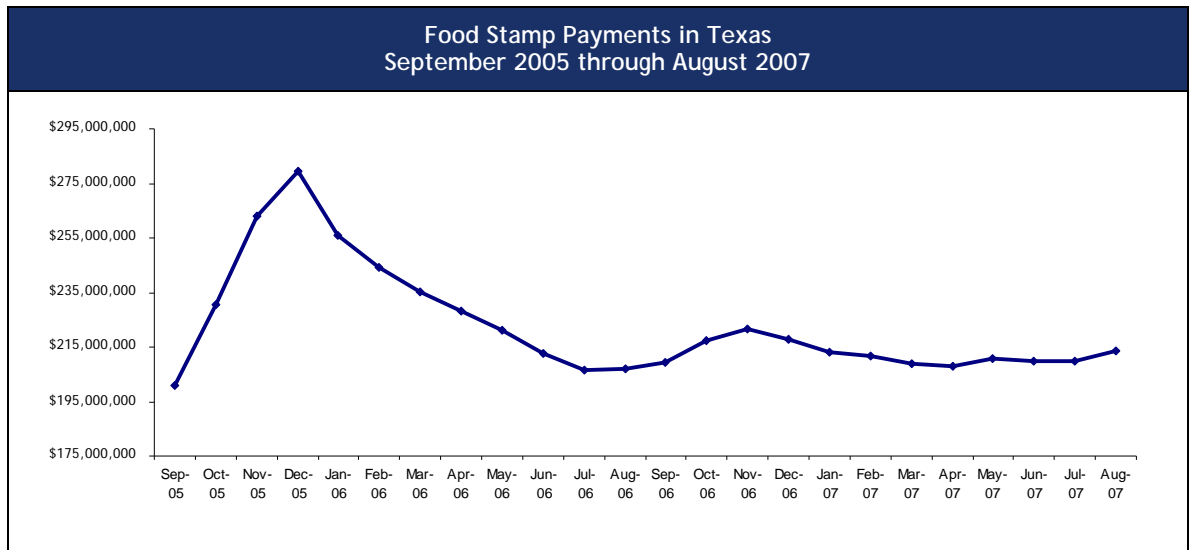
Figure 10



Source: Unaudited data from the Health and Human Services Commission.



Figure 11



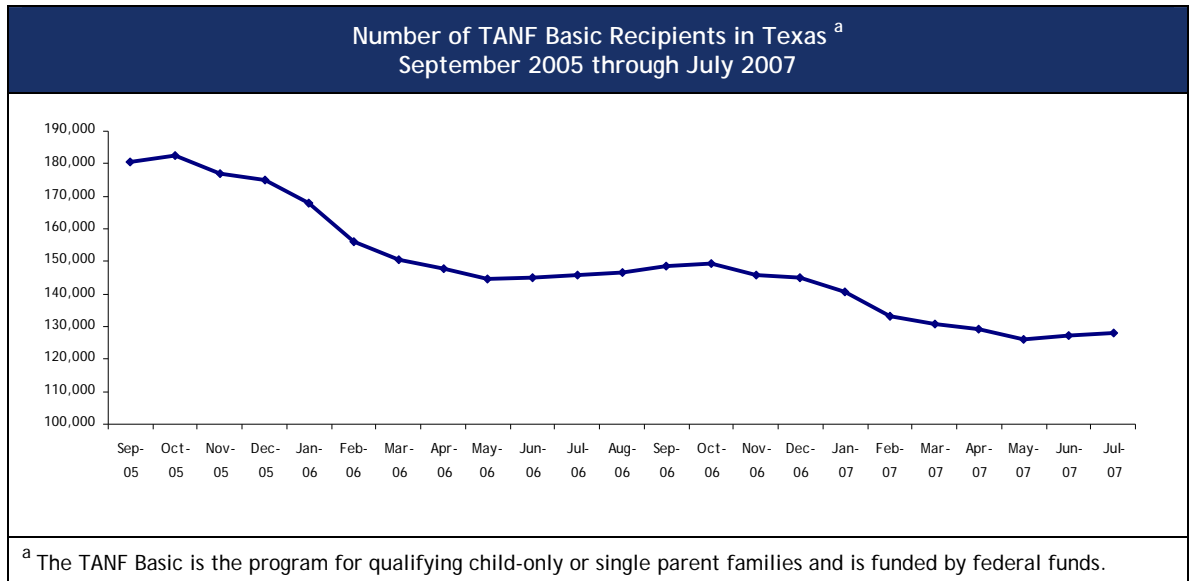
Source: Unaudited data from the Health and Human Services Commission.

## TANF Program

The numbers of TANF Basic and TANF State programs recipients decreased significantly during fiscal years 2006 and 2007. As Figure 12 shows, the number of TANF Basic recipients decreased from 180,599 in September 2005 to 127,847 in July 2007, a decrease of 29 percent. As Figure 13 shows, the number of TANF State recipients also decreased from 10,390 in September 2005 to 5,320 in July 2007, a decrease of 48 percent.

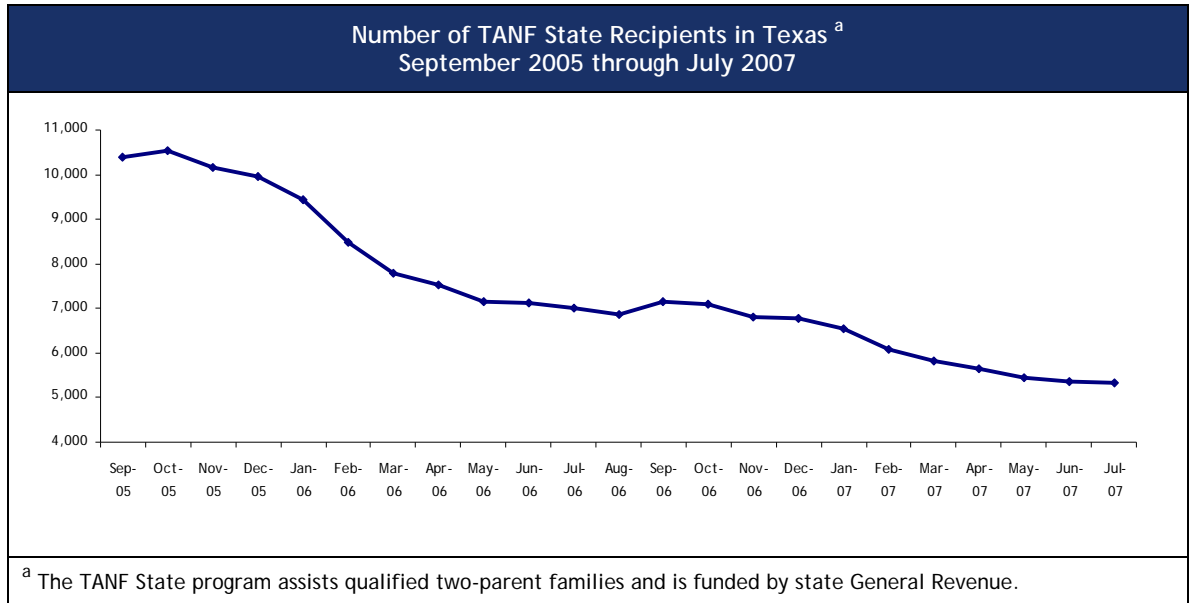
Total TANF payments reflect these decreases for the same time period; overall, there was a 28 percent decrease in payments. As Figure 14 shows, payments totaled \$12,711,834 in September 2005 but decreased to \$9,102,773 by July 2007. TANF payments peaked in December 2005 at \$14,934,027. There was a significant increase in TANF payments in August 2006, with payments for that month totaling \$14,109,038.

Figure 12



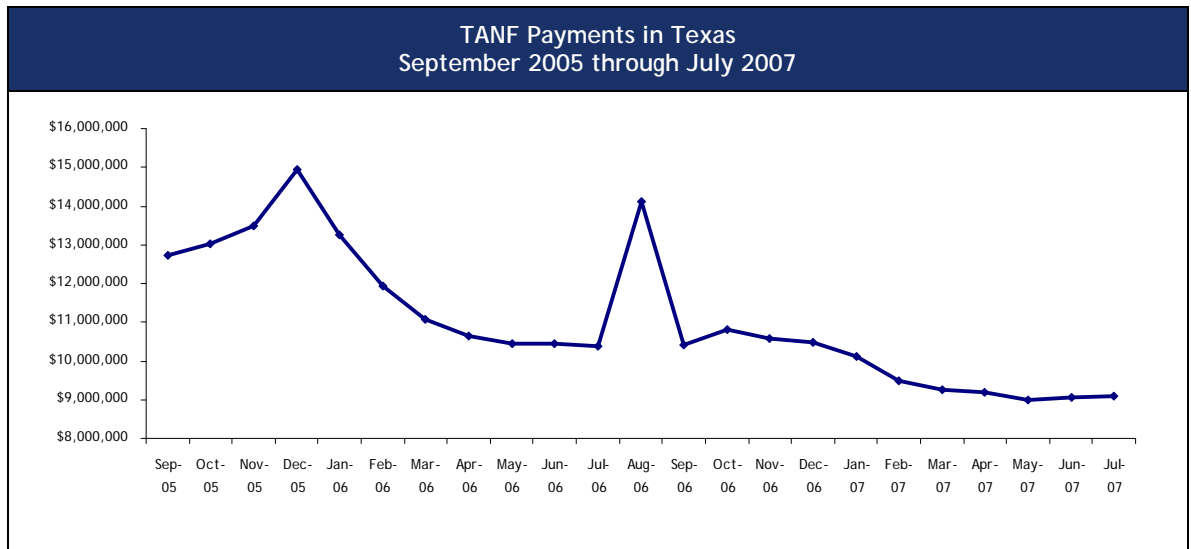
Source: Unaudited data from the Health and Human Services Commission.

Figure 13



Source: Unaudited data from the Health and Human Services Commission.

Figure 14

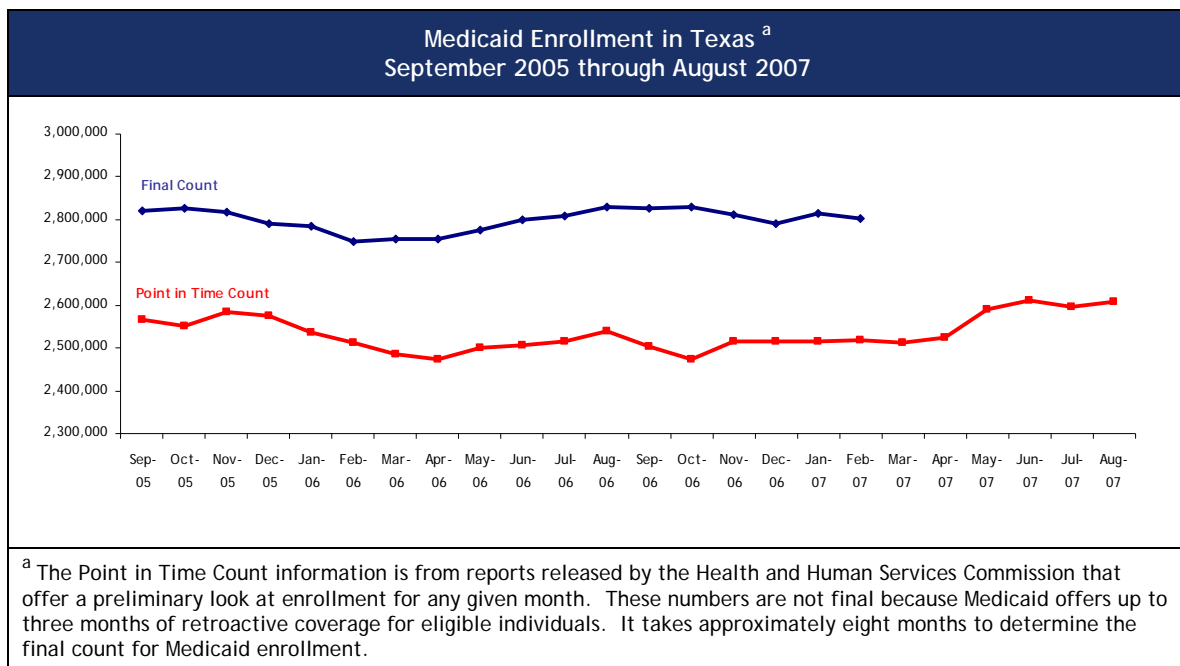


Source: Unaudited data from the Health and Human Services Commission.

## Medicaid Program

Figure 15 shows that there were minimal changes in Medicaid enrollment in fiscal years 2006 and 2007. “Final count” Medicaid enrollment was 2,819,328 in September 2005 and 2,802,563 in February 2007, a decrease of less than 1 percent. “Point in time” Medicaid enrollment increased from 2,567,188 in September 2005 to 2,608,424 in August 2007, an increase of 1.6 percent.

Figure 15



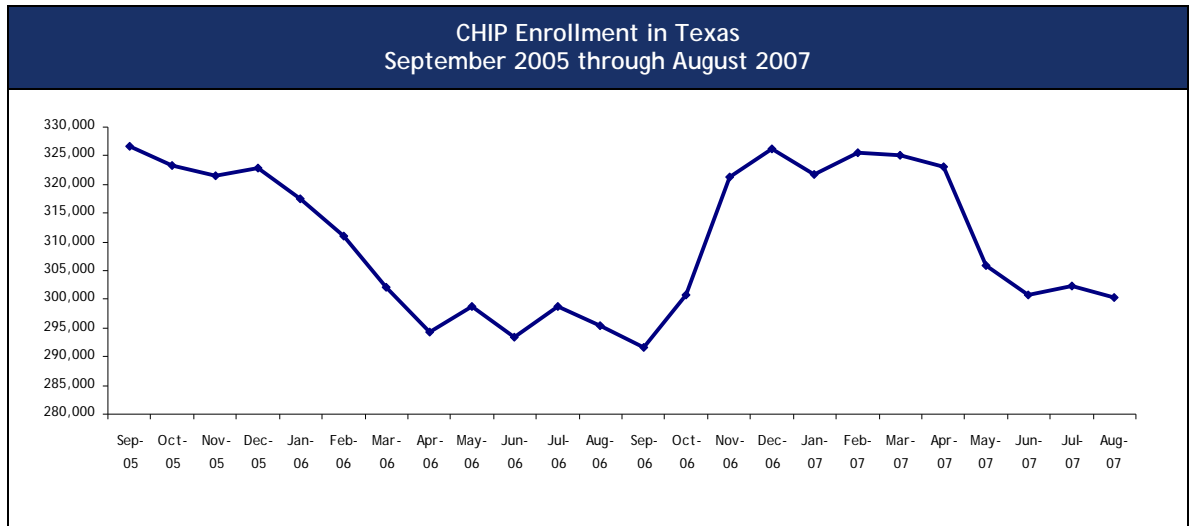
Source: Unaudited data from the Health and Human Services Commission.

## CHIP

Figure 16 shows a steady decline in CHIP enrollment from 326,557 in September 2005 to 300,262 in August 2007. Enrollment increased from 300,685 to 321,341 (a 6.9 percent increase) between October 2006 and November 2006. Enrollment decreased from 323,069 in April 2007 to 305,991 in May 2007, a 5.3 percent decrease.

CHIP total client benefit costs were \$346,078,145 for fiscal year 2006 and \$337,681,928 for fiscal year 2007. Approximately 72 percent of these costs were federally related.

Figure 16

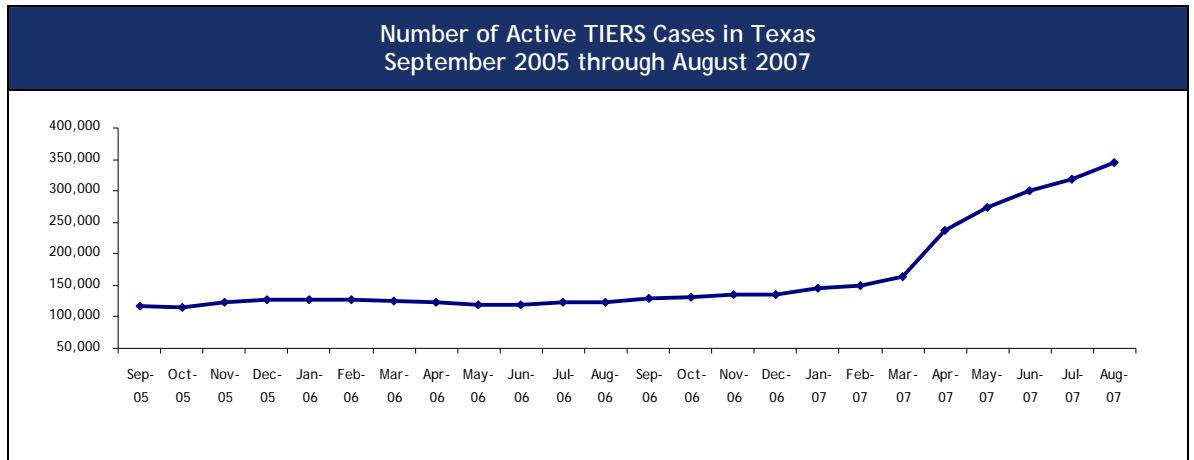


Source: Unaudited data from the Health and Human Services Commission.

### Active TIERS Cases

Figure 17 shows that the number of active cases in TIERS increased from 116,491 to 344,795 between 2005 and 2007, an increase of 228,304 cases or 196 percent. The largest increase occurred between March 2007 and August 2007, when the number of cases increase by 181,380; this represents a 111 percent change during that five-month period. This increase occurred after the implementation of the Medicaid Women’s Health Program and the Foster Care Program in TIERS.

Figure 17



Source: Unaudited data from the Health and Human Services Commission.

**Letter Regarding the Commission's Office of Inspector General**

---



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

ALBERT HAWKINS  
EXECUTIVE COMMISSIONER

September 13, 2007

Mr. John Keel  
State Auditor  
1501 N. Congress Avenue, 4<sup>th</sup> Floor  
Austin, Texas 78701

Dear Mr. Keel:

Health and Human Services Commission – Office of Inspector General (HHSC-OIG) staff has begun establishing claims in the Texas Integrated Eligibility Redesign System (TIERS) cases. We have determined that TIERS supports the pursuit of agency error, client error, and intentional program violation claims, and that TIERS data can and will be used as evidence in fair hearings and administrative disqualification hearings. HHSC-OIG received referrals during the period that we were not pursuing claims in TIERS cases, and we have determined that we can now work those referrals. We have also determined that we can pursue claims on new referrals going forward. We are testing the data in the TIERS historical report and are confident that this information will be adequate to pursue fraudulent/criminal cases in the near future.

Today we have notified Mr. William Ludwig, Regional Administrator of the United States Department of Agriculture (USDA), that we have begun establishing claims. We also believe we have resolved USDA's concerns around the issuance of supplemental benefits. A copy of the letter to Mr. Ludwig is attached.

Please let us know if you have any questions or need additional information concerning these issues.

Sincerely,

Handwritten signature of Albert Hawkins in black ink.

Albert Hawkins  
Executive Commissioner

Handwritten signature of Bart Bevers in black ink.

Bart Bevers  
Inspector General

Attachment

P. O. Box 13247 • Austin, Texas 78711 • 4900 North Lamar, Austin, Texas 78751

## *Timeline of Events in TIERS Development and Implementation*

---

Table 6 lists significant events in the development and implementation of the Texas Integrated Eligibility Redesign System (TIERS).

Table 6

Significant Events in the Development and Implementation of TIERS	
Year	Event
1999	TIERS development began.
2001	The Department of Human Services contracted with Deloitte.
2003	House Bill 2292 (78th Legislature, Regular Session) required the Health and Human Services Commission to implement call centers.
2004	A business case analysis was conducted for call centers.
2004	A request for proposal was issued for integrated eligibility, the Children's Health Insurance Program, and TIERS.
2005	The Health and Human Services Commission contracted with Accenture.
2006	The integrated eligibility and enrollment pilot project was launched.
2006	The integrated eligibility and enrollment pilot project was suspended.
2007	The Health and Human Services Commission terminated its contract with Accenture.
2007	The Health and Human Services Commission contracted with Deloitte.

Source: *TIERS/IEES Review*, Health and Human Services Commission Office of Inspector General, April 18, 2007.



## ***The Health and Human Services Commission's Summary of Management's Response***

---

The Health and Human Services Commission submitted this summary of its Management's Response:

*The TIERS application supports the eligibility process with accurate eligibility determinations and benefit calculations, as this and other recent audits and reviews have reinforced. To achieve this, the Commission must periodically make revisions to TIERS. For example, it performed a review of system architecture in 2004 and identified that the original database design was inefficient. As a result, the Commission implemented improvements to the architectural design of TIERS in early 2005 that improved efficiency and increased the integrity of the information contained in the database. As business requirements have changed, programs have been modified, and new programs have been added, the Commission has continually placed a high priority on ensuring that TIERS eligibility and benefit calculations are accurate.*

*The Commission has changed and is still changing many of its business processes to support delivering eligibility services using call centers. TIERS, which was originally designed to support a client interview model, is being redesigned to support these new business processes in an efficient and effective manner.*

*Comprehensive plans are being developed to ensure that the conversion of SAVERR cases to TIERS statewide, when it occurs, is accomplished accurately, and that capacity to support on-line processing, database storage, and batch processing requirements is available when needed.*

*These redesign and planning efforts are concurrent with a decision the Commission made to assume operational responsibility for a number of key information technology functions that had been performed primarily by outsourced vendors, including change management, user acceptance testing, and hardware and software maintenance. The Commission assumed these operational responsibilities on July 1, 2007, and since that time has planned and begun to implement design improvements to reduce the need to make manual changes to data, reduce reliance on manual processes that can be automated to increase efficiency, ensure that revisions are thoroughly tested before being placed in production, and ensure that all required system maintenance is timely and strategically performed to increase system availability.*

*As part of its ongoing efforts to increase the efficiency of the eligibility process, the Commission will explore ways to further streamline application and renewal processes and look for ways to reduce the time required for*

*eligibility determinations, while ensuring that the HHSC Office of Inspector General still has access to the information it needs to pursue the recoupment of overpayments and investigate potential fraud.*

## Other State Auditor's Office Work

---

Recent SAO Work		
Number	Product Name	Release Date
07-004	An Audit Report on the Office of Inspector General at the Health and Human Services Commission	November 2006
06-018	An Audit Report on the Health and Human Services Commission's Consolidation of Administrative Support Services	January 2006
06-009	An Audit Report on the Health and Human Services Commission's Consolidation of Administrative Support Functions	September 2005
04-034	A Report on Contract Administration for the Texas Integrated Eligibility Redesign System	May 2004

Copies of this report have been distributed to the following:

### **Legislative Audit Committee**

The Honorable David Dewhurst, Lieutenant Governor, Joint Chair  
The Honorable Tom Craddick, Speaker of the House, Joint Chair  
The Honorable Steve Ogden, Senate Finance Committee  
The Honorable Thomas “Tommy” Williams, Member, Texas Senate  
The Honorable Warren Chisum, House Appropriations Committee  
The Honorable Jim Keffer, House Ways and Means Committee

### **Office of the Governor**

The Honorable Rick Perry, Governor

### **Health and Human Service Commission**

Mr. Albert Hawkins, Executive Commissioner  
Mr. Bart Bevers, Inspector General



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: [www.sao.state.tx.us](http://www.sao.state.tx.us).

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.